



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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Thursday 19 June 2008

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

Dear Sir/Madam,

RE: LODGEMENT OF PROSPECTUS

Please find attached a Prospectus for the issue of 3,000 Convertible Notes at an issue price of \$0.55 per Convertible Note to raise \$1,650 before expenses for the purposes of; providing an exemption from the secondary trading provisions in section 707(3) of the Corporations Act, and to allow listing of the Convertible Notes on the ASX under this offer and a previous Placement Offer announced to the ASX on 6 June 2008.

The prospectus has been lodged at ASIC and placed on the "Offer List" on the ASIC website. An Appendix 3B for the issue has been previously lodged.

The funds raised under this offer and a previous Placement Offer totalling A\$4,000,040 will be predominately applied towards Sun Resources' 50% interest in Block L20/50, onshore Phitsanulok Basin, Thailand, where the Company is in Joint Venture with Carnarvon Petroleum Limited ("Carnarvon") and also to exploration and development of the Company's South Texas, USA oil and gas assets.

Yours sincerely

SUN RESOURCES NL

A P Woods
Director/Company Secretary

Attach

cc: ASX; ASIC; Due Diligence; Directors files

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

Sun Resources NL

ACN 009 196 810

PROSPECTUS Convertible Notes Issue

Prospectus for the issue of 3,000 Convertible Notes at an issue price of \$0.55 per Convertible Note to raise \$1,650 before expenses for the purposes of providing an exemption from the secondary trading provisions in section 707(3) of the Corporations Act and to allow listing of the Convertible Notes on the ASX.

The last date for applications and payment to be received is 22 July 2008.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.



**Corporate Adviser and
Broker to the Offer
ABN 33 104 195 057**

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IMPORTANT NOTICE

This Prospectus is dated 18 June 2008 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus more than 13 months after the date of this Prospectus.

The Convertible Notes issued under this Prospectus will be issued in accordance with the Trust Deed entered into by Sun Resources and the Trustee on 5 June 2008 and on the terms and conditions contained in this Prospectus.

The Prospectus sets out information in relation to an offer of Convertible Notes by Sun Resources.

Sun Resources will apply for admission of the Convertible Notes to quotation on ASX within 7 days after the date of this Prospectus. The fact that ASX may grant official quotation of the Convertible Notes is not to be taken in any way as an indication of the merits of Sun Resources or the Offer.

The Convertible Notes are classified as "unsecured notes" for the purposes of section 283BH of the Corporations Act.

This is an important document

It is important that you carefully read this Prospectus in its entirety before deciding to invest in Sun Resources and, in particular, that you consider the risk factors that could affect the financial performance of Sun Resources and the value of Convertible Notes. In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in Sun Resources. These risks are discussed in section 4 of this Prospectus. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

The Company is a small-capitalisation oil and gas explorer and the risks in investing are therefore increased. The Convertible Notes offered under this Prospectus should be considered speculative.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Sun Resources in connection with the Offer. Neither Sun Resources nor any other person warrants the future performance of Sun Resources or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

Trustee

The Trustee has given and has not withdrawn its written consent to be named as Trustee in this Prospectus. The Trustee has not authorised or caused the issue of this Prospectus. The Trustee makes no representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. Other than the parts of this Prospectus which refer directly to the Trustee or provisions of the Trust Deed, the Trustee has relied upon Sun Resources for the accuracy of the contents of this Prospectus. The Trustee makes no representations as to the performance of Sun Resources, the maintenance of capital or any particular rate of return.

Foreign jurisdictions and restrictions on the distribution of this Prospectus

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia.

This Prospectus and accompanying Application Form do not, and are not intended to, constitute an offer of Convertible Notes in any place outside Australia. The distribution of this Prospectus and the accompanying Application Form outside of Australia may be restricted by law and any person who comes into possession of this Prospectus and the accompanying Application Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Without limitation, neither this Prospectus nor the accompanying Application Form may be sent or passed to persons outside Australia or otherwise distributed outside Australia.

In particular, the Offer has not been, and will not be, registered under the US *Securities Act* or the securities laws of any state of the United States and is not being made in the United States or to any person resident in the United States. Without limitation, neither this Prospectus nor the accompanying Application Form may be sent to investors in the United States or otherwise distributed in the United States.

This Prospectus complies with Australian disclosure requirements. These disclosure requirements may be different from those applicable in other jurisdictions. The financial information included in this Prospectus was prepared with a view towards compliance with Australian practice and not that of any other jurisdiction.

Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in section 6 of this Prospectus.

SUMMARY OF THE OFFER

The Offer

The Company proposes to issue 3,000 Convertible Notes at the Issue Price of \$0.55 per Convertible Note under this Prospectus to provide an exemption from the “secondary sales” provisions in section 707(3) of the Corporations Act for those investors who will be issued Convertible Notes under the Placement Offer, and satisfy the ASX requirements necessary for Official Quotation of the Convertible Notes on the ASX.

The Placement Offer was a non-underwritten offer of 7,269,800 Convertible Notes at an Issue Price of \$0.55 per Convertible Note to raise \$3,998,390. The Placement Offer was made to Exempt Offerees only, which means that disclosure was not required under Part 6D.2 of the Corporations Act. The Convertible Notes under the Placement Offer are to be issued following shareholder approval at a shareholders’ meeting to be held on or about 18 July 2008.

Investment Risks

Section 4 outlines the principal risks involved in investing in Sun Resources.

KEY OFFER DETAILS

Key financial data relating to the Offer

Convertible Note Issue Price (face value)	\$0.55
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Conversion terms

A Noteholder may elect to convert some or all of their Convertible Notes by delivering a Conversion Notice to the Company.

Until the first Reset Date, 1 Convertible Note may be converted into 5 Shares.

Thereafter, the Conversion Number will be calculated in accordance with the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{\text{VWAP} \times 125\%}$$

(subject to the Minimum Conversion Number and Maximum Conversion Number)

Reset Dates

The last day of each Quarter. The Conversion Number is automatically reset

	on the Reset Date.
Minimum Conversion Number	5
Maximum Conversion Number	9.16
Interest	12% per annum payable quarterly in arrears
Term	Maturity date 30 June 2011
Number of Convertible Notes to be issued under the Offer	3,000
Amount to be raised under the Offer	\$1,650

Key Dates

Announcement of Issue	6 June 2008
Lodgement of Prospectus with ASIC	18 June 2008
Opening Date	25 June 2008
Shareholder meeting to approve allotment and issue of Convertible Notes under the Placement Offer and the Offer	18 July 2008
Allotment and issue of Convertible Notes under the Placement Offer	21 July 2008
Closing Date: The last day for receipt of completed Application Forms and Application Monies (at 5.00pm AWST)	22 July 2008
Allotment and issue of Convertible Notes under the Offer	23 July 2008
Despatch of holding statements for Convertible Notes under this Offer	23 July 2008
Expected Official Quotation of Convertible Notes on ASX under this Offer and the Placement Offer	25 July 2008

These dates are subject to change and are indicative only. Subject to the Corporations Act and the ASX Listing Rules, Sun Resources, in consultation with the Broker, reserves the right to amend this indicative timetable without notice.

1. DETAILS OF THE OFFER

1.1 Description of the Offer

The Offer comprises an offer of 3,000 Convertible Notes for subscription at an Issue Price of \$0.55 per Convertible Note to raise \$1,650.

1.2 Rights and liabilities attaching to the Convertible Notes

A summary of the rights attaching to the Convertible Notes is set out in section 5.3 of this Prospectus. The Convertible Notes will mature on the earlier of:

- (1) the date that is 3 months after the date of this Prospectus if on such date Official Quotation of the Convertible Notes on the ASX has not been obtained; or
- (2) 30 June 2011.

The Shares issued upon redemption of the Convertible Notes will, from issue, rank equally with existing Shares from the time they are issued.

