

14 August 2017

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

Dear Sir/Madam

SUN ANNOUNCES ACQUISITION OF A NEW OIL PROJECT – BOWSPRIT

The Board of Sun Resources NL (“Sun” or “the Company”) (ASX: SUR) is pleased to announce that the Company and Pinnacle Exploration Pte Ltd (“Pinnacle”) have secured a new oil project through bidding on open acreage in the inland waters of the State of Louisiana, USA. The parties have named the field “Bowsprit”.

Bowsprit Highlights

- The lease is located in the shallow protected transition zone waters of Breton Sound, St Bernard Parish, Louisiana, close to existing infrastructure; and
- It is a conventional, light oil re-development project that has previously produced sweet oil¹.

Please note the Cautionary Statements included in this document.

Details of the Louisiana Oil Lease

Sun and Pinnacle have, subject to execution of the formal lease documents with the State of Louisiana in the coming weeks, been awarded a Petroleum Lease of 1,000 acres (4km²) in the Breton Sound Area of Louisiana. Consistent with an MOU between the parties previously executed, the Lease interests will be on a 50/50 working interest basis. Sun paid 100% of the initial leasing cost of approximately A\$300,000.

The lease is located approximately 70km southeast of New Orleans in approximately 10m 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 lease is 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.

In order to protect the commercial sensitivity of the project during the land nomination and bidding phase, the Directors of Sun agreed to loan the Company A\$110,000 to cover a portion of the leasing costs with the balance funded from existing cash².

¹ Sun has records from 1960 to 1967 showing oil total production of 75,067 bbls from the sand at ~7,400ft

² See Appendix for key terms of the lease and the short-term loans.

Field Potential

Sun and Pinnacle have conducted extensive internal work assessing the project, based on public domain and purchased data. Sun has had two independent consultants review the project and verify its potential, but has not commissioned a full independent reserves assessment, pending successful bidding on the lease and purchase of all the related field data. The information included in this document is predominately Sun's assessment³.

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 1990s. 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 two wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~40 bopd). The deeper gas field was abandoned and the area relinquished by the former owner in the 1990s prior to the advent of horizontal drilling.

The co-venturers have determined that the Bowsprit structure can be developed with up to four horizontal wells and could potentially be produced through a simple unmanned production platform. Saratoga Resources drilled and produced a 750ft horizontal well in an analogous quality, albeit thinner sand, 12km south of Bowsprit. In the last 3 years the well has produced over 460,000 bbls of oil and is still producing at over 300 bopd. Sun anticipates drilling wells with longer horizontal sections in a thicker column of oil in Bowsprit.

Forward Plan

Over the next few months, Sun plans to purchase the 3D seismic available over the field, integrate the data into a detailed 3D technical model, prepare a full field drilling and development plan, and then commission a formal independent reserves assessment.

Subject to funding (via farm out or capital raising) it is anticipated drilling of the first well could commence as early as March 2018.

Commenting on the release, Ian McCubbing, Chairman of Sun said, "After an extensive review of potential projects, Sun is pleased to have found a project that we think is ideal for the Company and contains conventional proven oil that can be commercially developed in the current oil price environment. The Sun Directors are unanimous in their endorsement of the project and our new Joint Venturer, whose management and Directors are well known to the Sun Board."

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary

³ See Competent Persons Statement in the Appendix.

