ABN 69 009 196 810
(Incorporated in Western Australia)

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15 March 2019

ASX Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: LODGEMENT OF HALF-YEAR FINANCIAL REPORT AT 31 DECEMBER 2018

Please find attached the Interim Financial Report of Sun Resources NL for the half-year ended 31 December 2018.

Yours faithfully
SUN RESOURCES NL

Jo-Ann Long
Company Secretary

SUN RESOURCES NL

ABN 69 009 196 810

AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

CONTENTS	**PAGE NO.**

CORPORATE DIRECTORY

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

Mr Alexander B Parks
M.Eng, Petroleum Engineering, GAICD
Managing Director and Chief Executive Officer

Mr William F Bloking
B.Sc, Mechanical Engineering, FAICD
Non-Executive Director

Company Secretary and CFO
Ms Jo-Ann Long
B.Com, FCA, GAICD

Head Office and Registered Office
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West Perth, Western Australia 6005
Telephone: (08) 9321 9886
Facsimile: (08) 9321 8161
Email: admin@sunres.com.au
Website: www.sunres.com.au

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

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

Corporate Managers
United States
Radius/Vistra
281 Ellis Street
San Francisco CA 94102
Telephone: +1 415 659 9236
Facsimile: +1 415 659 9779

Solicitors
Australia
HopgoodGanim
Level 27, Allendale Square
77 St Georges Terrace
Perth, Western Australia 6000
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United States
Mr Faisal Shah
3411 Richmond Ave.
Suite 400
Houston, Texas 77046
Telephone: +1 713 622 2001
Facsimile: +1 713 481 8319

Share Registry
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Home Exchange
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

ASX Code: SUR

DIRECTORS' REPORT

The Directors of Sun Resources NL present their report on the Consolidated Entity consisting of Sun Resources NL ("Sun" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The names of the Directors of the Company in office at any time during the financial period or since the end of the financial period are:

Mr I J McCubbing	Director – Chairman and Non-Executive (appointed 25th October 2016)
Mr A B Parks	Managing Director – Executive (appointed 2nd November 2017)
Mr W F Bloking	Director – Non-Executive (appointed 25th October 2016)

Unless otherwise stated each Director held their office from 1 July 2018 until the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the period was oil and gas exploration. No significant change in the nature of this activity occurred during the financial period.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year (30 June 2018: none).

CONSOLIDATED RESULTS

The consolidated net loss for the Consolidated Entity for the period under review was ($611,552) [2017: ($366,901)].

EVENTS OCCURING AFTER REPORTING PERIOD

The following events occurred subsequent to the end of the period:

- The Company partially settled the loans provided by Directors post year end through the issue of shares in the company at 0.4 cents per share.
- Received funds amounting to $82,000 from SPP that closed on 28 December 2018
- Commenced well planning and permitting of first Bowsprit well site

Other than as disclosed above, no event has occurred since 31 December 2018 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period are set out in the review of operations below.

REVIEW OF OPERATIONS

The Sun Board has been focussed on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US$40 per barrel benchmark price in today's dollars.

Sun has made a strategic shift to development of oil reserves in a neglected portion of Gulf of Mexico with Joint Venture "JV" participant Pinnacle Exploration Pte Ltd "Pinnacle". The Company's focus area is the Breton Sound area, Louisiana.

United States of America

OIL AND GAS EXPLORATION AND DEVELOPMENT

Bowsprit Oil Project ("Bowsprit") (Lease No. 21754 & 21787) - Sun 50% working interest.

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, within the lease and extensive existing 2D and 3D seismic over the lease. The leases are near the boundary of St Bernard and Plaquemines Parishes that covers the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion scf of gas since 1978. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell and produced through to 1980s. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. The 20 to 50ft thick oil sand was flowed successfully from four wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~200bopd declining to 40 bopd / well). The deeper gas field was abandoned and the area relinquished by the former owner in the 1990s prior to the advent of horizontal drilling.

Sun has determined that the Bowsprit structure can be developed with up to five horizontal wells and could potentially be produced through a simple unmanned production platform.

Sun has a 50% working interest and is Operator of the Leases.