1.3 Use of the proceeds of the Offer

It is anticipated that the amount to be raised by the Placement Offer and the Offer will be expended as follows:

Exploration and development of L20/50, Thailand	\$2,000,000
Maintenance and expansion of projects in USA	\$1,250,000
General working capital and new project development	\$ 375,000
Costs of Issue	\$ 375,000
Total	\$4,000,000

(1) Thailand

The Company is in joint venture with Carnarvon Petroleum Ltd on the recently awarded L20/50 block concession, onshore southern Phitsanalok Basin, Thailand. Part of the proceeds of the Placement Offer and the Offer will be utilised to fund the Company's share of costs pertaining to geophysics (aeromagnetics, DTM, seismic) and early drilling on the concession.

(2) USA

The Company currently receives approximately US\$2 million per annum in net revenue from oil and gas production in the USA from fields at Lake Long, Flour Bluff and Margarita (Milago Oilfield, Agavero and Dona Carlotta Gasfields). In addition to reinvesting cash flow received from the production of oil and gas, the Company will utilise part of the proceeds of the Placement Offer and the Offer to fund further exploration and

development in these fields and new areas, primarily at Redback and Meek (joint ventures in relation to onshore Gulf Coast oil and gas trends in south Texas).

(3) Working Capital

Part of the proceeds of the Placement Offer and the Offer will be used as general working capital which is required to fund the overheads of the Company and to fund the investigation of new project opportunities in Southeast Asia, particularly Thailand.

1.4 Closing date

The Company will accept applications from the date of this Prospectus until 5.00pm AWST on 22 July 2008 or such other date as the Directors in their absolute discretion may determine, subject to the requirements of the Corporations Act and the ASX Listing Rules.

1.5 No Minimum Subscription

There is no minimum subscription under this Prospectus.

1.6 Application for and allotment of Convertible Notes

The Offer is being made only to those investors selected by the Company to participate. Applications for Convertible Notes pursuant to this Offer may only be made by those investors using an application form provided to them by the Company and accompanying this Prospectus and delivering it to the Broker prior to the Closing Date.

Any allocation of Convertible Notes will be determined at the discretion of the Directors in consultation with the Broker.

All allotments of Convertible Notes issued under this Prospectus will take place as soon as practicable after the Closing Date. The Directors reserve the right to allot to an Applicant a lesser number of Convertible Notes than the number for which the Applicant applies, or to reject an Application. Where the Directors reject an Application, all Application Monies received from the Applicant will be repaid in full. Any interest accrued on Application Monies received from the Company will be retained by the Company.

1.7 ASX quotation

Sun Resources will apply for admission of the Convertible Notes to Official Quotation on the ASX within 7 days after the date of this Prospectus. If the ASX does not grant Official Quotation of the Convertible Notes within 3 months after the date of this Prospectus, Sun Resources will not issue any Convertible Notes and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

1.8 **Market prices of shares**

The lowest and highest market sale prices of Shares on the ASX during the 3 months immediately preceding the lodgement date of this Prospectus, and the respective dates of those sales, were:

- Share price low on 30 April 2008 of \$0.068 per Share; and
- Share price high on 6 May 2008 of \$0.11 per Share.

The last sale price for Shares on the ASX on 17 June 2008, being the last day of trading of Shares prior to the date of this Prospectus, was \$0.091 per Share.

1.9 **Enquiries**

Enquiries concerning this Prospectus should be directed to the Sun Resources Company Secretary, Peter Woods, on (08) 9345 4100.

2. KEY PERSONNEL AT SUN RESOURCES

Bradford L Farrell (Executive Director and Chairman)

Dr Farrell was appointed to the Board on 1 May 1987. Dr Farrell is a graduate of the University of Adelaide where he obtained a Bachelor of Science, Honours Economic Geology. His post graduate qualifications of Master of Science and Doctor of Philosophy were obtained at the University of Leicester, United Kingdom. He is a Fellow of the Australasian Institute of Mining and Metallurgy, Member of the Mineral Industry Consultants Association, Chartered Professional Geologist, and a Member of the Institution of Mining and Metallurgy, a Chartered Engineer of that body and a Member of the Petroleum Exploration Society of Australia. He has had 39 years experience in resource exploration and senior project management and evaluation. During this time he managed numerous and extensive exploration programs within Australia and overseas for a variety of mineral commodities for both major and junior exploration companies. Some of these programs have resulted in significant discoveries, which are currently in production or will see future production.

Matthew Battrick (Managing Director)

Mr Battrick was appointed to the Board on 15 January 2008 as Managing Director of the Company. He obtained a Bachelor degree in Geology from the Royal Melbourne University of Technology (RMIT) in 1981. He has had a significant international career with both major and large independent oil and gas companies (LASMO, Ampolex, ExxonMobil, Eni) before joining ASX-listed Pancontinental Oil & Gas NL in 2004 as Exploration Manager and then General Manager. He is a member of the Petroleum Exploration Societies of Australia and Great Britain and a member of the American Association of Petroleum Geologists. He is also a member of the Australian Institute of Company Directors and a graduate of the AICD Company Directors Course. He has been a director of the Activ Foundation (Inc.), a Western Australian-based, non-government organisation for people with intellectual disabilities, since 2001.

Alan P Woods (Executive Director and Company Secretary)

Mr Woods was appointed to the Board on 17 October 1989. Mr Peter Woods is a shareholder and founding Managing Director of APSL Pty Ltd which commenced operations in June 1984. APSL Pty Ltd provides corporate and management services to exploration, mining and technology companies in Australia and overseas. He is a Fellow of the Taxation Institute of Australia, a Member of the Australian Institute of Company Directors and he has 37 years experience in corporate accounting and financial management areas. He has had extensive experience in the provision of management, financial and taxation advice to clients, including several public companies. In recent years he has developed a close involvement with oil, gas, gold exploration and mining

companies. This work has included professional advice in respect of equity capital raisings, corporate reconstructions, mergers, acquisitions, developing extensive gold hedging programs and financing packages in relation to a number of public companies. Mr Woods held no other directorships in listed companies in the last 3 years.

Philip Linsley (Non-Executive Director)

Dr Linsley was appointed to the Board on 7 May 1997. Dr Linsley is a Non-Executive Director whose primary role is to assist the Board in the acquisition of oil producing permits and to investigate exploration opportunities outside Australia and Oceania. Dr Linsley was a Director of Carpathian Resources Limited (listed on both the ASX and AIM) until April 2007 and is a Director of PXP Management Limited, a well known United Kingdom based consultancy firm focusing on the oil and gas exploration and production industry. He has 36 years experience in oil exploration and production in many parts of the world (Australia, South East Asia, Africa, America, Kazakhstan, Europe and the Middle East) initially in employment with Texaco and Mesa and later as a consultant to companies that include Occidental, Tricentrol, Ashland, Ranger, Svenska and Chase Manhattan Bank.

Wolf G Martinick (Non-Executive Director)

Dr Martinick was appointed to the Board on 19 February 1996. Dr Martinick is a scientist with extensive experience in the resource industry. For over 33 years he has been associated with the exploration and mining industry in Australasia, especially with respect to environmental, water, land access and Native Title issues. He is a Fellow and Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies. In 2003, he became Executive Chairman of ASX listed Ezenet Limited and in 2005 Non-Executive Chairman of AIM listed Weatherly International PLC, in 2006 a Non-Executive Director of ASX listed Windimurra Vanadium Limited and Uran Limited and in September 2007, a Non-Executive Director of Azure Minerals Limited and he is also Non-Executive Chairman of MBS Environmental, a company that provides environmental consultancy services to the resource industry.

3. EFFECT OF THIS OFFER ON SUN RESOURCES

3.1 Effect of the Placement Offer and the Offer

Assuming the Offer and the Placement Offer are successful, the principal effects of the Offer and the Placement Offer will be:

- (1) to receive \$3,998,390 from the issue of Convertible Notes under the Placement Offer and \$1,650 from the issue of Convertible Notes under this Prospectus. The estimated costs of the Offer and the Placement Offer of \$375,000 will be deducted from these proceeds resulting in net funds raised under the Placement Offer and the Offer of approximately \$3,625,040);
- (2) to issue 7,272,800 Convertible Notes in the Company; and
- (3) to facilitate, as a result of the issue of this Prospectus in connection with the Offer, the on-sale of Convertible Notes issued under the Placement Offer, free of on-sale restrictions under the Corporations Act which would otherwise apply within the first 12 months of their issue.

