

24 September 2015

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

Dear Sir/Madam

NOTICE OF RELEASE OF ANNUAL REPORT FOR 2015

The Board of Sun Resources NL (ASX: SUR) is pleased to release the attached copy of the Annual Report for the year ended 30 June 2015.

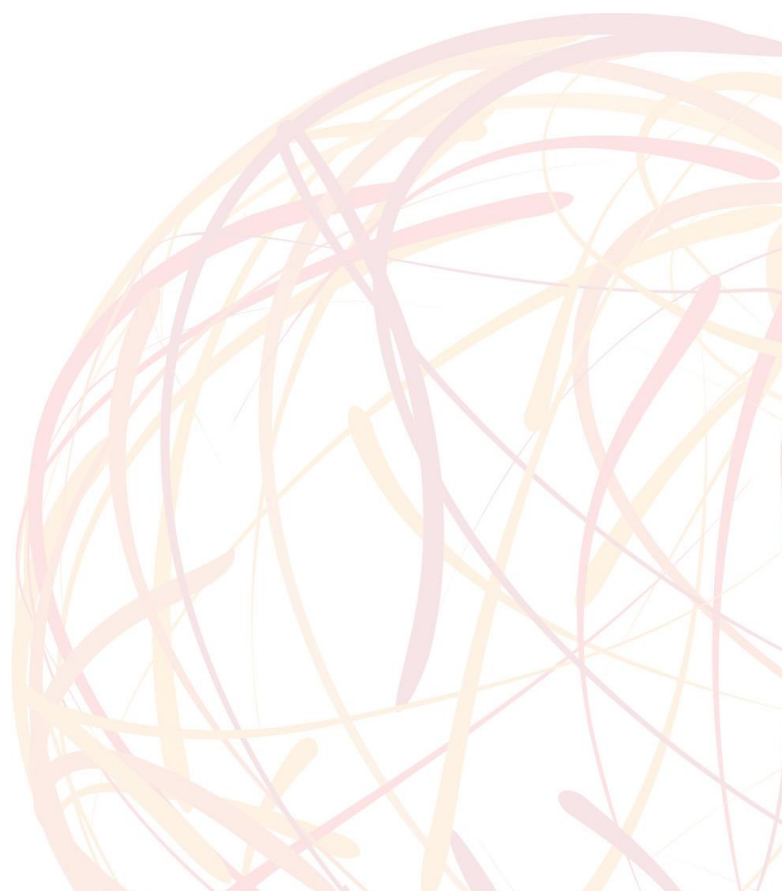
This report has been prepared in accordance with Accounting Standards and the Corporations Act 2001.

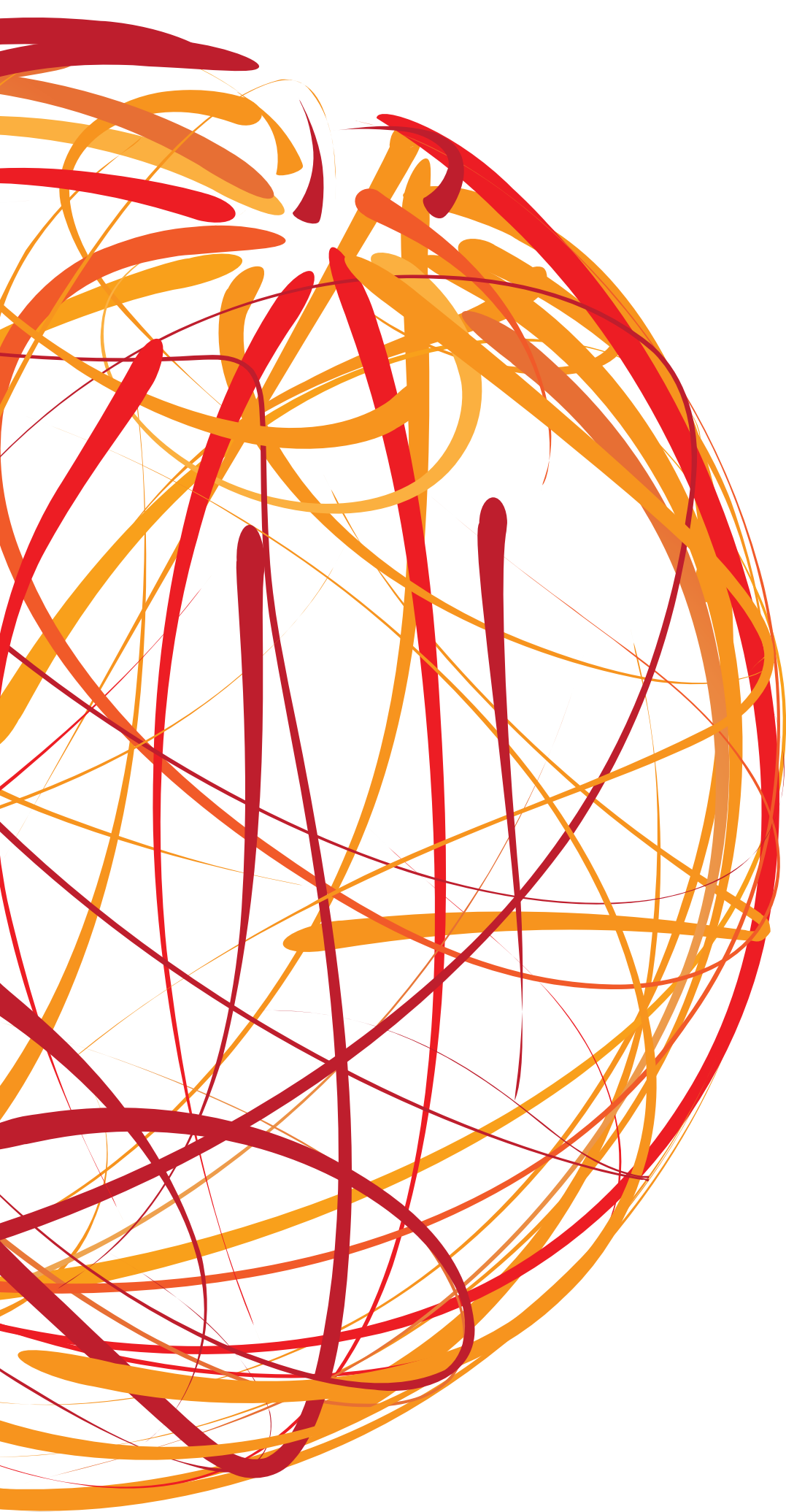
A copy of the Annual Report will be available on the Company's website.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary





2015
annual report

SUN
resources

CORPORATE DIRECTORY

Directors

Professor Ian Rutherford Plimer

B.Sc. (Hons), Ph.D., FGS, FTSE, FAIMM
Non-Executive Director and Chairman

Mr Matthew Arthur Battrick

B.Sc. (Geology), MPESA, MPESGB, MAAPG,
GAICD

Managing Director and
Chief Executive Officer

Dr Wolf Gerhard Martinick

B.Sc, Ph.D., FAIMM
Non-Executive Director

Company Secretary

Mr Craig Basson

B. Com. (Hons), FCA, FGIA, GAICD
Chief Financial Officer

Management

Mr Stephen De Wayne Smith

MSPE, MAADE, MFWPC, MPEC, MTAEP
US Vice President, Operations

Head and Registered Office

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

Telephone: +61 (8) 9321 9886

Facsimile: +61 (8) 9321 8161

Email: admin@sunres.com.au

Website: www.sunres.com.au

United States Office

13465 Midway Road
Suite 400, LB #15
Dallas, Texas 75244-5106

Telephone: +1 (281) 712 6786

Free line: +1 (888) 628 6786

Facsimile: +1 (888) 859 6786

Notice of AGM

The Annual General Meeting of Sun Resources NL will be held at 11:00am on Thursday, 5 November 2015. This meeting will be held in the offices of BDO located at 38 Station Street, Subiaco, Western Australia 6008.

Corporate Managers

Australia

Corpserv Pty Ltd

5 Bendsten Place
Balcatta, Western Australia 6021

Telephone: +61 (8) 9345 4100

Facsimile: +61 (8) 9345 4541

United States

Stratagem

14143 Denver West Parkway
Suite 450
Lakewood, Colorado 80401

Telephone: +1 (303) 988 1900

Facsimile: +1 (303) 986 6861

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street
Subiaco, Western Australia 6008

Solicitors

Australia

HopgoodGanim

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

United States

Mr Faisal Shah

5718 Westheimer Road
Suite 1525
Houston, Texas 77057

Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Enquiries (within Australia):

1300 850 505

Enquiries (outside Australia):

+61 3 9415 4000

www.investorcentre.com/contact

Bankers

Australia

National Australia Bank Limited

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

United States

Wells Fargo Bank

Energy Group
1000 Louisiana, 9th Floor
Houston, Texas 77002

Home Exchange

Australian Stock Exchange Limited

Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

ASX Code: SUR

ABN: 69 009 196 810



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2015 HIGHLIGHTS

SECURING 100% CONTROL IN THE LOWER WOODBINE

Sun executed a binding agreement with Amerill Energy LLC to secure 100% control of all interests in the Lower Woodbine oil fairway, including Normangee and SW Leona Oil Projects.