3D Modelling process

During the December quarter considerable effort was made to make the most of the existing data set. The available well logs were digitised and interpreted to determine exact intervals of sand, shale and silt. Concurrently the purchased 3D seismic has been revisited and the mapping of the key horizons refined, intra-field faults identified and incorporated into the model. The modelling of the sand, shale and silts in the field, consistent with the seismic interpretation and depositional environment, has demonstrated segregated sand bodies which explain the multiple oil water contacts that were interpreted in the 1960's well logs. These multiple sand bodies can be readily produced from horizontal wells (Fig 1).

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

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

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

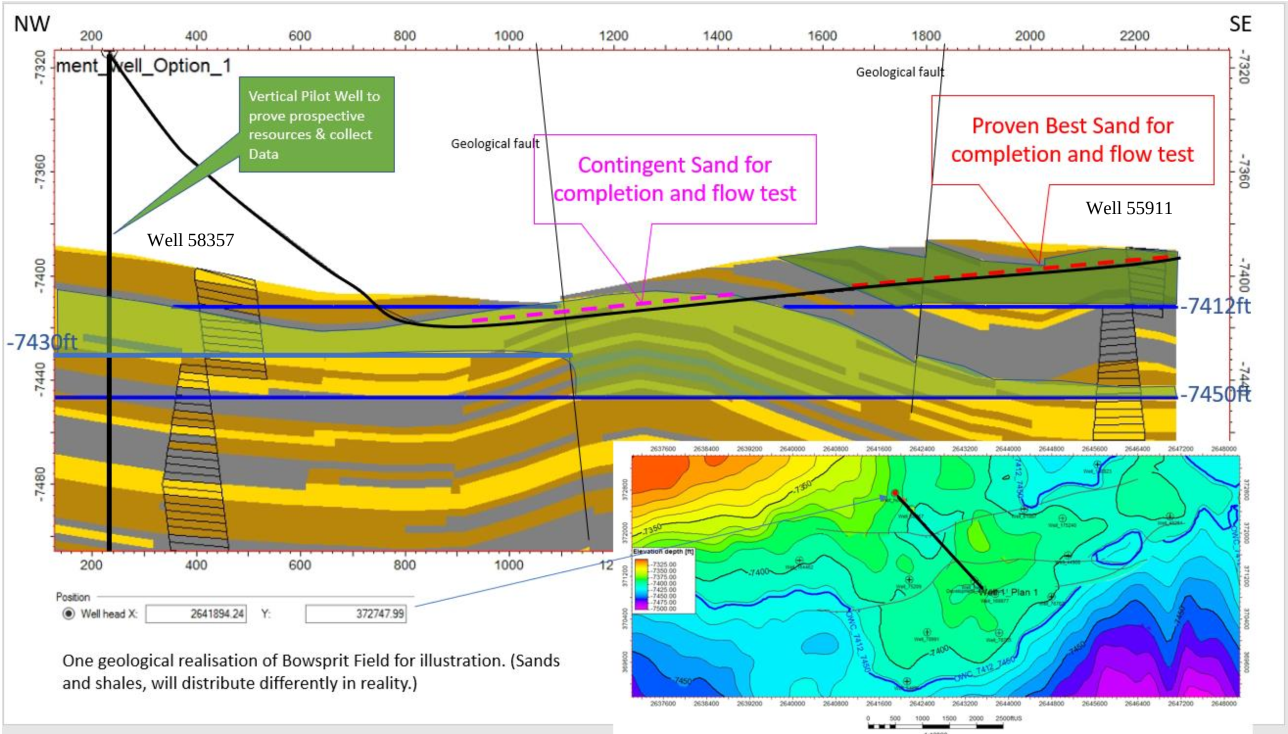

Figure 1 - Vertical Pilot hole and Horizontal Well Path

STOIIP increase for Prospective Resources Area of the Field

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

Progress Toward Drilling

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

Note 1 See ASX release5 April 2018.
http://www.sunres.com.au/irm/PDF/2805_0/IndependentResourceAssessmentforBowspritOilProject

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

The well path has been endorsed by Brammer Engineering as "drillable". It is Sun's intention to drill the first well in Q2 2019, prior to commencement of the hurricane season in July. In the interim, Sun will prepare a detailed drilling program (the initial well is estimated to cost approximately US$3.6 million) and seek a farm in partner or other source of financing to fund the drilling.