3.2 Securities on issue on completion of the Offer

After the issue of Convertible Notes under this Prospectus and the issue of the Convertible Notes under the Placement Offer, and prior to the conversion or redemption of any Convertible Notes, the capital structure of the Company will be as follows:

	Existing Securities	Placement Offer	This Offer	Total
Ordinary Shares	225,097,345	-	-	225,097,345
Partly Paid Shares	4,800,000	-	-	4,800,000
Options	12,500,000	-	-	12,500,000
Unlisted Options	5,000,000	-	-	5,000,000
Convertible Notes	-	7,269,800	3,000	7,272,800

3.3 Transaction costs

Transaction costs are accounted for as a deduction from equity such that shareholders' funds are increased by the amount of the net proceeds of the capital raising. Total transaction costs of the Placement Offer and the Offer are currently estimated at \$375,000.

3.4 Pro forma Balance Sheet

Set out below is a pro forma consolidated balance sheet of Sun Resources on successful completion of the Placement Offer and the Offer. It is based on Sun Resources consolidated balance sheet as at 31 December 2007 contained in Sun Resources' six monthly report for the period ended 31 December 2007, as lodged with the ASX on 15 February 2008. The Company's statutory financial report has been prepared in accordance with Corporations Act, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

The pro forma balance sheet reflects the impact of the Offer and the Placement Offer and all transaction costs as if they had all occurred on 31 December 2007. It:

- includes gross proceeds of the capital raising from which the current estimate of total transaction costs of up to \$375,000 is deducted to derive an amount for net proceeds of \$3,625,040; and
- allows for the issue of 7,272,800 Convertible Notes under the Offer and the Placement Offer at an issue price of \$0.55 per Convertible Note.

PROFORMA CONSOLIDATED BALANCE SHEET

	Proforma audited 31 December 2007		
	31 December 2007 \$	Effect of Offer and the Placement Offer \$	Pro-forma \$
CURRENT ASSETS			
Cash and cash receivables	4,039,016	4,000,040	8,039,056
Trade and other receivables	239,839		239,839
Financial assets	4,000		4,000
TOTAL CURRENT ASSETS	4,282,855		8,282,895
NON-CURRENT ASSETS			
Plant & Equipment	31,941		31,941
Oil & gas properties	15,972,254		15,972,254
TOTAL NON-CURRENT ASSETS	16,004,195		16,004,195
TOTAL ASSETS	20,287,050		24,287,090
CURRENT LIABILITIES			
Trade and other payables	8,700	375,000	383,700
TOTAL CURRENT LIABILITIES	8,700	375,000	383,700
NON-CURRENT LIABILITIES			
Owings	-	4,000,040	4,000,040
TOTAL NON-CURRENT LIABILITIES	-	4,000,040	4,000,040
TOTAL LIABILITIES	8,700	4,375,040	4,383,740
NET ASSETS	20,278,350	(375,000)	19,903,350
EQUITY			
Contributed Equity	31,963,364	(375,000)	31,588,364
Reserves	508,315		508,315
Retained earnings	(12,193,329)		(12,193,329)
TOTAL EQUITY	20,278,350	(375,000)	19,903,350

3.5 **Historical financial information**

The complete financial report for the half year ended 31 December 2007, including the Income Statement, Balance Sheet, Statement of Cash flows, Directors' Report, Lead Auditor's Independence Declaration, notes to the financial report including accounting policies adopted, Directors' Declaration and Independent Auditor's Review Report, is available on Sun Resources website (www.sunres.com.au). Investors who wish to obtain a free paper copy of the complete financial report for the half year ended 31 December 2007 may contact the Sun Resources' Company Secretary, Mr Peter Woods, during the Offer Period on (08) 9345 4100.

4. RISK FACTORS

There are a number of risk factors which could adversely impact Sun Resources' performance and the value of Convertible Notes. Applicants should consider these risk factors before deciding whether to subscribe for Convertible Notes under the Offer. These risk factors are further described below:

4.1 Risks specific to Sun Resources

The following risks are identified as being key risks specific to an investment in Sun Resources:

(1) Sovereign risk and foreign operations

In addition to Australia, the Company has projects in the jurisdictions of the United States, Malta and Thailand, which introduces both sovereign and foreign domestic economic risks and issues to investors investing in Convertible Notes. Investors should be aware of the specific country risk issues associated with the United States, Malta and Thailand.

Whilst the political conditions in the United States, Malta and Thailand are generally stable, changes may occur in political, fiscal and legal systems, which might affect the ownership or operations of the Company's projects. Potential changes include changes in exchange rates, controls or regulations, expropriation of permits and other rights, government, taxation, royalties, duties, as well as violence and lack of law enforcement, political insurrection or labour unrest, inflation or economic recession.

(2) Risks associated with unsecured convertible notes

The Convertible Notes are a form of unsecured debt. Accordingly, Noteholders will rank equally with all other ordinary unsecured creditors and will rank below secured creditors. In the event of a winding up, Noteholders will only have a right to repayment of the Issue Price and any interest payable in accordance with the conditions of the Convertible Notes after all secured creditors, and any unsecured creditors preferred by law, have been paid in full. If there is a shortfall in funds on winding up the Company, Noteholders may not receive any repayment of the Issue Price or any interest payable in accordance with the terms of the Convertible Notes.

The interest payable in accordance with the terms of the Convertible Notes is at the fixed rate of 12% per annum. The market for interest rates is volatile and there is a risk that the level of interest rates may increase, making the interest rate payable on

the Convertible Notes less attractive when compared to other rates of return available.

The number of Shares issued on conversion will generally vary depending on the Share price over the 30 trading days prior to the Reset Date. As such, the number of Shares to be issued on conversion of the Convertible Notes is uncertain.

The Company will apply for Official Quotation of the Convertible Notes. The Convertible Notes may trade at a price below the Issue Price. In particular, the price at which the Convertible Notes trade may be affected by market sentiment arising from factors including changes in interest rates and economic conditions and movements in the Australian and international financial markets. The price at which the Convertible Notes trade may also be affected by the price of the Shares of the Company.

The market for Convertible Notes on ASX may be less liquid than the market for the Shares of the Company. As a result, Noteholders may not be able to sell their Convertible Notes at a price that is in accordance with their expectations, or at all, if there is insufficient liquidity.

The Company is entitled, subject to the Corporations Act, the ASX Listing Rules and the terms of the Convertible Notes, to incur debt and issue further Convertible Notes, subordinated notes or other capital securities that rank ahead of, equally with, or behind the Convertible Notes without approval of the Noteholders. An investment in the Convertible Notes carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise). No prediction can be made as to the effect, if any, such future issues of securities by the Company may have on the market price or liquidity of the Convertible Notes.

Future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia may affect the taxation treatment of the investment in Convertible Notes, or the holding and disposal of Convertible Notes or Shares.

Investors should consider whether convertible notes are a suitable investment before deciding to invest in the Convertible Notes. Any investor in doubt about investing in convertible notes should consult their stockbroker, accountant, lawyer or other professional adviser immediately.

4.2 Industry risks

In addition to the above, there are a number of specific risks relating to the industry in which Sun Resources operates of which potential investors should be aware. The following is not an exhaustive summary, but points to some of the risks that are peculiar to an oil and gas exploration and

development company. Any one or a combination of such risks could affect Sun Resources adversely and thus the value of any investment in Sun Resources. The Board is unable to speculate as to the extent of such adversity, and thus an investment in Sun Resources should be regarded as speculative.

(1) **Operation and development risks**

By its nature, success of the business of an oil and gas exploration and development company depends on the successful exploration and/or acquisition of recoverable and economic reserves, design and construction of efficient processing facilities, competent operation and proficient marketing of the product.

Many of the Company's oil and gas assets are in a pre-development phase. As a result, the Company will be subject to all the risks inherent in the establishment of new operations. No assurances can be given to the level of viability that the Company's operations may achieve.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, formation damage, flooding and extended interruptions due to inclement or hazardous weather conditions, fire and explosions.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

Whether or not income will result from projects undergoing exploration, development and production programs, depends on successful establishment of exploration operations. Factors including costs, equipment availability and oil and gas prices affect successful project development, as does the design and construction of efficient exploration facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants.