SOUTHERN WOODBINE LEASE POSITION EXPANDS

Sun purchased new oil and gas leases covering approximately 2,327 net acres [with 100% WI] in Southern Leon County targeting the Lower Woodbine oil fairway confirmed by the Jack Howe #1H & Seale #1H laterals.



RE-APPOINTMENT OF MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Matthew Battrock was re-appointed as Managing Director (“MD”) and Chief Executive Officer (“CEO”) on the 11 November 2014. Mr Battrock had served as acting CEO since Dr Govert van Ek’s resignation on the 9 July 2014.

CAPITAL RAISINGS

During the 4th Quarter of 2014, Sun raised AU\$5.1 million through an AU\$4 million Placement and an AU\$1.1 million Renounceable Rights Issue. During the 2nd Quarter of 2015, Sun raised AU\$2.095 million through an AU\$1.095 million Share Purchase Plan and an AU\$1 million Share Placement.

NORMANGEE OIL PROJECT

As Operator, Sun successfully drilled and cased the Jack Howe #1H lateral in the 250 feet oil pay zone of the Lower Woodbine. Sun is now focussing on securing funding for the multi-stage hydraulic fracking operation, and further development drilling, via a new capital partner.

COMMERCIAL POTENTIAL OF THE NEWLY EMERGING BUDA FORMATION

The Buda Formation is a strong candidate for an additional layer below the prospective Lower Woodbine target to deliver near-term value growth covering leases of Normangee, SW Leona and Delta Oil Projects.



CONVERTIBLE LOAN AGREEMENT

Sun entered into a Convertible Loan Agreement on the 18 February 2015 with a subsidiary of Hancock Prospecting Pty Ltd, under which AU\$957,806 was loaned to the Company.

BOARD MEASURES TO MANAGE CASH RESERVES

Shareholder approval was given to the Board of Directors to receive shares in Sun in lieu of cash for Directors' Fees for the first six months of 2015 with the MD to receive 25% of his salary package in the form of shares over the same period.

CHAIRMAN'S LETTER



“...the Company is well positioned geologically in a number of these well-known productive corridors...”

Dear shareholders and stakeholders,

This has been a very tough year. I have been in the resources industry for nearly 50 years and 2014-2015 has been the most difficult year ever. Some commodity prices collapsed (e.g. oil, steaming coal and iron ore), others were up and down like a yo-yo (e.g. tin and copper), shortages loomed with others but with little effect on price (e.g. gas in SE Australia, zinc and lead) and the crystal ball on others is well and truly tarnished (e.g. gold). Furthermore, there has been a worldwide decrease in exploration and the equity markets have gone on holidays. The drop in the oil price, the tightening of the equity markets, the consolidation of many companies and tenements in Texas have been a great challenge. Green shoots keep appearing and they quickly get burnt off. It is obvious that the market will turn because westerners are still consuming energy and other commodities at an increasing rate and there is a second Industrial Revolution taking place in China, SE Asia, Indonesia and India. There are more than 2 billion people currently striving to attain our standard of living and this can only be done by increasing the use of fossil fuels (as was done in the first Industrial Revolution in the UK, US and Europe in the 19th Century). The first Industrial Revolution led to the appearance of the middle class and in the current Industrial Revolution, hundreds of millions of people in Asia are knocking at the door of being middle class consumers. As we all know, the long term trends and prices of energy consumption follows the GDP.

With activities in Texas, your Company is in the middle of another revolution. The recognition of tight oil and gas in many sequences in the US has led to great improvements in fracking technology. Although fracking has been with us for ~70 years, the invention of new drilling and geonavigation technology reduced risks and cost. The proportion of successful and profitable wells in the US, especially Texas, is extraordinarily high and the Company is well positioned geologically in a number of these well-known productive corridors as you can see in this report. Much of our Lower Woodbine play is in oily sequences and previous drilling has confirmed that with fracking oil will flow. The Jack Howe #1H well in our operated Normangee Oil Project was a wonderful technical success (mainly due to supervision by our US VP-Operations Mr Stephen Smith assisted by Geologist Mr Edward Ward) and we hope that this will be a flowing well when we frack it.

Much of 2014-2015 has been cleaning inherited problems regarding litigation and thanks are to Mr Faisal Shah, our US attorney, for tireless work to eventually create a suitable settlement with our Joint Venture (“JV”) partner Amerril Energy LLC. This has allowed us to start to seek equity and a new JV in Texas. Mr Rodney Kilborn and Mr Ian Fay have been looking at numerous opportunities. Unfortunately due to other work commitments, Mr Damian Kestel resigned as a Non-Executive Director of Sun Resources NL and we will miss his wisdom. Your Company could not have survived 2014-2015 without our Managing Director Mr Matthew Battrick and I thank him for his efforts which went well beyond the call of duty. My fellow Non-Executive Director Dr Wolf Martinick and I pass on our thanks to our Perth office staff, Mr Craig Basson, Ms Xin Liu and Miss Sheree Pedersen.

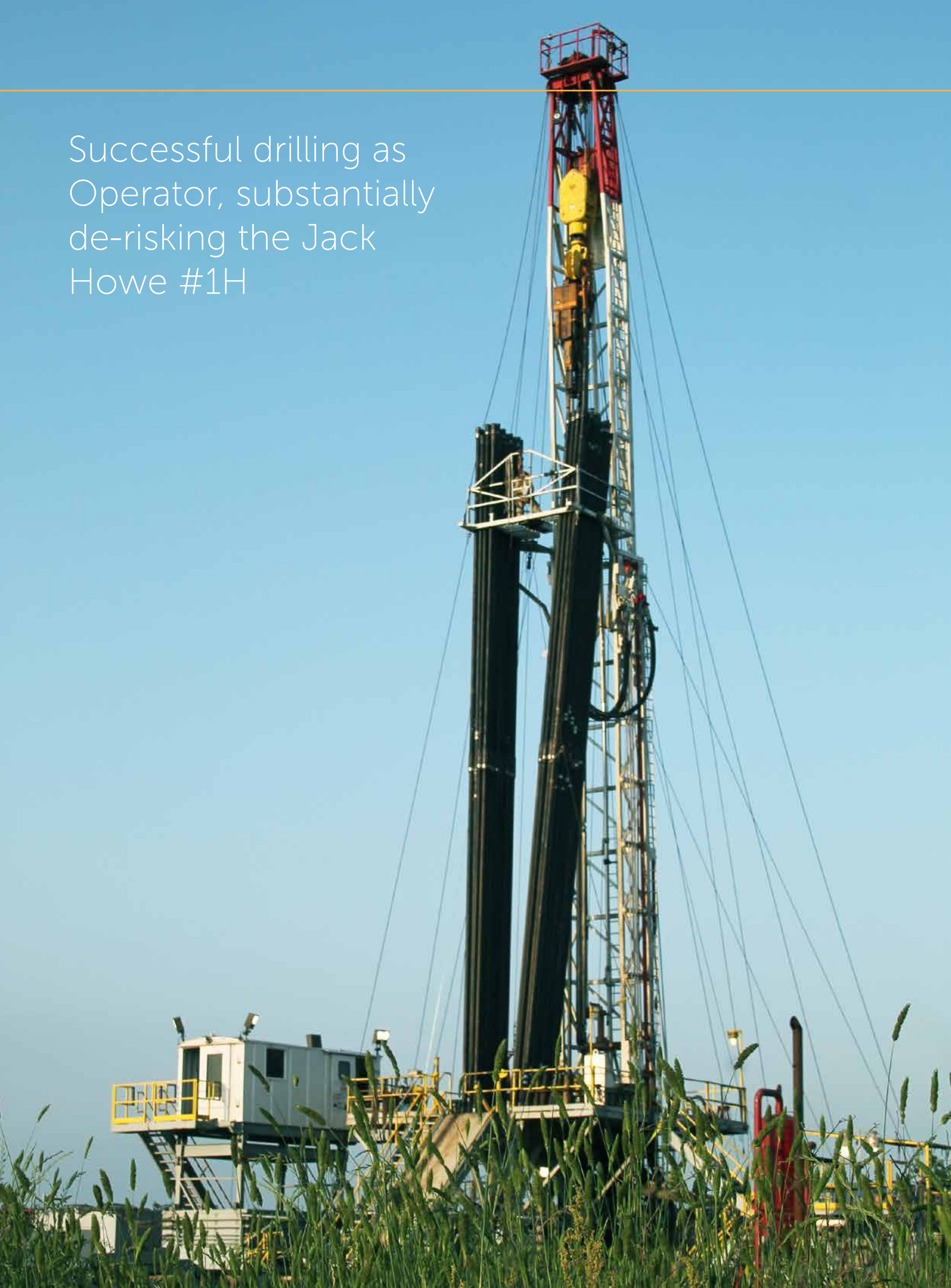
A handwritten signature in black ink that reads "I. R. Plimer". The signature is written in a cursive style.