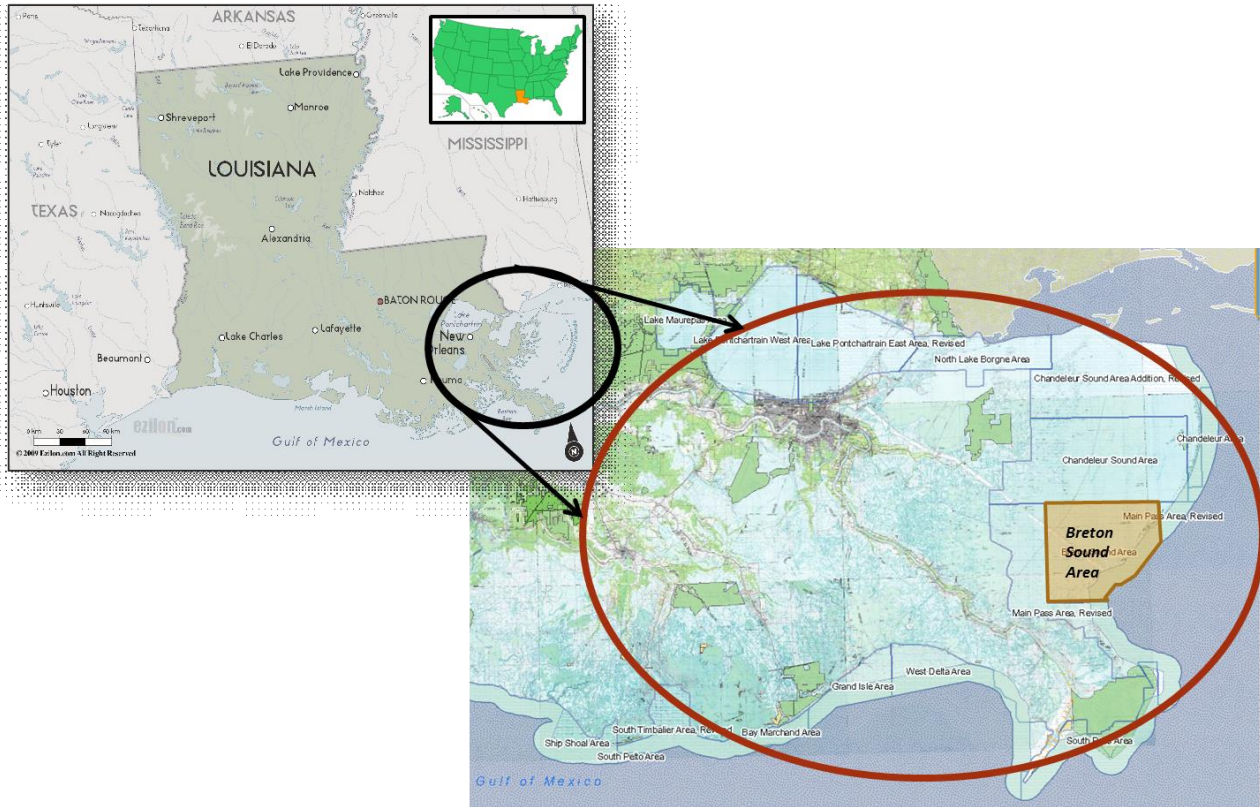
Competent Person - All of the technical information, including information in relation to reserves and resources that is contained in this document has been reviewed internally by the Company's Director, Mr Alexander Parks. Mr Parks is a Petroleum Engineer who is a suitably qualified person with over 15 years' experience in assessing hydrocarbon reserves and has reviewed the release and consents to the inclusion of the technical information.

Cautionary Statement This document was prepared with due care and attention and the information contained herein is, to the best of Sun Resources NL's (Sun) knowledge, current as at the date of this presentation. Some of the data and records relied upon by Sun to assess this project date back to 1960s and whilst believed to be accurate cannot be easily verified and a degree of caution is appropriate. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Statements contained in this presentation, including but not limited to those regarding the possible or assumed future costs, performance, returns, production levels or rates, oil and gas prices, reserves, potential growth of Sun Resources NL, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties, many of which are outside the control of Sun Resources NL. Actual results, actions and developments may differ materially from those expressed or implied by the statements in this release. All forward-looking statements or estimates made in this release are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements and estimates are not guarantees of future performance and accordingly, investors are cautioned not to rely on forward-looking statements or estimates due to their inherent uncertainty therein.

About Pinnacle

Pinnacle Exploration Pte. Ltd. ("Pinnacle") is a private, upstream oil and gas company incorporated in Singapore. Pinnacle's focus and expertise is the shallow water, oil and gas opportunities in the prolific Salt Dome Basin of the Gulf of Mexico. The Board of Pinnacle have considerable experience in this oil rich province, where much of the historic production of Louisiana Sweet Crude has been from conventional structures and reservoirs at depths less than 3,000 metres. Three of the Directors of Pinnacle are Craig Martin (MD), Robert Fisher (Chairman) and James Brown, who are former colleagues of Alex Parks and Bill Bloking.

Project Location



Breton Sound Location

Appendix Material Lease Details and Summary of Loan Terms

Key Lease Terms

Issuing Authority	State of Louisiana	
Participants	Sun Shale Ventures Inc	50%
	Pinnacle Energy International (USA) I LLC	50%
Area	1,000 Acres (4km ²)	
Purpose	Petroleum Lease All Petroleum Rights from Surface to Basement	
Duration	Three Years Primary Term, automatically extended if held by production	
Royalty	21% Royalty payable to the State on all production. No third-party royalties are payable	
Lease Cost (US\$)	Lease Bonus	87,500
	First Year Rent	87,500
	Leasing Fee	17,500
	Department of Water and Fisheries Fund	30,000
	Total -----	US\$222,500
Commitments	Annual Rent of US\$87,500 for two further years unless relinquished The Lease does not have any minimum capital commitment, nor work program commitments such as drilling However, in order to retain the lease beyond three years, the parties need to drill and commence production	

Key Terms of Director Loans to Sun Resources NL

Participants	Ian McCubbing, William Bloking and Alexander Parks
Purpose	Short Term loan to fund Lease bonus payment in August 2017
Duration	To be repaid no later than 31 January 2018
Amount	Total of the three loans is A\$110,000
Security	The loans are secured against the Bowsprit Lease
Interest rate	10% per annum, calculated daily, interest paid with repayment of loan
Establishment or other fees	No fees payable by Sun