There is as yet no direct method for determining the presence of commercial hydrocarbons prior to the drilling of an exploration well. There is always a risk that any given potential trap will not contain hydrocarbons by reason of failure of any one of the critical factors required for success. This may include, but is not limited to,

inappropriately placed or timed hydrocarbon generation or migration, ineffective seal or later disruption of the trap. A potential trap may also contain non-commercial volumes due to adverse reservoir conditions, or inadequate hydrocarbon charge. In this Prospectus any discussion of potential traps, including structures, features and culminations, and of related potential hydrocarbon volumes, should not be taken to imply that a commercial accumulation is known to exist.

(2) **Title**

The renewal of the term of each permit or right of the Company is at the discretion of various authorities and governments and mineral right owners within countries in which the Company conducts exploration activities.

If a permit is not renewed, the Company may suffer significant damage through loss of the opportunity to develop and discover oil and gas deposits on that tenement.

(3) **Securities investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of oil and gas exploration and development companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

(4) **Product, commodity price and exchange rate risks**

The general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of global growth, interest rates and the rates of inflation.

Future earnings are likely to be closely related to the price of oil and gas and the terms of any sale agreements which the Company or its joint venturers enters into.

Oil and gas prices may fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand, forward selling by producers, production cost levels in other producing regions and global conflict.

Oil and gas prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates, currency and exchange rate fluctuations, and global and regional demand

for, and supply of, oil and gas as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices for oil and gas is denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(5) **Environmental risks**

The Company's oil and gas activities are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all oil and gas projects, a variety of environmental impacts exist. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws in each country in which it has operations.

(6) **Joint venture parties, agents and contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(7) **Future capital requirements**

The Company's activities will require substantial expenditures. There can be no assurances that the funds raised through the Offer and the Placement Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer and the Placement Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

4.3 General risk factors

(1) **Economic conditions**

The performance of Sun Resources may be significantly affected by changes in economic conditions, and particularly conditions which affect the resources industry. Profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand.

(2) **Geo-political factors**

Sun Resources may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

(3) **Australian and foreign government policies & legislation**

Sun Resources may be affected by changes to government policies and legislation, including those relating to the resources industry, property, the environment, taxation and the regulation of trade practices and competition, government grants and incentive schemes.

(4) **Other**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Sun Resources.

The above risks should not be taken as exhaustive of the risks associated with an investment in Convertible Notes.

5. ADDITIONAL INFORMATION

5.1 Disclosing entity

Sun Resources is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the Corporations Act concerning notification of information to the ASX. Copies of documents lodged at ASIC in relation to Sun Resources may be obtained from, or inspected at, an office of ASIC. Copies of announcements made to the ASX may be viewed at the ASX's website at www.asx.com.au.

During the Offer Period, Sun Resources will provide, on request by any person, a free copy of its most recent annual report, its subsequent half year financial report and any continuous disclosure notices given by Sun Resources after the lodgement of its most recent annual report and before the lodgement of this Prospectus.

The following table provides a list of all of Sun Resources announcements since lodgement of its most recent annual report:

List of ASX Announcements

12/06/2008	Relodgement of Appendix 3B
10/06/2008	Appendix 3B / Terms and Conditions of Convertible Notes
06/06/2008	Funding Secured for Thailand Program
06/06/2008	Trading Halt
29/05/2008	Change in substantial holding
05/05/2008	Lodgement of Roadshow Presentation
29/04/2008	Quarterly Activities Report and Appendix 5B
24/04/2008	Flour Bluff update
17/04/2008	Sun Resources Record Production March 2008
05/03/2008	Notification of Release of Broker Research Report
05/03/2008	USA Exploration and Development Program 2008
28/02/2008	L20/50 Concession Onshore Thailand – Exploration Update
22/02/2008	Results of General Meeting
15/02/2008	Half Yearly Accounts
06/02/2008	Project Update – Bondi Prospect, South Texas USA
04/02/2008	Change of Director's Interest Notice

List of ASX Announcements

04/02/2008	Change of Director's Interest Notice
04/02/2008	Section 708A Notice
01/02/2008	Appendix 3B
31/01/2008	Initial Director's Interest Notice
29/01/2008	Quarterly Activities Report/Appendix 5B
25/01/2008	Sun Resources Signs L20/50 Concession Onshore Thailand
25/01/2008	CVN: L20/50 Signing
24/01/2008	Notice of General Meeting/Proxy Form
10/01/2008	Yegua Testing and Completion – Bondi Prospect
07/01/2008	CVN: L20/50 Onshore Block Thailand Award and Operator
07/01/2008	L20/50 Onshore Block Thailand – Award
19/12/2007	L20/50 Onshore Block Thailand – Update
17/12/2007	Ceasing to be a substantial holder
11/12/2007	Appendix 3B
11/12/2007	Section 708(A)
10/12/2007	Drilling Status – Bondi Prospect, South Texas, USA
06/12/2007	Drilling Status – Bondi Prospect, South Texas, USA
29/11/2007	Drilling Status – Bondi Prospect, South Texas, USA
29/11/2007	Thailand Fund Raising – New Project Update
28/11/2007	Allocation of Issue Shortfall
28/11/2007	Section 708 (5) (e) Notice
22/11/2007	Miscellaneous Pertaining To
22/11/2007	Section 708A(5)(e)
22/11/2007	Change in substantial holding
22/11/2007	Change of Director's Interest Notice
22/11/2007	Change of Director's Interest Notice
22/11/2007	Change in substantial holding
22/11/2007	Drilling Status – Bondi Prospect
16/11/2007	Entitlements Issue Now Closed
15/11/2007	Drilling Status – Bondi Prospect
08/11/2007	Commencement of Drilling – Bondi Prospect, USA

List of ASX Announcements

07/11/2007	Resolutions Passed at AGM
07/11/2007	Executive Appointment to the Board
06/11/2007	Entitlements Issue
05/11/2007	Drilling Status – Bondi Prospect
30/10/2007	Non-Renounceable Issue – Despatched to Shareholders
30/10/2007	Appendix 3B
30/10/2007	Non-Renounceable Issue
26/10/2007	Quarterly Cashflow Report
19/10/2007	Letter to Shareholders
18/10/2007	Quarterly Activities Report
18/10/2007	Reinstatement to Official Quotation
18/10/2007	Non-Renounceable Issue
16/10/2007	Suspension from Official Quotation
15/10/2007	Request for Trading Halt
15/10/2007	Trading Halt
10/10/2007	Bondi-Coogee Prospect Complex Farmin
10/10/2007	TXN: Texon farms out additional 20% in Bondi
08/10/2007	Notice of Annual General Meeting/Proxy Form
05/10/2007	Appendix 3B
02/10/2007	Director Resignation
28/09/2007	Thailand New Project Development Update

5.2 Continuous disclosure prospectus

This Prospectus contains information required under the special prospectus content rules for continuously quoted securities pursuant to section 713 of the Corporations Act. This section enables disclosing entities to issue a special prospectus in relation to securities in a class of securities that have been quoted by the ASX at all times in the 12 months before the issue of the Prospectus.

Apart from formal matters, a continuous disclosure prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on Sun Resources and the rights attaching to the Convertible Notes. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

5.3 Rights and liabilities attaching to Convertible Notes

A summary of the material terms of the Convertible Notes issued pursuant to this Prospectus is as follows:

Issuer	Sun Resources NL ACN 009 196 810
Trustee	Australian Executor Trustees Limited ACN 007 869 794
Issue Price per Convertible Note (Face Value)	\$0.55
Conversion terms	<p>A Noteholder may elect to convert some or all of their Convertible Notes by delivering a Conversion Notice to the Company.</p> <p>Until the first Reset Date, 1 Convertible Note may be converted into 5 Shares</p> <p>Thereafter, the Conversion Number shall be calculated in accordance with the following formula:</p> $\text{Conversion Number} = \frac{\text{Face Value}}{\text{VWAP} \times 125\%}$ <p>(subject to the Minimum Conversion Number and Maximum Conversion Number)</p>
Maximum Conversion Number	9.16
Minimum Conversion Number	5
Interest	<p>12% per annum fixed</p> <p>Interest accrues daily from the date of issue of the Convertible Notes until the earlier of:</p> <ul style="list-style-type: none">(i) the Maturity Date; or(ii) receipt of a Conversion Notice or Redemption Notice by the Company.
Interest Payment Dates	Interest will be payable on the last Business Day of each period of 3 calendar

months (ending on 31 December, 31 March, 30 June and 30 September).