Professor Ian R Plimer
Non-Executive Director and Chairman
Perth, Western Australia

Focus on the
Normangee
Oil Project



Successful drilling as
Operator, substantially
de-risking the Jack
Howe #1H



MANAGING DIRECTOR'S LETTER



“For the foreseeable future our strategic focus will remain: deliver profitable oil production from our Lower Woodbine leases...”

Dear shareholders and other stakeholders,

What a challenging year it has been for all of us with drops in several commodity prices across the resource sector, especially the oil price dropping by 50% through the middle of the reporting period. Within this context, we have seen continued strong interest from the majority of our shareholders through three successful capital raisings. In particular, the successful Share Purchase Plan in April-May 2015 and subsequent Placement in June 2015 show how strongly our strategic plan is supported. Since my return to the Managing Director and Chief Executive Officer roles, my Board and management team have been working extremely hard to deliver the successful testing of our Lower Woodbine play while managing our cash position as best we can.

The majority of the funds raised during the reporting period have been deployed to evaluate the vertical test well at Jack Howe #1H in our operated Normangee Oil Project area. This effort identified the 250 feet (80 meters) thick 'bench' of Lower Woodbine oil pay. This is the interval that has successfully flowed oil in offset wells, including our own Seale #1H and T. Keeling #1H in the SW Leona Oil Project area. This identified zone was the target for the Jack Howe #1H lateral well that used the existing vertical well bore to help minimise costs. A total horizontal section of 6,100 feet (2,000 meters) was successfully drilled and cased in September 2014. Thanks go to our VP-Operations, Mr Stephen Smith for managing that operation safely, on time and within budget.

Unfortunately, due to communication issues that had developed between us and our Joint Venture partner, Ameril Energy LLC ("Ameril"), Sun was required to fund 100% of the well. That left us short of funds to complete the fracking operation on the Jack Howe #1H well. The subsequent drop in oil price then reduced our ability to raise the capital needed to complete the frack. By the end of the reporting period, our relationship with Ameril had improved and, as announced on the 12 May 2015, we executed a binding agreement with Ameril to assume

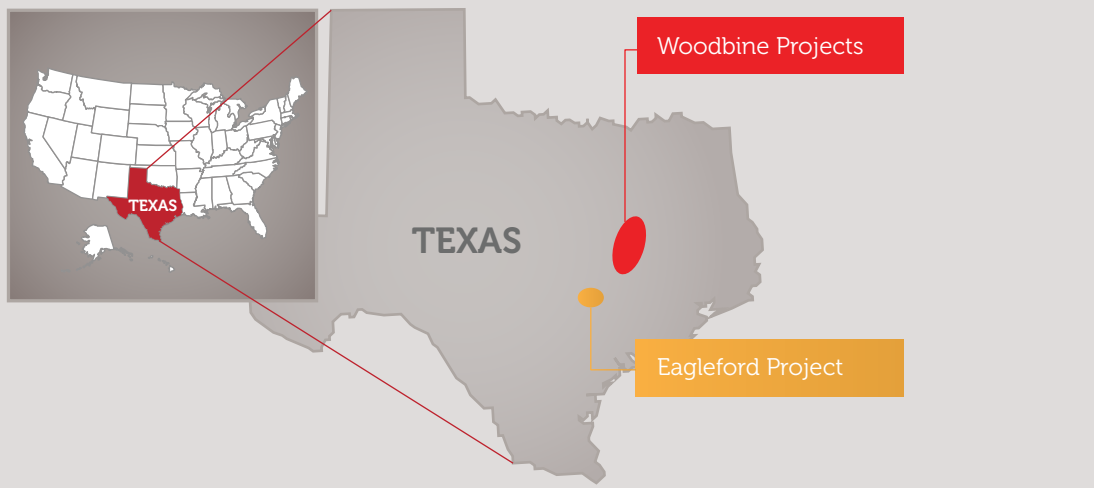
100% working interest and operational control of all the land and well assets in our Lower Woodbine portfolio. At the end of the reporting period, we were looking to secure a new capital partner to help us complete the Jack Howe #1H well and continue with other drilling and fracking operations across our portfolio of leases.

For the foreseeable future our strategic focus will remain: deliver profitable oil production from our Lower Woodbine leases; grow the Company's footprint in East Texas as capital allows; and test the emerging "Buda-Rose" oil play that underlies our current lease position. Of course this does not come cheaply so further capital will need to be deployed before we can become 'self-funded' by revenues from oil production. Most importantly, any improvement in oil price will be welcomed to maximise profitability. We remain focussed and committed to using our intellectual property and shareholder funds to enhance our portfolio and deliver commercial success.

I would like to thank all employees and contractors who have worked tirelessly over the last 12 months to stay focussed; to progress operations; to maintain and improve stakeholder relationships and tightly manage cash; both in Perth and Texas. Also I would like to thank the Board for its support and ongoing wise counsel during the most difficult period in the international oil and gas industry since 1998.

A handwritten signature in black ink, appearing to read 'M. Battrick', written in a cursive style.

Mr Matthew A Battrick
Managing Director and Chief Executive Officer
Perth, Western Australia



REVIEW OF ACTIVITIES

Targeting commercial oil resources within Sun's Lower Woodbine land position

The Board of Sun Resources NL ("Sun" or "the Company") and Sun's supportive shareholders have successfully raised capital throughout the reporting period to maintain a responsible cash position for the Company, despite the sharp downturn in oil prices of late 2014. During the 2nd Quarter of 2015, oil prices were subsequently recovering. The management team of Sun is working diligently on delivering value to all shareholders in this oil fairway via efforts to unlock profitable oil production in the current oil price market.

The Company is strategically focussed on delivering value within the developing Eaglebine, oil-rich play of East Texas, onshore United States ("US") by establishing commercial oil production, in its operated lease position. Through the course of the reporting period, the Company had worked to maintain the mineral rights in approximately 11,161 net acres across its various project areas: Normangee, SW Leona, Centerville AMI, New Southern Woodbine, Delta (including the Petro-Hunt AMI), Beeler and Badger Oil Projects. The Lower Woodbine has developed as an area of interest due to the increasing production in the area, particularly the offset wells by EOG Resources Inc. ("EOG") that have produced 30-day initial production rates ("IP") of between 200 and 600 barrels oil per day ("bopd").

During May 2015, Sun and Ameril Energy LLC ("Ameril") reached an agreed resolution on a number of matters, via a binding agreement, enabling Sun to dissolve all Joint Venture ("JV") arrangements and Areas of Mutual Interest ("AMI's") with Ameril subject to delivering the US\$2 million Deferred Settlement. The Company achieved its key objective in securing 100% working interest ("WI") of the Normangee Oil Project. Ameril further agreed to assign to Sun its 50% WI in the SW Leona Oil Project and its WI in the Centerville AMI. The deal will allow Sun greater leverage to secure a new capital partner to continue with further development of the oil potential in the Lower Woodbine Formation.

A 15-40% reduction in drilling rig day rates is seen in a number of industry reports due to approximately 50% fall-back in rig utilisation rates in the US. Operators are also looking for similar reductions in fracking operations. This effort should lead to more positive economics in the unconventional Lower Woodbine play in East Texas, even at US\$50 oil price. Sun is therefore re-bidding the frack AFE for the Jack Howe #1H well.

The Board of Sun is working closely with its Texas-based management/operating team on securing the funding via farm-out of its 100% controlled land bank and has engaged with a number of interested parties to deliver certainty in funding for these operations. Further reports will be made when commercial agreements are executed with a new capital partner. Sun looks forward to the completion of the Jack Howe #1H well with the reduction in fracking costs.

The Company is also looking to appraise the commercial potential of the newly emerging "Buda-Rose" Oil Play that has recently been tested successfully in the area by EOG and others. This is a new additional layer (or "Bench") below the prospective Lower Woodbine target Formation identified by the Jack Howe #1H. Offset wells adjacent to the Normangee Oil Project, including Seale #1V in the SW Leona Oil Project, have confirmed the oil potential of the Buda Formation, with two laterals already flowing back oil after fracking. The Delta Oil Project leases cover a portion of a large "Buda-Rose" structure that will be the focus of near term evaluation.