Forward Plan

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

The initial site survey has now been completed. The permitting process has now commenced and will take approximately 12-15 weeks. The hurricane season runs from July to October and the target is to drill the first well before July 2019.

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

Land Status

At the time of this report and subsequent to the end of the December 2018 Period, Sun's total net land position in the Breton Sound, Louisiana was approximately 577 net acres of oil and gas leases.

Oil Project Area	**Sun's Working Interest (%WI)**	**Sun's Net Royalty Interest (%NRI)**	**Project area Gross Acres (1ha = 2.471ac)**	**Sun's Net Acres (1ha = 2.471ac)**
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787[1]	50%	39.5%	154	77
TOTAL	**-**	**-**	**1,154**	**577**

(Total acres are approximate, as at 15 March 2019)

DIRECTORS' REPORT

CORPORATE

Annual General Meeting

The Company held the AGM on 28 November 2018, five resolutions were put to shareholders and all were passed.

CASH MANAGEMENT

Sun held net cash of $12,212 at the end of the December 2018 Quarter. Computershare held $82,000 in cash, on behalf of the Company, at the end of the December 2018 Quarter being proceeds from the SPP which closed on 28th December 2018.

Director Loans to the Company to fund the leasing of Bowsprit were partially settled post the end of the Quarter through the issue of shares.

ENVIRONMENTAL REGULATION

During the financial period, the Consolidated Entity was not aware of any material breach of any particular or significant Australian or US Federal or State regulation in respect to environmental management.

A review of the Consolidated Entity's operations during the half-year, determined that the Consolidated Entity did not exceed the energy consumption or carbon dioxide emission reporting thresholds set by The National Greenhouse and Energy Reporting Act 2007.

LIKELY DEVELOPMENTS

The review of operations of the Consolidated Entity provides an indication, in general terms of the likely developments and the expected results of future operations for the remainder of 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 9 forms part of the Directors' Report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) (a) of the *Corporations Act 2001.*

ON BEHALF OF THE DIRECTORS

Ian McCubbing
Chairman

Perth, Western Australia
Dated this 15th day of March 2019

DIRECTORS' DECLARATION

The Directors of Sun Resources NL declare that:

(a) the consolidated financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes set out on pages 10 to 24 are in accordance with the Corporations Act 2001, and:

   (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and

   (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 together with other mandatory professional reporting requirements; and

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Ian McCubbing
Chairman

Perth, Western Australia
Dated this 15th day of March 2019

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Australia

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

As lead auditor for the review of Sun Resources NL for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Wayne Basford

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 December 2018

	Note	Consolidated 31 December 2018 $	31 December 2017 $
Revenue from continuing operations		-	-
Other income		41,604	463
Administration expense		(194,661)	(110,258)
Depreciation		(3,858)	(2,664)
Finance expense		(24,109)	(29,075)
Occupancy expense		(70,843)	(49,084)
Employees expense		(279,822)	(168,361)
Change of fair value of investment	4	(76,466)	-
Share based payments expense	8	(3,397)	(7,922)
Loss before income tax expense		(611,552)	(366,901)
Income tax expense		-	-
Loss after income tax for the half-year attributable to owners of Sun Resources NL		(611,552)	(366,901)
Other comprehensive (loss)/income items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(48,873)	18,425
Total comprehensive loss for the half-year attributable to owners of Sun Resources NL		(660,425)	(348,476)
Loss per share attributable to the members of Sun Resources NL			
Basic (loss) per share (cents)		(0.079)	(0.078)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 24.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2018

	Notes	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Current assets			
Cash and cash equivalents		12,212	81,534
Trade and other receivables		42,460	33,423
Total current assets		54,672	114,957
Non-current assets			
Plant and equipment		9,824	13,682
Exploration and evaluation expenditure	3	741,063	663,038
Investments	4	72,270	148,736
Total non-current assets		823,157	825,456
Total assets		877,829	940,413
Current liabilities			
Trade and other payables	5	1,439,416	1,208,620
Borrowings	6	162,500	50,000
Total current liabilities		1,601,916	1,258,620
Non-current liabilities			
Borrowings	6	1,143,069	1,118,960
Total non-current liabilities		1,143,069	1,118,960
Total Liabilities		2,744,985	2,377,580
Net liabilities		(1,867,156)	(1,437,167)
Shareholders'deficit			
Contributed equity	7	119,484,319	119,257,280
Reserves		30,709,452	30,754,928
Accumulated losses		(152,060,927)	(151,449,375)
Total shareholders' deficit		(1,867,156)	(1,437,167)