Maturity Date

The Convertible Notes will mature and be redeemed by the Company (to the extent that they have not already been converted or redeemed) on the Maturity Date. The Convertible Notes will mature on the earlier of:

- (i) the date that is 3 months after the date of this Prospectus if on such date Official Quotation of the Convertible Notes on the ASX has not been obtained; or
- (ii) 30 June 2011.

(further details are set out in section 5.5(1))

Elective Conversion

Convertible Notes may be converted into Shares upon election by the Noteholder to do so, provided that such election is in writing and given to the Company on or prior to the Maturity Date (Conversion Notice). The Company will proceed to issue to the Noteholder who delivers that Conversion Notice that number of Shares as determined by the Conversion Number.

Information Rights

Convertible Note holders will receive copies of all information which the Company sends to its Shareholders.

Voting Rights

The Convertible Notes are non-voting and do not confer on the Noteholder any rights to attend or vote at a general meeting of Shareholders (unless otherwise required by the Listing Rules or the Corporations Act).

At every meeting of Noteholders, each Noteholder is entitled, on a show of hands, to one vote. On a poll, each Noteholder is entitled to one vote in respect of every Convertible Note held by that Noteholder.

VWAP

The volume weighted average price of the Shares for the 30 consecutive trading days immediately preceding the most recent Reset Date, rounded to the nearest \$0.005, and used for the purpose of

calculating the Conversion Number.

Reconstruction

If there is a reconstruction of the issued capital of the Company, the basis for the conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the holder of Convertible Notes which are not conferred on Shareholders.

Bonus Issues

If a bonus Share issue or capital return is made by the Company to its Shareholders at any time prior to conversion of any Convertible Notes and a conversion subsequently occurs, on the day that conversion occurs the Company will issue and allot or distribute to that Noteholder:

- (a) Shares in the capital of the Company of the same class as the Shares the subject of the bonus Share allotment or a capital return as the case may be; and
- (b) the number of Shares so issued or the amount of capital return as the case may be will be equal to the number of Shares in the capital of the Company or the amount of capital return to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which conversion has occurred, had been converted immediately prior to the making of the bonus Share allotment or capital return as the case may be.

Security

The Convertible Notes are unsecured and will rank behind all secured creditors of the Company and rank equally with other unsecured creditors.

Guarantee

Sun Delta Inc (a company incorporated under the laws of Colorado, USA and a wholly-owned subsidiary of the Company) has entered into a guarantee with the

Trustee dated 5 June 2008 guaranteeing (for the benefit of Noteholders) the Face Value and interest of all of the Convertible Notes to be issued under the Placement Offer and the Offer. The Guarantee contains a limitation of liability in favour of the Trustee in similar terms to the limitation of liability in the Trust Deed.

Trust Deed

The Company has entered into the Trust Deed with the Trustee in relation to the Convertible Notes for the purpose of Part 2L of the Corporations Act. The Convertible Notes are issued subject to the Trust Deed.

Tax

In the event that any tax is imposed on any payment under a Convertible Note, the Company may deduct the amount of the tax from the amount payable under the Convertible Note.

ASX

The Company will apply to the ASX for Official Quotation of the Convertible Notes in accordance with the Listing Rules. Upon quotation, the terms of the Convertible Notes will be subject to the Listing Rules and may be varied from time to time if necessary to ensure compliance with the Listing Rules.

Foreign Shareholders

Where Convertible Notes are held by or on behalf of a person resident outside Australia then it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable or to obtain Shares on Conversion, that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or Conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

5.4 **Rights and liabilities attaching to Shares upon conversion of Convertible Notes**

Upon conversion, each Convertible Note will convert into Shares in the Company and all such shares will rank equally with, and have the same rights and liabilities as, the existing Shares.

The rights attaching to Shares are set out in the Constitution of Sun Resources and are affected by the Corporations Act and the ASX Listing Rules. The following is a summary of key rules in the Constitution of Sun Resources:

(1) **Voting**

Subject to any restriction on voting imposed by the ASX Listing Rules or any restriction agreement entered into between Sun Resources and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands and one vote on a poll for every Share held. A poll may be demanded by the Chairman of the meeting, a Shareholder or Shareholders who together hold at least 5 percent of the votes that may be cast on the resolution on a poll, or who together hold voting shares paid up to a value of not less than 5 percent of the total sum paid up on all voting Shares. A person who holds a share which is not fully paid is entitled to a fraction of a vote equal to the amount paid up divided by the issue price of the share.

(2) **General meetings**

Each Shareholder is entitled to receive notice of and to attend general meetings of Sun Resources and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of Sun Resources, the Corporations Act or the ASX Listing Rules.

(3) **Dividends**

Where dividends are payable out of Sun Resources' profits they must be declared by the Board. Dividends declared will (subject to any special rights or restrictions attaching to a class of shares in Sun Resources created under any arrangement as to dividend) be payable on Shares in accordance with the Corporations Act.

(4) **Transfer of Shares**

A Shareholder may transfer Shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in

writing in a form approved by the ASX or in any other usual form or in any form approved by the Board. The Board may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution and the ASX Listing Rules.

(5) **Issue of Shares**

The Board may (subject to the restrictions on the issue of Shares imposed by the Constitution of Sun Resources, the ASX Listing Rules or the Corporations Act) issue, grant options in respect of, or otherwise dispose of further Sun Resources Shares as they see fit.

(6) **Winding up**

Subject to any special or preferential rights attaching to any class or classes of shares in Sun Resources, on a winding up of Sun Resources a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of Sun Resources in proportion to the Shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(7) **Shareholder liability**

As the Shares are fully paid shares, they are not subject to any call for money by the Board and will therefore not become liable for forfeiture.

(8) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of the votes of the Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(9) **ASX Listing Rules**

As Sun Resources is listed on the ASX, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules, the Constitution will be

treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

5.5 **Material contracts**

(1) **Trust Deed**

The Company has entered into the Trust Deed (dated 5 June 2008) with the Trustee. The role of the Trustee is governed by the Corporations Act and the Trust Deed. Other than as required by the Corporations Act or as expressly provided in the Trust Deed to which it is a party, the Trustee:

- is not required to take any action or exercise any right, power or discretion in connection with the Trust Deed or the Company or any other related matter, fact or circumstance;
- is not in any way involved in the day to day running, management or decision making process of the Company; and
- has no duty, obligation or liability to the Noteholders or the Company.

The Trustee makes no representation or guarantee as regards the rate of return or the return of capital on the Convertible Notes offered pursuant to this Prospectus.

The Trust Deed outlines the basis upon which the Convertible Notes have been issued.

(a) **General**

The Trust Deed provides that the Convertible Notes rank equally between themselves. The conditions of the Trust Deed are binding on the Company, the Trustee, the Noteholders and all persons claiming through or under them.

In accordance with its obligations under the Corporations Act, the Company will provide a copy of the Trust Deed to a Noteholder upon request free of charge. Noteholders will be deemed to have notice of all of the provisions of the Trust Deed.

(b) **Covenants and Company Obligations**

Under the Trust Deed, the Company covenants that it must:

- (i) carry on and conduct its business in a proper and efficient manner; and

- (ii) convene a meeting of Noteholders if called by Noteholders representing 10% or more of the principal amount of Convertible Notes outstanding.