Normangee Oil Project (Sun: 50% WI and Operator)

The Normangee Oil Project comprises of a total 2,282 gross acres of oil and gas leases located on the Leon County-Madison County border, Texas, US. The Normangee Oil Project is a core area of Sun's footprint in the Woodbine Tight Oil Play along the strike of the fairway which extends from Leon County, west and south into Madison, Brazos and Grimes Counties. The Normangee Oil Project is on trend to the south west of Sun's existing SW Leona, Delta and Beeler Oil Projects, providing additional scale to the lease position in the highly prospective Woodbine Tight Oil Play.

During September 2014, EOG reported greater than 500 barrels oil equivalent per day ("boepd") IP rate at the adjacent Zeus #1H located approximately 6km to the north east of the Jack Howe #1H well. On the 4 September 2014, Sun executed a contract with Nabors Drilling USA LP to provide a suitable rig to drill the horizontal well in the Lower Woodbine Formation at the Jack Howe #1H well location. On the 11 September 2014 drilling operations commenced at the Jack Howe #1H lateral. Sun executed the drilling programme using the Nabors Drilling USA LP Rig #53 by re-entering the existing vertical pilot well bore at the Jack Howe #1H well location. The initial steps of the horizontal drilling operation included setting up over the well location and re-entering the existing, cased vertical well bore; drilling out the cement plugs and drilling a new deviated well bore to build angle toward horizontal; and continuing to drill the well in a northerly trajectory.

On the 25 September 2014, Sun, as Operator, successfully completed drilling operations at the Jack Howe #1H lateral well. The horizontal section of the well was drilled to a final measured depth ("MD") of 14,740 feet, delivering a total lateral section available for fracking of 6,100 feet (1,860 metres). The lateral well was "landed" within approximately 250 feet (76 metres) of Lower Woodbine oil pay. Strong oil and gas shows continued while drilling the horizontal section and the shows strengthened toward the end of the well bore. Soon after the completion of drilling operations, production casing (5.5", 140mm) was run and cemented successfully along the entire length of the lateral section drilled (approximately 6,100 feet) with the casing shoe set at a final MD of 14,707 feet (4,483 metres).

During the December 2014 Quarter, Sun announced that the Company had completed the post-well analysis of the Jack Howe #1H lateral and finished the design of the multi-stage hydraulic fracturing programme in the Normangee Oil Project. Detailed planning for the fracking operation at Jack Howe #1H well was completed after modelling the fracking response on the reservoir rock using the mechanical properties of the Formation, as measured by wireline log and core analysis. The final proposed frack design will be re-bid to local fracking service companies with experience in the Eaglebine, to obtain the most competitive price and short-term availability. Sun anticipates that the frack design will mirror that of the wells adjacent to Jack Howe #1H, including those operated by EOG among others, where numerous wells are producing between 200-600 boepd (30-day IP rate).

Sun announced on the 17 April 2015 that there had been a number of industry reports pointing out a 15-40% reduction in drilling rig day rates as a consequence of approximately 50% fall-back in rig utilisation rates in the US. Operators are looking for similar reductions in multi-stage hydraulic fracturing services. Sun is therefore re-bidding the frack AFE for the Jack Howe #1H well. Sun has completed internal economic analyses that indicate approximately US\$4 million of net revenue (100% WI) could be generated in the first year of flow-back, based on the best offset well production rates. This would deliver pay-back within 12-18 months of the investment in the frack. Sun also believes a 25% reduction in costs across both drilling and completion could deliver positive economics for future development of the Normangee Oil Project, even at US\$50 oil price.

On the 12 May 2015, Sun announced that it had executed a binding agreement with Amerril that has enabled Sun to dissolve all JV arrangements and AMI's with Amerril subject to the payment of the Deferred Settlement of US\$2 million. Sun achieved its key objective to secure control of 100% of the Normangee Oil Project area that includes the drilled and cased Jack Howe #1H lateral well completed in the Lower Woodbine Formation. Sun has engaged with a number of local companies with a view to negotiating a farm-in agreement to help fund the frack at Jack Howe #1H.

SW Leona Oil Project (and Centerville AMI) (Sun: 50% WI and Operator)

Throughout the reporting period, flow-back operations continued at the T. Keeling #1H and Seale #1H Lower Woodbine wells at low but steady rates, with flow-back operations going through long term production equipment. During May 2015, Amerril agreed to assign to Sun its 50% WI in the SW Leona Oil Project via a binding agreement, dissolving all JV arrangements and AMI's with Amerril subject to the payment of the Deferred Settlement of US\$2 million. The Seale #1H well was producing approximately 20 bopd and T. Keeling #1H approximately 2 bopd. Sun currently operates 100% of the SW Leona and the Centerville AMI leases covering approximately 4,950 gross acres. Sun is hoping to recommence well interventions and production enhancement operations at all three wells: deepening and testing of the Seale #1V vertical pilot well, completion of fracking the total lateral length at T. Keeling #1H and recovery of the mill bit from the Seale #1H lateral.

The Centerville AMI currently comprises of 1,248 gross acres. Amerril initially controlled 40% of the leases whilst Sun controlled 18% WI however, during May 2015 Amerril's 40% WI in the Centerville AMI was secured by Sun in a material commercial arrangement subject to the payment of the Deferred Settlement of US\$2 million. The remaining 42% WI in the project area may be controlled by JV partner Furie. Flow-back operations continued at the F. Thompson #1H lateral via permanent production facilities during the reporting period. At the end of the period, the well had been shut-in pending a decision to abandon the well, due to high water production and uneconomic oil production.

New Southern Woodbine Oil Project (Sun: 100% WI and Operator)

During the 2015 financial year the Company had secured 100% WI in oil and gas leases covering approximately 2,327 net acres at a price of less than US\$1,000 per net acre. The new leases are located in the Southern Leon County, adjacent to the SW Leona Oil Project area, targeting the Lower Woodbine Formation. Each lease has rights to all depths and all formations, with an initial three-year term plus a further two-year option. The New Southern Woodbine Oil Project is adjacent to and on trend with the rapidly developing Lower Woodbine Oil Play, which includes Sun's existing Normangee and SW Leona Oil Projects. EOG, one of the biggest and most successful independent oil companies in the US, has been actively leasing acreage in close proximity.

Delta Oil Project (and Petro-Hunt AMI) (Sun: 25 - 100% WI)

The Delta Oil Project is located in the Leon County, Texas, US, generally north of the Centerville AMI. Sun currently controls a working interest 4,054 gross acres in the Delta Oil Project that will be the subject of future activity, by way of farm-out, JV or direct drilling activity. Sun will be looking to target the oil-prospective "Buda-Rose" stratigraphic section as well as evaluating the Lower Woodbine potential in the first vertical pilot well.



Beeler Oil Project (Sun: 16.7% WI)

Sun retains approximately 16.7% WI within the lease area. The Beeler Oil Project comprises of 230 net acres to Sun, within three production units; Ellis #1H, CW Brown #1H, and John Beeler #1H. During the 2015 financial year the Operator, Ameril, continued with production activities at the Ellis #1H well and at the other two lateral Woodbine wells, CW Brown #1H and John Beeler #1H. This asset has been the subject of a sale process during the second half of the reporting period. Sun remains hopeful of a successful sale of this asset to provide some much needed working capital (in US dollars) for its other core project areas.

Badger Oil Project (Sun 10% WI)