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 24.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2018

	Attributable to equity holders of the Company				
	Contributed equity	Accumulated losses	Share-based payments reserve	Foreign Exchange Translation Reserve	Shareholders' deficit
	$	$	$	$	$
Balance at the 1 July 2018	119,257,280	(151,449,375)	12,807,416	17,947,512	(1,437,167)
Total loss for the period	-	(611,552)	-	-	(611,552)
Other comprehensive income/(loss)					
Exchange differences on translation of Foreign Entities	-	-	-	(48,873)	(48,873)
Total other comprehensive income/(loss)	-	-	-	(48,873)	(48,873)
Total comprehensive income/(loss) for the period		(611,552)	-	(48,873)	(660,425)
Transactions with owners, in their capacity as owners					
Share-based payment transactions	-	-	3,397	-	3,397
Contributions by and distributions to owners					
Contributions of Equity	241,500	-	-	-	241,500
Equity Transaction Costs	(14,461)	-	-	-	(14,461)
Total transactions with owners	227,039	-	-		227,039
Balance at the 31 December 2018	119,484,319	(152,060,927)	12,810,813	17,898,639	(1,867,156)

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 24.

For the six months ended 31 December 2017

	Attributable to equity holders of the Company				
	Contributed equity $	Accumulated losses $	Share-based payments reserve $	Foreign Exchange Translation Reserve $	Shareholders' Deficit $
Balance at the 1 July 2017	118,130,277	(150,636,505)	12,795,371	17,985,072	(1,725,785)
Total loss for the period	-	(366,901)	-	-	(366,901)
Other comprehensive income					
Exchange differences on translation of Foreign Entities	-	-	-	18,425	18,425
Total other comprehensive income	-	-	-	18,425	18,425
Total comprehensive income/(loss) for the period		(366,901)	-	18,425	(348,476)
Transactions with owners, in their capacity as owners					
Share-based payment transactions	-	-	7,922	-	7,922
Contributions by and distributions to owners					
Contributions of Equity	1,296,742	-	-	-	1,296,742
Equity Transaction Costs	(168,513)	-	-	-	(168,513)
Total transactions with owners	1,128,229	-	-		1,128,229
Balance at the 31 December 2017	119,258,506	(151,003,406)	12,803,293	18,003,497	(938,110)

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 24.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 December 2018

	Consolidated	
	31 December 2018 $	**31 December 2017 $**
Cash flows from operating activities		
Receipts from customers	32,559	-
Payments to suppliers and employees	(313,944)	(274,633)
Interest received	8	463
Interest paid	-	(7,066)
Net cash outflow from operating activities	(281,377)	(281,236)
Cash flows from investing activities		
Payments for Joint Venture Partner Investment	-	(48,204)
Payments for exploration asset	(78,025)	(494,076)
Net cash outflow from investing activities	(78,025)	(542,280)
Cash flows from financing activities		
Net Proceeds from the issue of shares	177,539	1,155,756
Proceeds from borrowings	112,500	165,000
Repayment of borrowings	-	(165,000)
Net cash inflow from financing activities	290,039	1,155,756
Net inflow/(outflow) in cash and cash equivalents	(69,363)	332,240
Cash and cash equivalents at beginning of period	81,534	323,023
Effects of exchange rate changes on cash and cash equivalents	41	(2,170)
Cash and cash equivalents at end of the half-year	12,212	653,093

Non-cash financing and investing activities

The Company issued shares for services during the period to employees, contractors and others for $49,500 (December 2017: Nil) to maximise the Company's available cash.

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half-year Financial Statements set out on pages 15 to 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The financial report consists of consolidated financial statements for Sun Resources NL and its subsidiaries ("Group" or "Consolidated Entity").

These interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001. The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Sun during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared to the most recent financial statements except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised accounting standards

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

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

(ii) AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers – Impact of Adoption

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

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

AASB 9 Financial Instruments – Impact of Adoption

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

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (Continued)

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

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

Subsequent measurement of financial assets

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

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

Equity instruments at FVTPL

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (Continued)

Impairment

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

Impact of standards issued but not yet applied by the entity

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

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

Going Concern

The Group recorded a net loss after tax of ($611,552) [December 2017: ($366,901)] and recorded operating cash outflows of $281,377 (December 2017: $281,236) for the period ended 31 December 2018. At the 31 December 2018 the Group has net liabilities of ($1,867,156) [30 June 2018: net liabilities $1,437,167] and a net current liability position of ($1,547,244) (30 June 2018: ($1,143,663)) As at the 13 March 2019 the Group's cash balance stood at $16,165. At the 13 March 2019 the Group had one trade creditor overdue or on extended payment terms. $1,143,069 of borrowings on a convertible loan which is due for repayment or conversion into shares, by the 31 March 2021 and has been classified as non-current. The Group has no line of credit and no means of generating revenue. The ability of the group to continue as a going concern is dependent on securing additional funding through debt and/or equity to continue to fund its operational activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharged its liabilities in the normal course of business. Notwithstanding the above, the Directors of the Group have prepared the interim financial report using the going concern assumption.

To enable the Group to continue as a going concern, the Group will seek to raise additional funds through equity and/or debt, successful exploration and subsequent exploitation of the Group's tenement, and/ or sale of assets. The Directors note that the Company has raised equity of $192,000 during the period ended 31 December 2018 and $82,000 in January 2019. The Company also partially settled the loans, amounting to $100,000, provided by Directors post 31 December 2018 through the issue of shares in the company at 0.4 cents per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (Continued)

Given these factors the Directors consider that, over the course of the next 12 months, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the interim financial report.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

2. SEGMENT INFORMATION

Segment information is provided on the same basis as the information used for internal reporting purposes by the chief operating decision maker. This has resulted in the business being analysed in two geographical segments namely, Australasia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects. The following table presents revenue, expenditure and certain asset information regarding geographical segments for the half-years ended 31 December 2018 and 31 December 2017.

	Australasia $	USA $	Unallocated $	Consolidated $
31 December 2018				
Revenue – oil and gas sales	-	-	-	-
Other Income	41,604	-	-	41,604
Total segment revenue	41,604	-	-	41,604
Segment result after income tax	(611,552)	-	-	(611,552)
Total segment assets	135,782	742,047	-	877,829
Segment liabilities	1,643,210	1,101,775	-	2,744,985
Segment amortisation and depreciation	3,858	-	-	3,858

	Australasia $	USA $	Unallocated $	Consolidated $
31 December 2017				
Revenue – oil and gas sales	-	-	-	-
Other Income	-	-	463	463
Total segment revenue	-	-	463	463
Segment result after income tax	(367,364)	-	463	(366,901)
Total segment assets	111,026	494,076	652,264	1,257,366
Segment liabilities	1,212,191	983,285	-	2,195,476
Segment amortisation and depreciation	2,664	-	-	2,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

3. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Carrying value – opening	663,040	-
Net expenses incurred in the period and capitalised	77,120	689,166
Foreign exchange movement	903	(26,126)
Net carrying value – closing	741,063	663,040

Exploration expenditure is carried forward in accordance with the accounting policy and comprises expenditure incurred on the acquisition and exploration of tenement interests for oil and gas.

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

4. INVESTMENTS

	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
Carrying value – opening	148,736	-
Acquisition of Shares		192,478
Write down to fair value	(70,991)	(49,579)
Foreign exchange movement	(5,475)	5,837
Net carrying value – closing	72,270	148,736

The Company acquired 500,000 shares in Pinnacle Exploration Pte Ltd (“Pinnacle”) for $48,204 on the 14 July 2017. Sun acquired an additional 1,500,000 shares in Pinnacle for $144,274 on the 4 January 2018, resulting in Sun holding an approximate 5% shareholding interest in Pinnacle. The acquisition of the shares in Pinnacle was linked to the acquisition of the Bowsprit Oil Project Lease SL 21754. All the shares were purchased for SGD 0.1 each. Based on the capital raising to related parties at 7.5c/share during the period less 50% discount adjusted by management to the market value of the share. The 50% discount is a significant judgment applied by management to assess the fair value of the investment at 31 Dec 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

	Consolidated	
	31 December 2018 $	**30 June 2018 $**

5. TRADE AND OTHER PAYABLES

Trade and Other Payables	487,305	299,407
Richland Bankruptcy	243,695	232,715
Weatherford Dispute	708,416	676,498
Total Trade and Other Payables	1,439,416	1,208,620

A significant portion of the total trade and other payables of $1,101,775 (30 June 2018: $1,058,405) are held in US subsidiaries of Sun Resources NL.