Under the Trust Deed, the Company's obligations include:

- (i) to specify a day for the end of the first quarter for the purpose of section 283BF(2) of the Corporations Act and provide to the Trustee within one month of the end of each quarter a report setting out any matter adversely affecting the interests of Noteholders;
- (ii) notify the Trustee and the Noteholders in writing of the occurrence of any event of default;
- (iii) giving the Trustee written details of a charge within 21 days after the date of creation of the charge, and if the total amount to be advanced on the security of the charge is indeterminate and the advances are not merged in the current account with the bankers, trade creditors or anyone else, give the Trustee written details of the amount of each advance within 7 days after the advance is made;
- (iv) provide the Trustee and the Noteholders with such information as the Trustee reasonably requests including annual and half yearly financial reports; and
- (v) to comply with the provisions of the Trust Deed, the conditions of the Convertible Notes and the Constitution.

(c) **Trustee's Duties**

Under the Trust Deed, the Trustee must:

- (i) exercise reasonable diligence to ascertain whether the Company has committed a breach of the terms of the Convertible Notes or the provisions of the Trust Deed or Chapter 2L of the Corporations Act;
- (ii) do everything in its power to ensure that the Company remedies any breach known to the Trustee of the terms of the Convertible Notes, the provisions of the Trust Deed or Chapter 2L of the Corporations Act, unless the Trustee is satisfied that the breach will not materially prejudice the Noteholders' interests;

- (iii) ensure that the Company complies with Chapter 2K of the Corporations Act (to the extent it applies to the Convertible Notes);
- (iv) notify ASIC as soon as practicable if the Company has not complied with sections 283BE, 283BF or subsections 318(1) or (4) of the Corporations Act;
- (v) notify ASIC and the Company as soon as practicable if the Trustee discovers that it cannot be a trustee under section 283AC of the Corporations Act;
- (vi) give Noteholders a statement explaining the effect of any proposal that the Company submits to the Noteholders before any meeting that the Court calls in relation to a scheme under subsection 411(1) or (1A) of the Corporations Act or that the Trustee calls under subsection 283EB(1) of the Corporations Act;
- (vii) comply with any directions given to it at a Noteholders' meeting called under sections 283EA, 283EB or 283EC of the Corporations Act unless the Trustee is of the opinion that the direction is inconsistent with the terms of the Convertible Notes, the provisions of the Trust Deed or the Corporations Act or is otherwise objectionable and the Trustee has either obtained, or is in the process of obtaining, an order from the Court under section 283HA of the Corporations Act setting aside or varying the direction; and
- (viii) apply to the Court for an order under section 283HB of the Corporations Act where the Company requests it to do so.

(d) **Limitation of Trustee's liability and indemnity**

The Trustee is entitled to be indemnified by the Company in respect of all costs, charges, liabilities, expenses and fees outstanding to the Trustee incurred by it in performing or exercising its powers or duties under the Trust Deed. This indemnity does not apply in respect of the Trustee's own fraud, negligence or wilful default and is subject to the Corporations Act.

The Trustee is not liable to pay or satisfy any of its obligations under the Trust Deed and has no liability to the Company, the Noteholders or any other person, except to the extent of the Trustee's right of indemnity out of the moneys or other property fully and finally received, accrued

or recovered by the Trustee on account of the obligations to pay on the Convertible Notes.

(e) **Events of Default**

The Trust Deed specifies the following as events of default:

- (i) **(unremedied default in payment)** if the Company makes default in the payment of any Moneys Owing in respect of the Convertible Notes and that default continues unremedied by the Company for a period of 10 Business Days after demand for those moneys is made by the Trustee or any Noteholder. The Company will not make a default in payment of any Moneys Owing, merely by its election to defer payment and pay penalty interest provided such election and deferral are within the terms of the Notes;
- (ii) **(unremedied breach)** if the Company or a Subsidiary commits a breach of a covenant, condition or obligation imposed on it by this Deed or the Conditions or the Law and that breach is either incapable of remedy, and is reasonably likely to have a material adverse effect on the ability of the Company to observe its obligations to Noteholders, or if the default is capable of remedy, it has not been remedied within 10 Business Days of receiving notice of the breach from the Trustee requiring that breach to be remedied;
- (iii) **(new Encumbrances)** if the Company grants any mortgage, charge, lien, pledge or other encumbrance over its assets or the assets of a Subsidiary;
- (iv) **(Winding up)** if an order is made or a resolution is effectively passed for the winding up of the Company except for the purposes of a reconstruction or amalgamation with the prior written consent of the Trustee (such consent not to be unreasonably withheld);
- (v) **(Liquidation)** if the Company enters Liquidation;
- (vi) **(disposal of assets)** if the Company or Sun Delta ceases to hold:
 - (A) a joint venture interest of at least 16.5% in Flour Bluff (which, for the avoidance of any doubt means a joint venture interest of at least 16.5% in West Flour Bluff and a joint

venture interest of at least 16.5% in East Flour Bluff); or

(B) a joint venture interest of at least 7.5% in Lake Long.

(vii) **(Arrangement, reconstruction or composition)** if without the prior consent of the Trustee, the Company or a Subsidiary enters into any arrangement, reconstruction or a composition with its creditors,

provided always that the Company must notify the Trustee and the Noteholders in writing of any Event of Default within 1 Business Day of that event occurring.

Importantly, upon the occurrence of an event of default the Trustee or the Noteholders may issue redemption notices requiring the Company to redeem the Convertible Notes.

Upon the occurrence of an event of default, the Trustee on behalf of Noteholders may call a meeting of Noteholders, commence proceedings for the winding up of the Company and prove in the liquidation of the Company.

(f) **Noteholder meetings**

Under the Trust Deed, the Trustee or the Company may convene a meeting of Noteholders by giving not less than 21 days prior notice to Noteholders and the auditor. Such notice may be given either personally, by post, by facsimile or by the Company (at request of the Trustee) posting the notice on its website (provided the Company has previously advised Noteholders by one of the other methods of giving notice that it may give notice on its website) or by the Trustee posting the notice on its website, or by any other means that the Company agree in writing and notify to the Noteholder.

Noteholders who together own not less than 10% in value of the principal amount outstanding under the Convertible Notes on issue may require the Company to convene a meeting of Noteholders. In these circumstances, the meeting must be convened by giving at least 21 days notice.

At every meeting of Noteholders, each Noteholder is entitled, on a show of hands, to one vote. On a poll, each Noteholder is entitled to one vote in respect of every Convertible Note held by that Noteholder.

(g) **Redemption events**

A Convertible Note may be redeemed:

- (i) by the Company:
 - (A) if the Noteholder has not exercised the Conversion Option by the Maturity Date (in which case the Note will be deemed to be redeemed on the Maturity Date);
- (ii) by the Trustee or a Noteholder:
 - (A) if an Event of Default occurs; or
 - (B) if the Company raises any new secured or unsecured debt greater than \$250,000, and then only in respect of all of the Notes held by that Noteholder;
 - (C) if the Company or Sun Delta Inc ceases to hold a joint venture interest of at least 16.5% in Flour Bluff (which, for the avoidance of any doubt means a joint venture interest of at least 16.5% in West Flour Bluff and a joint venture interest of at least 16.5% in East Flour Bluff); or
 - (D) if the Company or Sun Delta ceases to hold a joint venture interest of at least 7.5% in Lake Long.

(2) **Guarantee**

A wholly owned subsidiary of the Company, Sun Delta, Inc (a company incorporated under the laws of Colorado, USA) has entered into a guarantee with the Trustee dated 5 June 2008 guaranteeing (for the benefit of Noteholders) the Face Value and interest of all of the Convertible Notes to be issued under the Placement Offer and the Offer. The Guarantee contains a limitation of liability in favour of the Trustee in similar terms to the limitation of liability in the Trust Deed.

(3) **Sun Resources**

The Company at the date of this Prospectus has the following material contracts in place:

- (a) **Participation Agreement between Sun Resources NL, Pancontinental Oil & Gas NL, Afrex Limited and Anadarko International Energy Company on ESA Area 4, Block 3 and Area 5, offshore Malta, dated 29 June 2005.**

The Company with other parties has an agreement with Anadarko International Energy Company (“Anadarko”) whereby Anadarko has farmed into ESA Area 4, Block 3 and Area 5, offshore Malta to earn an up to a 75% interest in the permits or a successor Production Sharing Contract by funding further seismic and drilling up to 2 wells.