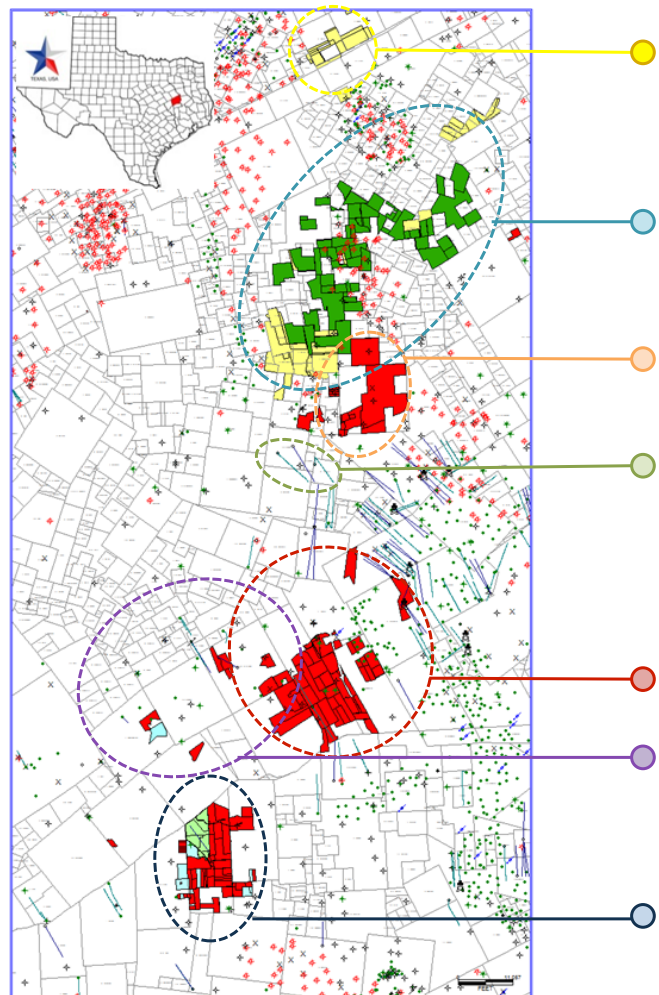
The Badger Oil Project is located within the north easterly trending Austin Chalk Oil Play, specifically being only 3km due north and west of the prolific Giddings oil Field, with over 1 billion barrels of oil reservoir within the fractured Austin Chalk. Sun announced, during the December 2014 Quarter, that pursuant to an amended Letter of Intent (“LOI”) Agreement with Ursa Resources Group II LLC (“Ursa”), the vendor and project Operator, Sun reduced its 50% WI in a 10,028 gross acres package of oil and gas leases to a 10% WI within the developing Eagle Ford Shale and its overlying Austin Chalk Formation, located in Bastrop County toward the north-eastern end of the traditional fairway of Eagle Ford Shale play. The remaining 90% WI will be retained by Ursa.

Sun also agreed to exit its WI position in the 684-acre drilling unit containing the location of the initial Badger Oil Project lateral well, thereby relieving Sun of all cash obligations for the initial well. As per the Agreement, Sun will retain a 10% WI in the remainder of the project area (9,344 gross acres). This deal provides Sun with access to the value generated in the acreage if the initial well is successful, without the burden any cash commitments in the initial well.

Ursa is planning the first horizontal multi-staged fracked well and plans to test the commercial oil potential of the Lower Austin Chalk and Eagle Ford. The first well in the Badger Oil Project will likely be a 5,500 feet lateral drilled within prospective section to produce dominantly oil. The prospects of success are good given that the offset wells on trend in this oil-rich play have produced IP rates ranging from 163–806 bopd, including Operators such as Anadarko, Buffco, and Sanchez, from reservoir depths as shallow as 6,000 feet (1,829 meters). A nearby offset well drilled by Vernado Oil & Gas LLC (8km north) is reported to have IP at a rate of 806 bopd. (source: Ursa)

The initial well in the Badger Oil Project was targeting a spud date during the December 2014 Quarter but has since been deferred until oil prices recover to within the range US\$65-US\$70 per barrel.

Leasehold Activity Map



Map	Project
●	Petro-Hunt AMI
●	Delta
●	Centerville AMI
●	Beeler
●	SW Leona
●	New Southern Woodbine
●	Normangee

A tall, yellow metal oil rig structure, likely a derrick or pumpjack, stands against a clear blue sky. The structure is composed of a complex lattice of steel beams and ladders. A crescent moon is visible in the upper right portion of the sky. The lighting suggests a bright day, possibly late afternoon or early morning, as the rig is illuminated from the side.

Focussed on
delivering profitable
oil production

TENEMENT DIRECTORY

Oil Project Area	Sun's Working Interest (%WI)	Sun's Net Royalty Interest (%NRI)	Sun's Net Acres (1ha = 2.471ac)
Normangee	50%	37.5%	1,141
SW Leona (and Centerville AMI)	50%	37.5%	2,475
New Southern Woodbine	100%	77.5%	2,327
Delta (and Petro-Hunt AMI)	25 - 100%	18 - 75%	4,054
Beeler	16.7%	12.5%	230
WOODBINE TOTAL	-	-	10,227
Badger	10%	7.5%	934
UNCONVENTIONAL TOTAL	-	-	11,161

(Total acres approximate, as at 30 June 2015)



Positive economics from oil price recovery and reduction in fracking and drilling costs

DIRECTORS' REPORT



Back: Prof Ian Plimer and Mr Craig Basson (Company Secretary)
Front: Dr Wolf Martinick, Mr Matthew Battrick and Mr Damian Kestel

DIRECTORS

The Directors of Sun Resources NL ("Sun" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

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

Prof I R Plimer	Non-Executive Director and Chairman
Mr M A Battrick	Managing Director and Chief Executive Officer (From 11 November 2014)
Mr D Kestel	Non-Executive Director (Resigned 30 June 2015)
Dr W G Martinick	Non-Executive Director
Dr G van Ek	Managing Director (Resigned 9 July 2014)



Professor Ian Plimer

B.Sc. (Hons), Ph.D., FGS, FTSE, FAIMM
Non-Executive Director and Chairman

Experience and expertise

Professor Ian Plimer was appointed to the Board on the 23 September 2013 and became Chairman on the 7 November 2013. Professor Plimer is an Emeritus Professor at The University of Melbourne where he was Professor and Head of the School of Earth Sciences (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012).

He has been awarded the Leopold von Buch Medal for Science, the Centenary Medal, the Eureka Prize (twice) and is a Fellow of the Academy of Technological Sciences and Engineering, a Fellow of the Geological Society of London and a Fellow of the Australasian Institute of Mining and Metallurgy. Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public. Professor Plimer's main geological interests are in resources.

Other current directorships

Listed Entities:

Silver City Minerals Ltd (ASX: SCI)

Lakes Oil NL (ASX: LKO)

Niuminco Group Ltd (ASX: NIU)

Kefi Minerals plc (AIM: KEFI)

Unlisted Entities:

Hope Downs Iron Ore Pty Ltd

Roy Hill Holdings Pty Ltd

Queensland Coal Investments Pty Ltd

TNT Mines Ltd

Former directorships in the last three years

None

Special responsibilities

Chairman of the Board
 (from 7 November 2013)

Interests in shares and options

Professor Plimer holds 18,750,000 ordinary shares and 35,000,000 unlisted options in the Company.



Mr Matthew Battrick

B.Sc. (Geology), MPESA, MPESGB, MAAPG, GAICD
Managing Director and Chief Executive Officer

Experience and expertise

Mr Battrick was re-appointed as Managing Director ("MD") and Chief Executive Officer ("CEO") on the 11 November 2014. Mr Battrick had been serving as the acting CEO since the 9 July 2014. He was assigned General Manager, Technical on the 23 September 2013 after originally being appointed to the Board on the 15 January 2008 as MD and CEO to the 20 March 2013. He obtained a Bachelor degree in Applied Geology from the Royal Melbourne University of Technology (RMIT) in 1981. He had a long, 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, 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' (GAICD), a graduate of their Company Directors' Course (CDC) and a Council Member of the Activ Foundation Inc.

Other current directorships

None

Former directorships in the last three years

Listed Entity:

Executive Director of Sun Resources NL (ASX: SUR)
 (from 15 January 2008 to 23 September 2013)

Special responsibilities

Managing Director and Chief Executive Officer
 (from 11 November 2014)

Member of the Audit and Risk Committee
 (from 19 November 2014)

Interests in shares and options

Mr Battrick holds 30,821,690 fully paid ordinary shares, 50,000,000 unlisted options and 29,411 listed options in the Company.



Mr Damian Kestel

B.Com, B.Laws (Hons)
Non-Executive Director

Experience and expertise

Mr Kestel was appointed to the Board on the 1 February 2012 as a Non-Executive Director and resigned on the 30 June 2015. Mr Kestel has over 15 years research, sales and management experience in Asian equity capital markets, most recently with CLSA Asia-Pacific Markets for ten years, to whom he remains a consultant. He holds a Bachelor of Law degree with Honours from the University of Adelaide, a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Securities and Investment from the Australian Securities Institute.

Other current directorships

None

Former directorships in the last three years

None

Special responsibilities

Chairman of the Remuneration Committee
 (from 30 April 2013 to 30 June 2015)

Member of the Audit and Risk Committee
 (from 30 April 2013 to 30 June 2015)

Interests in shares and options

Mr Kestel held 30,834,641 fully paid ordinary shares, 5,000,000 unlisted options and 1,621,636 listed options in the Company at the date of his resignation on 30 June 2015.



Dr Wolf Martinick

B.Sc, Ph.D., FAIMM
Non-Executive Director

Experience and expertise

Dr Martinick is a Non-Executive Director of Sun. He joined the Board on the 19 February 1996 and was Chairman from the 1 March 2011 to the 7 November 2013. He is an environmental scientist with extensive experience in the resource industry. For over 40 years he has been associated with the exploration and mining industry in Australasia and elsewhere, especially with respect to environmental and social issues and strategic planning and funding. He is a Fellow and retired Chartered Professional of the Australian Institute of Mining and Metallurgy and a past Vice President of the Association of Mining and Exploration Companies.

