

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Sun Resources NL

ABN

69 009 196 810

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 112,503 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Conversion of unsecured convertible notes at a rate of 5.50 shares for each note held, in accordance with original application lodged 23 July 2008. |

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> <p>Refer to annexure A (attached) for full details.</p> | | | | | | |
|--|--|--------|--------|-------------|----------------------------|-----------|-----------------------------|
| <p>5 Issue price or consideration</p> | <p>10 cents per share.</p> | | | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Conversion of quoted convertible notes.</p> | | | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>21 August 2009.</p> | | | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="722 1249 1006 1291">Number</th> <th data-bbox="1006 1249 1291 1291">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="722 1291 1006 1491">339,261,700</td> <td data-bbox="1006 1291 1291 1491">Ordinary Shares fully paid</td> </tr> <tr> <td data-bbox="722 1491 1006 1564">5,718,300</td> <td data-bbox="1006 1491 1291 1564">Unsecured Convertible Notes</td> </tr> </tbody> </table> | Number | +Class | 339,261,700 | Ordinary Shares fully paid | 5,718,300 | Unsecured Convertible Notes |
| Number | +Class | | | | | | |
| 339,261,700 | Ordinary Shares fully paid | | | | | | |
| 5,718,300 | Unsecured Convertible Notes | | | | | | |

| | | | |
|----|---|------------|---|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | Number | +Class |
| | | 4,800,000 | 25 cent Unlisted Contributing Shares partly paid to 2.5 cents |
| | | 1,000,000 | Unlisted Options at 10 cents each expiring 2 February 2010 |
| | | 4,000,000 | Unlisted Options at 10 cents each expiring 30 June 2010 |
| | | 1,000,000 | Unlisted Options at 12.5 cents each expiring 1 February 2011 |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | No change. | |

Part 2 – DELETED – NOT APPLICABLE

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

| |
|--|
| |
|--|

39 Class of +securities for which quotation is sought

| |
|--|
| |
|--|

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38) | | |

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

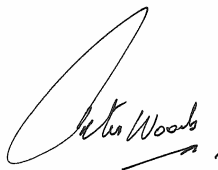
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 21 August 2009
(Director/Company secretary)

Print name: Alan Peter Woods

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ANNEXURE A

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Each Convertible Note entitles the Convertible Noteholder to acquire fully paid ordinary shares in the capital of the Company on the following terms and conditions.

The following is only a summary of the terms and conditions of the Convertible Notes. The full terms and conditions are contained in the Trust Deed.

- Face Value: \$0.55 per Convertible Note.
- Interest Rate: 12% per annum fixed payable in cash quarterly in arrears.
- Conversion: Each Convertible Note will convert to 5 fully paid ordinary share in the Company (subject to the conversion price re-set). The Convertible Notes can be converted at any time between the date of issue and the maturity date. The applicable Conversion Price will be the Conversion Price as at the most recent Re-set Date.
- Conversion Price Re-Set If the volume weighted average share price ("VWAP") for 30 consecutive trading days immediately preceding the end of the relevant Re-Set Date period is lower than the Conversion Price (or Re-Set Conversion Price) on the relevant Re-Set Date the Conversion Price will be adjusted upwards or downwards to be equal to 125% of the VWAP (rounded to the nearest \$0.005) for the period of 30 consecutive trading days immediately preceding each Re-Set Date ("Conversion Price Re-Set").
- Re-Set adjustment thresholds Any re-set adjustments of the Conversion Price pursuant to the re-set provision is limited to a maximum conversion price of \$0.11 per share (1 note converts into 5 shares) and a minimum conversion price of \$0.06 per share (1 note converts into 9.16 shares). The maximum number of shares that 1 Note can be converted into is 9.16 shares.
- Security: Unsecured.
- Term Redemption date 31 March 2011.
- Guarantee from Subsidiary A corporate guarantee has been provided by the Company's wholly owned US subsidiary which owns the producing gas fields, East and West Flour Bluff and Pita Island in Texas, USA (**Guarantee**). Under the terms of the Guarantee, the guarantor has agreed to guarantee the Company's obligations in respect of Trust Deed up to a limit of AUD\$4,000,040.
- Noteholder Redemption Assuming no conversion, the convertible note holders can elect to redeem the full face value of the convertible note if the Issuer raises any new secured or unsecured debt greater than \$250,000 before redemption date, and in other limited circumstances described in the complete terms & conditions of the Convertible Notes as set out in the Trust Deed.
- Quotation The Company has agreed to lodge a disclosure document and apply to the Australian Securities Exchange ("**ASX**") for official quotation of the Convertible Notes. The Company will also apply for official quotation of any shares issued upon conversion of the Convertible Notes in accordance with the terms and conditions.
- Shares to rank equally All shares issued upon conversion of the Convertible Notes will rank pari passu with the existing fully paid ordinary shares of Sun Resources NL.