- (b) **Participation Agreement between the Company’s USA subsidiary, Sun Beta LLC, Victoria Petroleum USA Inc and Wandoo Energy LLC on State of Texas, Gulf Coast, USA onshore 2D and 3D seismic data bank known as Project Margarita, dated 29 May 2006 and its extension dated 5 June 2007.**

The Company with another party has an agreement with Wandoo Energy LLC (“Wandoo”) whereby they fund Wandoo’s interpretation of Wandoo supplied 3D seismic coverage of a South Texas project area known as Project Margarita and carry Wandoo on the drilling of an initial well on any prospects generated from the seismic data.

- (c) **Participation Agreement between the Company’s USA subsidiary, Sun Beta LLC, Victoria Petroleum USA Inc and Wandoo Energy LLC on State of Texas, Gulf Coast, USA onshore 2D and 3D seismic data bank known as Redback, dated 1 May 2007.**

The Company with another party has an agreement with Wandoo Energy LLC (“Wandoo”) whereby they fund Wandoo’s interpretation of Wandoo supplied 3D seismic coverage of a South Texas project area known as Project Redback and carry Wandoo on the drilling of an initial well on any prospects generated from the seismic data.

- (d) **Advisory Services and Capital Raising Services Agreement between Sun Resources NL and Hartleys Limited, dated 2 October 2007**

The Company has an agreement with Harleys Limited (“Hartleys”) for an initial period of 12 months whereby Hartleys advises the Company on corporate matters and assists in capital raisings for the Company for a A\$10,000 monthly fee (exclusive of GST) and on capital raising will receive a commission of 6% of all funds raised.

- (e) **Petroleum Concession No. 7/2551/98 Block L20/50 Contract between Sun Resources NL, Carnarvon Petroleum Limited and minister of Energy, Thailand, date 21 January 2008**

The Company and Carnarvon Petroleum NL tendered on Block L20/50 onshore Thailand as part of the 20th Bid Round on Petroleum Blocks in Thailand and were awarded it as Petroleum Concession No. 7/2551/98 Block L20/50 by Government of Thailand cabinet decree from their meeting of 18 December 2007. The subsequent contract dated 21 January 2008 governs the terms and conditions of exploration and exploitation of oil and gas on the concession.

5.6 **Privacy**

Sun Resources collects information about each Applicant provided on the Application Form for the purpose of processing Application Forms, and to administer the Applicant's security holding in Sun Resources.

By submitting an Application Form, each Applicant agrees that Sun Resources may use the information provided on an Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to Sun Resources' Registry, related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The Corporations Act requires Sun Resources to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in Sun Resources public registers must remain there even if that person ceases to be a security holder of Sun Resources. Information contained in Sun Resources register is also used to facilitate distribution payments and corporate communications (including Sun Resources financial results, annual reports and other information that Sun Resources may wish to communicate to its security holders) and compliance by Sun Resources with legal and regulatory requirements.

If the information required on an Application Form is not provided, Sun Resources may not be able to accept or process the Application Form.

An Applicant has a right to gain access to the information that Sun Resources holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Sun Resources registered office.

5.7 **Disclaimer**

The information contained in this Prospectus does not represent any forecast or projection as to the future revenue or profitability of Sun Resources. See section 4 regarding risk factors generally in respect of your decision on whether to apply for Convertible Notes under the Offer.

5.8 **CHES and issuer sponsorship**

Sun Resources participates in CHES. All trading on the ASX in Shares is, and in Convertible Notes will be, settled through CHES. ASTC, a wholly-owned subsidiary of the ASX, operates CHES in accordance with the ASX Listing Rules and the ASTC Settlement Rules. The Registry operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. Both these sub-registers constitute Sun Resources' principal register of Noteholders.

Holders of Convertible Notes will not receive a certificate but will receive a statement of their holding. If an Applicant is sponsored by a broker or other participant in CHES, that person will receive a CHES statement which will set out the number of Convertible Notes issued to them under this Prospectus, provide details of their HIN (Holder Identification Number), and provide the participant identification number of the sponsor.

If Applicants are registered on the issuer-sponsored sub-register, their holding statement will contain the number of Convertible Notes issued to them under this Prospectus and their SRN (Security-holder Reference Number).

A CHES statement or issuer-sponsored statement will be sent to holders of Convertible Notes at the end of any calendar month during which the balance of their holding changes. Holders of Convertible Notes may request a statement at any other time, however, a charge may be made for additional statements.

5.9 **Directors' remuneration**

Each non-executive Director is entitled to fees for performance of additional services and to reimbursement of reasonable out-of-pocket expenses. The remuneration of non-executive Directors does not include payments made in connection with the provision of superannuation benefits, the payment of superannuation benefits or any other payments made as a consequence of and in accordance with the provisions for retirement, loss of office, death, extra services and interests in staff funds.

Directors' remuneration for year ended 30 June 2007

	Short-term employee benefits			Post-employment benefits		Share based payments Equity and options	Total
	Cash salary, consulting fees and directors' fees	Non monetary benefits	Other expenses	Superannuation	Retirement benefits		
	\$	\$	\$	\$	\$		
B Farrell	168,000	20,617	-	45,120	218,400	-	452,137
P Woods	99,600	-	-	-	-	-	99,600
W Ashby	221,316	1,706	-	48,084	-	17,298	288,404
Sub-total executives	488,916	22,323	-	93,204	218,400	17,298	840,141
Non-executive							
P Linsley	30,000	-	10,319	-	-	-	40,319
W Martinick	30,000	-	-	-	-	-	30,000
Sub-total non-executives	60,000	-	10,319	-	-	-	70,319
Total	548,916	22,323	10,319	93,204	218,400	17,298	910,460

Directors' remuneration for year ended 30 June 2006

	Short-term employee benefits			Post-employment benefits		Share based payments Equity and options	Total
	Cash salary, consulting fees and directors' fees	Non monetary benefits	Other expenses	Superannuation	Retirement benefits		
	\$	\$	\$	\$	\$		
B Farrell	198,000	38,975	-	2,477	-	98,400	337,852
P Woods	90,000	-	-	-	-	98,400	188,400
Sub-total executives	288,000	38,975	-	2,477	-	196,800	526,252
Non-executive							
P Linsley	30,000	-	11,843	-	-	98,400	140,243
W Martinick	30,000	-	-	-	-	98,400	128,400
Sub-total non-executives	60,000	-	11,843	-	-	196,800	268,643
Total	348,000	38,975	11,843	2,477	-	393,600	794,895

5.10 Directors' participation in option plans

The issue of any options to Directors requires approval by Shareholders at a general meeting of Shareholders.

5.11 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director of Sun Resources, and no firm in which a Director or proposed Director of Sun Resources is a partner, holds, or held at any time during the last two years before the date of this Prospectus, any

interest in the formation or promotion of Sun Resources, any property acquired or proposed to be acquired by Sun Resources in connection with its formation or promotion or in connection with the Offer or the Placement Offer.

Other than as set out below no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of Sun Resources in the last two years:

- (1) to induce them to become, or to qualify them as, a Director; or
- (2) for services rendered by them in connection with the formation or promotion of Sun Resources or in connection with the Offer or the Placement Offer.

Directors are not required under Sun Resources' Constitution to hold any Shares in Sun Resources.

The Directors disclose their relevant interests (whether the shareholding is held in their personal name or otherwise) as at the date of this Prospectus as follows:

Name	Shares	Unlisted partly-paid Shares	Unlisted Options
B Farrell	22,862,626	1,200,000	0
M Battrick	0	0	1,000,000
P Woods	7,913,202	1,200,000	0
P Linsley	1,424,383	1,200,000	0
W Martinick	12,821,828	1,200,000	0

5.12 Interests of other persons

Sun Resources has paid or agreed to pay the following amounts to the following persons in connection with the Offer and the Placement Offer:

- (1) **Corporate Advisor and Broker:** As corporate advisor and Broker to the Offer and the Placement Offer, Hartleys will receive a commission of 6% of all funds raised pursuant to the Placement Offer and the Offer, being a total of \$240,002.40 (exclusive of GST). Pursuant to an Advisory Services & Capital Raising Services Agreement with Sun Resources, further described in section 5.5(3)(d), Hartleys, through its nominee, holds 4,000,000 unlisted options in Sun Resources exercisable at \$0.10 no later than 30 June 2010.
- (2) **Deacons:** Fees for professional services undertaken as Australian legal advisers to Sun Resources in connection with the Offer and

the Placement Offer of approximately \$100,000 (exclusive of GST) as at the date of this Prospectus.