Other current directorships

Listed Entities:

Oro Verde Limited (ASX: OVL)

Weatherly International PLC (LON: WTL)

Azure Minerals Limited (ASX: AZS)

Former directorships in the last three years

None

Special responsibilities

Chairman of the Audit and Risk Committee
 (from 30 April 2013)

Member of the Remuneration Committee
 (from 30 April 2013)

Deputy Chairman of the Board
 (from 25 February 2015)

Interests in shares and options

Dr Martinick holds 54,000,000 fully paid ordinary shares and 35,000,000 unlisted options in the Company.

Company Secretary

Mr Craig Basson

Mr Basson is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, a Graduate of the Australian Institute of Company Directors' course and holds a B.Com (Hons) degree in Accounting and Finance. Mr Basson also serves as the Chief Financial Officer of the consolidated entity and has over 20 years' experience in auditing, accounting and financial management of resource and other companies.

Principal Activities of the Consolidated Entity

The principal activities of the consolidated entity during the financial year were oil and gas exploration and investment. There were no significant changes in these activities during the year.

The consolidated entity's exploration and production activities are summarised in the "Review of Activities" preceding this report.

Operation Results

The net loss of the consolidated entity for the financial year after income tax was (\$56,984,807) [2014: (\$27,848,265)].

Dividends

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

Review of Operations

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

Likely Developments and Expected Results of Operations

The consolidated entity intends to continue the present range of activities during the forthcoming year. In accordance with its objectives, the consolidated entity may participate in exploration and appraisal wells and new projects and may grow its exploration effort and production base by farm-in or new lease acquisitions.

Certain information concerning the future activity is set out in the "Review of Activities" section of the Annual Report. Other information on the likely developments and the expected results have been included where they can be reasonably anticipated.

Changes in the State of Affairs

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

Events Since the End of the Financial Year

Employee Share Option Plan

At the General Meeting held on the 31 July 2015, shareholders gave approval for the Company to establish an Employee Share Option Plan ("ESOP" or "the Plan") and also for the issue of securities pursuant to the ESOP for a period of three years.

The objects of the Plan are to:

- (a) provide an incentive to Eligible Persons to actively pursue and achieve the long-term goals of the Company;
- (b) attract persons with experience to the Company; and
- (c) foster and promote loyalty between the Company and Eligible Persons.

Share based payments approved

On the 31 July 2015 the shareholders granted the Directors approval at the General Meeting to receive six months of Director Fees in the form of shares in Sun Resources NL for the period ended 30 June 2015. In addition the MD received 25% of his remuneration in the form of shares for the period ended 30 June 2015.

Sale of Beeler Oil Project

The Directors resolved in August 2015 to sell the Company's interest in the Beeler Oil Project. This Project will either be sold to a specified party or be sold using a broker on a 3% success fee. The process is likely to be completed in the next three months and is anticipated to provide additional funds for working capital.

New joint venture partner to farm-in to Sun's Oil Projects

Amerril and Sun are seeking alternative solutions to maximise the value of the mutually held project areas as a consequence of Sun being unable to tender the US\$2 million Deferred Settlement amount by the due date.

Sun is currently continuing advanced negotiations with a party who wishes to farm-in to the Sun Oil Projects. The required due diligence is being completed and it is anticipated that a follow up letter of Intent could be signed.

Environmental and Occupational Health and Safety Regulations

The Company's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of the Company's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of complying, and in most cases exceeding its performance obligations. The Company ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. The consolidated entity did not operate any of its exploration or producing assets. The Company has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Company's environment and OHS programmes. The Company's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2014 to 30 June 2015 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Remuneration Report (audited)

Voting and comments made at the Company's 2014 Annual General Meeting

Sun received more than 93% of 'yes' votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This report details the nature and amount of remuneration for each Director of Sun and specified executives (executive officers) involved in the management of the Company who were not Directors.

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

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

A Principles used to determine the nature and amount of remuneration (audited)

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

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

Executive remuneration policy

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

Remuneration consultants are not used by the Company

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

The options are not issued in relation to past performance, but are considered to promote continuity of employment and provide additional incentive to executive officers to increase shareholder wealth.

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

The Executive Directors receive a superannuation guarantee contribution required by the government, which is 9.5%. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

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

Non-Executive remuneration policy

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

Executive Officers

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

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

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

B Details of remuneration (audited)

Amounts of remuneration

Details of the remuneration of the Directors and other executive officers of Sun are set out in the following tables:

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

i) Non-Executive Director and deemed not independent
Prof I R Plimer - Chairman

ii) Executive Directors
Mr M A Battrick - Managing Director and Chief Executive Officer (from the 11 November 2014)
Dr G van Ek - Managing Director (resigned 9 July 2014)

iii) Non-Executive Directors and deemed independent
Mr D Kestrel (resigned 30 June 2015)
Dr W G Martinick

iv) Executive Officers
Mr M A Battrick - General Manager, Technical (until the 11 November 2014)
Mr C Basson - Chief Financial Officer and Company Secretary
Mr S D Smith - US Vice President, Operations

Detailed remuneration information

2015	Short-term employees benefits			Post-employment benefits	Share base payments	
	Cash salary consulting fees and Directors' fees	Non-monetary benefits - (Shares)	Other	Superannuation	Equity and options	Total
	\$	\$	\$	\$	\$	\$
Name						
Executive Directors						
Mr M A Battrick	311,381	48,750	-	29,581	-	389,712
Dr G van Ek	241,606	-	-	1,154	-	242,760
Sub-Total	552,987	48,750	-	30,735	-	632,472
Non-Executive Directors						
Prof I R Plimer	30,000	30,000	-	-	-	60,000
Mr D Kestel	25,000	25,000	-	-	-	50,000
Dr W G Martinick	25,000	25,000	-	-	-	50,000
Sub-Total	80,000	80,000	-	-	-	160,000
Executive Officers						
Mr C Basson ⁱⁱ⁾	197,280	-	-	-	-	197,280
Mr S D Smith	434,844	-	-	-	-	434,844
Sub-Total	632,124	-	-	-	-	632,124
Total	1,265,111	128,750	-	30,735	-	1,424,596

i) Corpserv Pty Ltd, a company Mr Basson has interest in, receives these fees from Sun Resources NL for corporate, accounting and company secretarial services.

2014	Short-term employees benefits			Post-employment benefits	Share base payments	
	Cash salary consulting fees and Directors' fees	Non-monetary benefits	Other	Superannuation	Equity and options	Total
	\$	\$	\$	\$	\$	\$
Name						
Executive Director						
Dr G van Ek	365,000	-	-	25,000	-	390,000
Sub-Total	365,000	-	-	25,000	-	390,000
Non-Executive Directors						
Prof I R Plimer	45,178	-	-	-	-	45,178
Hon A Downer	28,527	-	-	-	-	28,527
Mr D Kestel ⁱ⁾	50,000	-	25,000	-	-	75,000
Mr J D Kenny	19,306	-	-	-	-	19,306
Dr W G Martinick	53,767	-	-	-	-	53,767
Sub-Total	196,778	-	25,000	-	-	221,778
Executive Officers						
Mr M A Battrick	350,000	1,343	-	25,000	-	376,343
Mr C Basson ⁱⁱ⁾	164,400	-	-	-	-	164,400
Mr S W Bayford	80,054	4,621	-	-	-	84,675
Mr S D Smith	356,038	-	-	-	-	356,038
Sub-Total	950,492	5,964	-	25,000	-	981,456
Total	1,512,270	5,964	25,000	50,000	-	1,593,234

i) Mr D Kestel was paid \$25,000 for expenditure incurred on Company business.

ii) Corpserv Pty Ltd, a company Mr Basson has interest in, receives these fees from Sun Resources NL for corporate, accounting and company secretarial services.

Remuneration consists of the following key elements:

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

Fixed remuneration

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

C Service agreements (audited)**Prof I R Plimer**

Term of agreement: Retires as determined by Director Rotation
 Director fees: \$60,000 per annum
 Incentives: Share based incentives as determined

Mr M A Battrock

Term of agreement: Two years commencing on the 11 November 2014
 Base Salary: \$390,000 per annum, inclusive of statutory superannuation
 Director fees: None
 Termination: Six months
 Incentives: Share based incentives as determined

Mr M A Battrock was re-appointed as Managing Director and Chief Executive Officer on the 11 November 2014.

Mr D Kestel

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

Mr D Kestel resigned as Non-Executive Director effective on the 30 June 2015.

Dr W G Martinick

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

Dr W G Martinick was appointed as Deputy Chairman on the 25 February 2015.