The Richland Bankruptcy and Weatherford Dispute liabilities are held in a US subsidiary of Sun Resources NL, Sun Delta Inc. Sun Delta Inc. has no cash or other assets at 31 December 2018.

	Consolidated	
	31 December 2018 $	**30 June 2018 $**

6. BORROWINGS

Current

Director Loans	162,500	50,000
	162,500	50,000

The loans provided by the Directors were partially settled post year end through the issue of shares. The loans are repayable on or after receipt of funds from any capital raising by the company and Interest of 10% per annum is payable on repayment of the loan.

Non - Current

Value of convertible loan	1,118,960	1,071,070
Interest expense accrued	24,109	47,890
Borrowing Liability	1,143,069	1,118,960

As at 31 December 2018, the Winform Nominees Pty Ltd (“Winform”) convertible loan is classified as a non-current liability due to a significant restructuring of the terms of the loan in September 2017, where it was agreed to:

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

The Company accrues interest of 5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

6. BORROWINGS (Continued)

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

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

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

7. SHARE CAPITAL

a) Contributed Capital	**31 December 2018 $**	**30 June 2018 $**
Issued and paid-up capital 805,557,588 (June 2018: 756,432,588) ordinary shares, fully paid	119,484,319	119,257,280

b) Movement in ordinary shares on issue

31 December 2018

	Date	**Number of Shares**	**Capital $**
Opening balance	1 July 2018	756,432,588	119,257,280
Share placement	5 November 2018	49,125,000	196,500
Shares to be issued (Note 1)			45,000
Issue costs of share capital			(14,461)
Closing balance		805,557,588	119,484,319

Note 1: The Company received $45,000 in cash direct to its bank account with respect to the SPP. The shares were issued on 4th January 2019.

30 June 2018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

8. SHARE BASED PAYMENTS

The following share-based payments were made through the issue of equity during the half-year ended 31 December 2018.

- Corporate Services - $49,500 shares were issued at an issue price of $0.004 per share. The issue of these shares is included in the 5 November 2018 share placement in note 7 (b).
- As part of the performance rights issued in 2017 $3,397 was recognised.

Performance rights issues in the prior year

The Company issued 30,000,000 performance rights to Mr. Alexander Parks on the following terms:

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

One performance right can be converted into one ordinary share.

The total fair value of the performance rights was calculated to be $90,000 at grant date. This share-based expense will be apportioned over the estimated period to achieve the various milestones.

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

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

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

Tranche A – 30 June 2019
Tranche B – Not Probable
Tranche C – Not Probable

The Company has recognised share-based payments of $3,290 during the period:

Tranche A – $3,290
Tranche B – Nil
Tranche C – Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2018

9. CONTINGENCIES

No additional contingencies have occurred since 30 June 2018.

10. CAPITAL AND LEASING COMMITMENTS

There have been no changes to capital and leasing commitments since the last annual reporting date.

11. RELATED PARTIES TRANSACTIONS

During the period the following related party transaction occurred:

- The Directors entered into loans to support the Company with short term working capital to an aggregate amount of A$112,500 (to allow Sun to complete the Rights Issue) on commercial terms bearing interest at 10% per annum. The loans and the interest were partially settled in December 2018 at the conclusion of the capital raise.

12. EVENTS SUBSEQUENT TO REPORTING DATE

The following events occurred subsequent to the end of the period:

- The Company partially settled the loans provided by Directors post year end through the issue of shares in the company at 0.4 cents per share.
- Received funds amounting to $82,000 from SPP that closed on 28 December 2018
- Commenced well planning and permitting of first Bowsprit well site

Other than as disclosed above, no event has occurred since 31 December 2018 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity’s financial statements.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sun Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sun Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

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

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Wayne Basford

Director

Perth, 15 March 2019