- (3) **Trustee:** Australian Executor Trustees Limited has been paid an initial establishment fee of \$5,000 (exclusive of GST) and will be paid an annual trustee fee which is initially agreed as \$15,000 per annum (exclusive of GST) for acting as Trustee for Noteholders in respect of the Convertible Notes.
- (4) **Various suppliers:** Fees for other services provided including the Registry, printing and mailing, ASIC fees, and ASX fees of approximately \$15,000 in total.

Other than as set out above or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of Sun Resources involved in the Offer holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in the formation or promotion of Sun Resources, any property acquired or proposed to be acquired by Sun Resources in connection with its formation or promotion or in connection with the Offer, and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of Sun Resources or in connection with the Offer.

5.13 Consents and disclaimers

Each of the following persons have given and not withdrawn their consent to be named, or to the inclusion of statements by the person (or to the inclusion of statements said in this Prospectus to be based on statements by the person), in this Prospectus in the form and context in which they are named or the statements are included:

- (1) Hartleys Limited (as corporate advisor and Broker to the Offer);
- (2) Deacons (legal advisers to Sun Resources in relation to the Offer);
- (3) Australian Executor Trustees Limited (Trustee); and
- (4) Computershare (Registry).

Each of the persons named in this section 5.13 has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement in this Prospectus is said to be based, except to the extent set out in that person's consent, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus except to the extent set out in that person's consent.

5.14 Costs and expenses of the Offer

The total costs and expenses of the Offer and the Placement Offer payable by Sun Resources are estimated to be approximately \$375,000.

5.15 Governing law

This Prospectus and the contracts which arise on acceptance of Application Forms are governed by the law applicable in the State of Western Australia, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of the State of Western Australia, Australia.

5.16 Consents to lodgement

Each Director of Sun Resources has given, and has not withdrawn, his consent to the lodgement of this Prospectus with ASIC.

5.17 Authorisation

This Prospectus is signed on 18 June 2008 by Matthew Battrick on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.



Matthew Battrick
Managing Director

6. DEFINITIONS

\$	Australian dollars (and references to cents are to Australian cents) unless otherwise indicated.
Applicant	A person who applies for Convertible Notes in accordance with this Prospectus.
Application	A valid application for Convertible Notes under this Prospectus.
Application Form	The application form accompanying this Prospectus.
Application Monies	The Issue Price multiplied by the number of Convertible Notes applied for.
AWST	Australian Western Standard Time (unless a date falls during the period in which daylight savings applies in Western Australia, in which case AWST will mean Australian Western Daylight Savings Time).
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	The official listing rules of ASX.
Board	The board of directors of Sun Resources.
Broker	Hartleys
Business Day	An Australian business day that is not a Saturday, Sunday, or any other day which is a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made.
Closing Date	22 July 2008 (unless extended).
Company	Sun Resources NL (ABN 69 009 196 810).
Constitution	The constitution of Sun Resources as modified from time to time.
Convertible Note	A convertible note to be issued under the Offer and those issued under the Placement Offer.
Corporations Act	<i>Corporations Act</i> 2001 (Cth).

Director	A director of the Company.
Exempt Offeree	<p>Either:</p> <ul style="list-style-type: none"> • a “sophisticated investor” within the meaning of section 708(8) of the Corporations Act; • a “professional investor” within the meaning of section 708(11) of the Corporations Act; • an offeree receiving the Placement Offer through a financial services licensee within the meaning of section 708(10) of the Corporations Act; or • an otherwise an “exempt” investor within any meaning contained in section 708 of the Corporations Act.
Flour Bluff	<p>The Flour Bluff Gas Development Project near Corpus Christi, Texas, USA, containing three separate producing gas fields, East Flour Bluff, Pita Island and West Flour Bluff. All wells, plant, leases and pipelines are operated by Texas Crude on behalf of the Flour Bluff joint venture participants, including 11 producing wells and 24 inactive wells. As at the date of this Deed, Sun Delta holds an approximately 24.167% working interest in the East Flour Bluff gas field and a 20% working interest in the West Flour Bluff and Pita Island gas fields. The West Flour Bluff and Pita Island fields together comprise 44% of Flour Bluff, with East Flour Bluff comprising the remaining 56%</p>
Hartleys	Hartleys Limited (ABN 33 104 195 057), Corporate Advisor and Broker to the Offer.
Issue Price	\$0.55, being the amount payable for each Convertible Note.
Lake Long	A development project on state lease SL238 in the Lake Long Field area in Lafourche Parish, Louisiana, USA, operated by Kriti Exploration Inc and in which, as at the date of this Deed, Sun Delta holds a 10% working interest
Maturity Date	<p>The Convertible Notes will mature (to the extent that they have not already been converted or redeemed) on the earlier of:</p> <p>(a) the date that is 3 months after the date of this Prospectus if on such date Official</p>

	Quotation of the Convertible Notes on ASX has not been obtained; or
	(b) 30 June 2011.
Maximum Conversion Number	9.16
Minimum Conversion Number	5
Noteholder	A holder of Convertible Notes, whether issued under the Placement Offer or the Offer.
Offer or Issue	Offer of Convertible Notes under this Prospectus.
Offer Period	The period from 25 June 2008 until the Closing Date.
Official Quotation	Has the same meaning as “quotation” in the ASX Listing Rules.
Placement Offer	The offer of the Convertible Notes prior to the date of this Prospectus to Exempt Offerees, further details of which are set out in the Summary of the Offer.
Prospectus	This prospectus dated 18 June 2008.
Quarter	means each period of 3 calendar months with the first quarter ending on a date specified by the Company under the Trust Deed and the last of which ends on or before the Maturity Date.
Quotation	means the official quotation of the Convertible Notes on the ASX.
Registry	Computershare Investor Services Pty Ltd (ACN 078 279 277).
Reset Date	The last day of each Quarter.
Related Body Corporate	Has the meaning ascribed to it in section 9 of the Corporations Act.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A person who holds Shares.
Sun Resources	Sun Resources NL (ABN 69 009 196 810)
Trust Deed	The convertible note trust deed entered into between the Company and the Trustee dated 5 June 2008.

Trustee	Australian Executor Trustees Limited ACN (007 869 794).
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7. CORPORATE DIRECTORY

Directors of Sun Resources

Bradford Farrell (Executive Chairman)
Matthew Battrick (Managing Director)
Peter Woods (Executive Director)
Philip Linsley (Non Executive Director)
Wolf Martinick (Non Executive Director)

Company secretary

Peter Woods

Registered office

4 Bendsten Place
Balcatta WA 6021

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Fax: +61 8 9345 4541
www.sunres.com.au

Technical Office

Unit 16, Subiaco Village
531 Hay Street
Subiaco WA 6008

Tel: +61 8 9398 6501
Fax: +61 8 9388 7991

Corporate Adviser and Broker to the Offer

Hartleys Limited
Level 6, Westralia Square
141 St Georges Terrace
Perth WA 6000

Legal advisers to Sun Resources in relation to the Offer

Deacons
L39, Bankwest Tower
108 St Georges Terrace
Perth WA 6000

Registry

Computershare
Level 2, 45 St Georges Terrace
Perth WA 6000

Tel: +61 8 9323 2000
Fax: +61 8 9323 2096

Trustee

Australian Executor Trustees Limited
Level 22, 207 Kent Street
Sydney NSW 2000
Tel: +61(2) 9028 5900
Fax: +61(2) 9028 5942

Mail Application Forms to:

Computershare
Level 2, 45 St Georges Terrace
Perth WA 6000

Tel: +61 8 9323 2000
Fax: +61 8 9323 2096