Mr C Basson

Term of agreement: Two years commencing on the 1 July 2014
 Base consultancy: \$197,280 per annum
 Termination: Four months
 Incentives: Share based incentives as determined

Mr S D Smith

Term of agreement: Commencing on the 11 February 2014
 Base salary: US\$360,000 per annum
 Termination: One month
 Incentives: Share based incentives as determined

D Share-based compensation (audited)

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

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

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

During the current and previous financial year the following options were granted to Directors and executive officers.

2015

No share-based compensation was granted during the year ended 30 June 2015.

2014

No share-based compensation was granted during the year ended 30 June 2014.

E Additional information (audited)**Share-based compensation: Options**

Further details relating to options are set out below.

2015

There were no share-based compensation options for the year ended 30 June 2015.

2014

There were no share-based compensation options for the year ended 30 June 2014.

Share holdings

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

Ordinary shares

2015	Balance at start of the year or appointment	Received during the year on the exercise of options	Other changes during the period	Balance at the end of the year or retirement	Nominally held
Directors					
Prof I R Plimer	-	-	-	-	-
Mr M A Battrick	294,117	-	9,433,823	9,727,940	9,727,940
Mr D Kestel	18,216,368	-	12,618,273	30,834,641	30,834,641
Dr W G Martinick	29,000,000	-	18,750,000	47,750,000	37,115,558
Executive Officers					
Mr C Basson	1,800,000	-	5,047,498	6,847,498	6,847,498

2014	Balance at start of the year or appointment	Received during the year on the exercise of options	Other changes during the period	Balance at the end of the year or retirement	Nominally held
Directors					
Prof I R Plimer	-	-	-	-	-
Dr G van Ek	500,000	-	-	500,000	-
Mr J D Kenny	40,751,471	-	-	40,751,471	40,751,471
Mr D Kestel	18,216,368	-	-	18,216,368	18,216,368
Dr W G Martinick	27,740,558	-	1,259,442	29,000,000	27,740,558
Executive Officers					
Mr M A Battrick	294,117	-	-	294,117	-
Mr C Basson	1,550,000	-	250,000	1,800,000	1,800,000
Mr S W Bayford	500,000	-	(500,000)	-	-

Option holdings

The number of unlisted options over ordinary shares in the Company held during the financial year by each Director of the Company and other executive officers of the Group, including their personally related parties, are set out below.

2015	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Prof I R Plimer	-	-	-	-	-	-	-
Mr M A Battrick	20,000,000	-	-	(5,000,000)	15,000,000	15,000,000	-
Mr D Kestel	5,000,000	-	-	-	5,000,000	5,000,000	-
Dr W G Martinick	5,000,000	-	-	(5,000,000)	-	-	-
Dr G van Ek	30,000,000	-	-	(30,000,000)	-	-	-
Executive Officers							
Mr C Basson	2,250,000	-	-	(2,250,000)	-	-	-

2014	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Prof I R Plimer	-	-	-	-	-	-	-
Dr G van Ek	30,000,000	-	-	-	30,000,000	30,000,000	-
Mr D Kestel	5,000,000	-	-	-	5,000,000	5,000,000	-
Dr W G Martinick	5,000,000	-	-	-	5,000,000	5,000,000	-
Executive Officers							
Mr M A Battrick	20,000,000	-	-	-	20,000,000	20,000,000	-
Mr C Basson	3,250,000	-	-	(1,000,000)	2,250,000	2,250,000	-
Mr S W Bayford	1,000,000	-	-	-	1,000,000	1,000,000	-

Loans to subsidiaries, Directors and executives

Information on loans to subsidiaries, Directors and executives, including amounts, interest rates and repayment terms are set out in Notes 18 and 24 to the financial statements.

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

	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Loss attributable to shareholders of the parent entity	(56,984,807)	(27,848,265)	(10,247,996)	(4,419,084)	(8,655,558)
Dividends paid	-	-	-	-	-
Contributed equity	115,122,457	108,850,765	89,900,211	55,486,635	43,935,216
Changes in share price (prices at 30 June)	0.001	0.02	0.03	0.06	0.02
Return on contributed equity	(49.50%)	(25.58%)	(11.40%)	(7.96%)	(19.70%)

The Company has followed an aggressive exploration programme in the past five years. The Company has adjusted any oil and gas assets where there has been an impairment of the asset with the resulting write downs reflected in the loss attributable to shareholders.

The share price of the Company, as listed on the ASX, has remained in a band between 0.1 and 6 cents depending on the market during the previous five years.

This is the end of the audited remuneration report.

Shares under option

Unissued ordinary shares of the Company under option at 30 June 2015 are as follows:

Date options granted	Expiry date	Exercise price of options	Number under options	Vested
3 May 2013	3 May 2016	\$0.076	5,000,000	5,000,000
3 May 2013	3 May 2016	\$0.067	5,000,000	5,000,000
3 May 2013	3 May 2016	\$0.057	5,000,000	5,000,000
12 September 2012	12 September 2015	\$0.105	5,000,000	5,000,000
9 August 2012	8 August 2015	\$0.094	1,000,000	1,000,000
30 September 2014	30 September 2017	\$0.025	258,586,308	258,586,308

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Date options granted	Class E Performance Options at 0.1c milestone expiring	Class F Performance Options at 0.1c milestone expiring
	31 August 2016	31 August 2016
21 March 2012	49,432,500	57,037,500
18 May 2012	4,823,000	5,565,000
12 September 2012	10,744,500	12,397,500
	<u>65,000,000</u>	<u>75,000,000</u>

Indemnification of officers

Insurance and indemnity arrangements established in the previous year concerning officers of the Company were retained during the year ended 30 June 2015. The Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses' insurance contracts, for current and former Directors and officers, including executive officers, Directors and secretaries of the Company. The terms of the insurance policy contract do not allow disclosure of the premium. The insurance premiums relate to:

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

Meetings of the Company's Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2015 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees			
	A	B	Audit and Risk Remuneration			
	A	B	A	B	A	B
Prof I R Plimer	8	8	-	-	-	-
Mr M A Battrick	4	4	2	2	-	-
Mr D Kestel	8	8	3	3	1	1
Dr W G Martinick	8	8	3	3	1	1

A Number of meetings attended

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

** Not a member of the relevant committee

In addition, a total of 15 circular resolutions were resolved during the financial year ended 30 June 2015.

Retirement, election and continuation in office of Directors

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

Proceedings on behalf of Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of Court under section 237 of the Corporations Act 2001.

Non-audit services

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

a. Audit Services

BDO Audit (WA) Pty Ltd
 Audit and review of financial reports
 Total remuneration for audit services

b. Non-audit services

BDO Tax (WA) Pty Ltd
 Taxation compliance services
 Other

Total remuneration for non-audit services

	Consolidated	
	2015 \$	2014 \$
	53,352	49,853
	53,352	49,853
	15,185	12,183
	9,750	7,650
	24,935	19,833

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

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

Auditor's independence declaration

The auditor's independence declaration as required under section 307c of the Corporations Act 2001 on page 26 forms part of the Directors' Report for the financial year ended 30 June 2015.

Board of Directors' declaration for year ended 30 June 2015

The Board of Directors' Declaration for year ended 30 June 2015 on page 66 forms part of the above Directors' Report. This relates to the integrity of the financial statements, risk management and internal compliance and control systems of the Company for the financial year as set out in this Annual Report.

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



Mr Matthew A Battrick
 Managing Director and Chief Executive Officer
 Perth, Western Australia
 24 September 2015

Continued support
of largest shareholder,
Hancock Prospecting
Pty Ltd



AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SUN RESOURCES NL

As lead auditor of Sun Resources NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 24 September 2015

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

CORPORATE GOVERNANCE STATEMENT

Sun Resources NL (“Sun” or “the Company”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group’s main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

The Principles of the ASX Corporate Governance Council (3rd Edition):

- Principle 1: Lay solid foundations for management and oversight
- Principle 2: Structure the Board to add value
- Principle 3: Act ethically and responsibly
- Principle 4: Safeguard integrity in corporate reporting
- Principle 5: Make timely and balanced disclosure
- Principle 6: Respect the rights of security holders
- Principle 7: Recognise and manage risk
- Principle 8: Remunerate fairly and responsibly

The Council has clarified the “if not, why not” approach to compliance. Non-compliance with one or more of the recommendations does not in itself indicate that the Company’s corporate governance practices are deficient. Investors and other market participants should consider the explanation given by the Company as to why it has chosen not to comply with a recommendation, and evaluate the Company’s practices in light of that explanation and the Company’s overall governance framework.

Principle 1: Lay solid foundations for management and oversight

1.1) Roles and responsibilities

The relationship between the Board and management is critical to the Group’s long-term success. The Board is responsible to the shareholders for the performance of the Group in both the short and long term. The Board seeks to balance sometimes competing objectives in the best interests of the shareholders and the Group as a whole by carrying out responsibilities diligently in accordance with the law. The Board’s focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed. The Board provides guidance to management whilst overseeing and monitoring the Group’s corporate strategy, financial performance and the effectiveness of the Company’s governance practices. Management is directly accountable to the Board in delivering timely, accurate, relevant and clear information to enable the Board to efficiently perform its responsibilities. Management is responsible for operating within the relevant regulations and the risk appetite set by the Board to propose strategic objectives whilst supporting the Chief Executive Officer (“CEO”) in handling day-to-day business commitments of the Group’s affairs.

Role of the Chairperson

The Chairperson is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board’s relationship with the Company’s senior executives. The focus should be on ensuring that the Board and the CEO act in an ethical manner with strong values that support the governance principles of the Company.

Role of the CEO

The CEO is responsible for implementing Group strategies and policies. The CEO is primarily responsible for the day-to-day running of the business and to ensure accurate and timely reporting to the Board. The CEO is delegated with the responsibility of managing the personnel and finances of the Company with the exception of any roles deemed important enough to involve the Board or its committees. The CEO is also required to be present at meetings of the various committees of the Board that meet from time to time.

The respective roles and responsibilities of the Board include:

- Providing strategic guidance to the Group including contributing to the development of and approving the corporate strategy.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring:
 - Organisational performance and the achievement of the Group’s strategic goals and objectives.
 - Compliance with the Company’s codes of conduct.
 - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
 - Financial performance including approval of the annual and half-year financial reports and liaison with the Company’s auditors.
 - Effectiveness of the Company’s governance policies and procedures.
- Appointment, performance assessment and, if necessary, removal of the CEO.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the CFO and the Company Secretary.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the Group’s system for compliance and risk management reporting to shareholders.
- Ensuring appropriate resources are available to senior management.

The respective roles and responsibilities of management include:

- Daily management of the Group's affairs.
- Propose strategic corporate objectives for the Board's approval to put into action.
- Policies and procedures initiatives.
- Handling day-to-day commitments conforming to the Company's framework, relevant laws and regulations.
- Implementing and monitoring risk management.
- Securely maintaining important records and documentation.
- Assisting with signing of contracts, agreements and other documentation.
- Executing property transactions including leases, sales and acquisitions.
- Supervising of operations conducted at project sites.
- Carrying out vital tasks set by the Board.
- Analysis and interpret relevant oil and gas trends and environmental conditions in operating regions.

1.2) Appointment and re-election of Directors

Under the Constitution the minimum number of Directors is three and the maximum is ten. Directors are not appointed for a fixed term.

The composition of the Board is reviewed when a new Director is to be appointed, to ensure that a diverse range of skills, experience and expertise is maintained for the Board to properly fulfil its responsibilities. The Board identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants. The appointment of a new Director will be considered by the full Board.

The Board will identify and approach potential candidates who they consider to be valuable to the composition of the Board. Once the Board has identified a candidate, formal interviews will be conducted by each member of the Board, in person or over conference call, to assess their character and integrity. Candidates must disclose to the Board details of any association they have that may influence independent judgement. Background checks are conducted upon consent of the candidate to support the Board's assessment in determining whether the candidate will act in the best interest of the Company and its shareholders. Reference checks are run to confirm their experience, qualifications and education listed on their resumes are accurate. Legal verification in Australia is also obtained to confirm they have no criminal record or bankruptcy history. The full Board then appoints the most suitable candidate who must stand for election by shareholders at the next annual general meeting of the Company.

A Company announcement is released to the market subsequent to the appointment of a new Director. The announcement provides information on the decision and purpose of appointment and the Director's range of expertise and experiences. The announcement will also disclose the Director's shareholding in the Company as well as remuneration details and material terms.

The Board's nomination of existing Directors for re-appointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and Company. At each annual general meeting one third of the Directors other than the CEO must retire by rotation, with those serving

the longest retiring first. Retiring Directors may stand for re-election. The Company will provide shareholders with all material information on whether they support the re-election.

1.3) Terms of appointment

Non-Executive Directors receive formal letters of appointment setting out the following:

- The Company's expectations for the position regarding involvement with committee work and other duties.
- Time commitment.
- Remuneration entitlements.
- Disclosure requirements
- Confidentiality obligations.
- Director's ongoing rights.
- Terms and conditions of their employment.
- Indemnity and insurance arrangements.

Executive Directors are employed pursuant to employment agreements setting out the information above as well as the following:

- Responsibilities and duties involved in the position.
- Who they report to.
- Termination circumstances.
- Entitlements on termination.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

1.4) Role of the Company Secretary

The Company Secretary plays a crucial role ensuring the Board and its committees run successfully under relevant legislation and regulations. They are required to organise timely completion and despatch of Board and committee meeting agendas, and papers to all members of the Board at least three days before the meeting commences. The Company Secretary acts as a servant at Board and committee meetings, monitoring that the Board follows the agenda and briefing materials whilst complying with the Company's policies and charters. They are responsible to address the Board, through the Chair, on any governance matters or affairs that effect ethical functioning of the Board. Accurate Minutes reflecting Board and committee meetings are produced by the Company Secretary and circulated to the Directors for approval.

1.5) Diversity policy summary

The Company has established a diversity policy, which includes requirements for the Board to establish measurable objectives for gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Board has set a measurable objective for achieving gender diversity going forward in accordance with the diversity policy which requires each pool of candidates for vacant positions to include at least one female candidate.

The proportion of woman employees and contractors in the whole organisation, woman in senior executive positions and woman on the Board at the date of this report is set out in the following table:

	Proportion of women
Whole organisation	3 out of 10 (30%)
Senior executive positions	0 out of 3 (0%)
Board	0 out of 4 (0%)

The Company's current business model means that it is not likely that the Company will be required to employ large numbers of employees in the future. As such, the ability of the Company to introduce formalised programmes to make substantive changes is limited and any objectives set by the Board are likely to be influenced by this structure.

The diversity policy is available in the corporate governance section of the Company's website.

Performance assessments

1.6) Performance assessment of the Board and its committees

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group. The Board also undertakes an annual self-assessment of its collective performance, the performance of the Chairperson and of its committees. The assessment also considers the adequacy of induction, access to information and the support provided by the Company Secretary. The results and any action plans are documented together with specific performance goals which are agreed for the coming year.

Performance assessments of the Board last took place in June 2015.

1.7) Performance assessment of senior executives

The Chairperson undertakes an annual assessment of the performance of the CEO and meets privately to discuss this assessment. The CEO has an annual performance review completed by the Board. A Director's Questionnaire; Evaluation of CEO Performance, is completed and discussed as part of this process.

Performance assessment of the CEO last took place in June 2015.

Performance assessment of management and employees

Management and employees are evaluated every six months usually in June and December in terms of the completion of an Employees' Questionnaire: Employee Performance and Development Review, with a subsequent discussion.

Performance assessments for senior management and employees last took place in August 2015.

Principle 2: Structure the Board to add value

Board composition

The Board composition at 30 June 2015 consists of the following Directors:

Prof I R Plimer	(Chairman, Non-Executive Director)
Mr M A Battrick	(Managing Director and Chief Executive Officer)
Mr D Kestel	(Independent, Non-Executive Director)
Dr W G Martinick	(Independent, Non-Executive Director)

The Board is comprised of both Executive and Non-Executive Directors with a majority of Non-Executive Directors. Non-Executive Directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters.

The Chairperson is elected by the full Board and is required to communicate regularly with the CEO. The Company is to maintain a mix of Directors on the Board from different backgrounds with complementary skills and experience.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective.
- The size of the Board is conducive to effective discussion and efficient decision-making.

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in "Board of Directors and Management" section of the Company's website.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current separate committees of the Board are the audit and risk committee and the remuneration committee. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies. Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decisions. The commitments of Non-Executive Directors are considered by the Board prior to the Director's appointment to the Board of the Company. Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

2.1) Nomination committee

The Company does not have an existing nomination committee as suggested in Recommendation 2.1. As the whole Board only consists of four (4) members, it would not be a more efficient mechanism than the full Board for focussing the Company on specific issues.

The Board addresses all nomination matters at regular Board meetings, considering the overall balance and efficiency of the Board's composition and size. The Board considers and reviews both Director succession and CEO succession plans to ensure the Board maintains an appropriate and wide range of skills and experience across the Board. The Board also addresses and makes recommendations for induction procedures, professional development programmes, recruiting processes, appointment and re-election of Directors. In the event a new Director is required, all members of the Board partake in the process of identifying potential candidates, and are required to advise other Board members of their search processes.

The Board held eight (8) Board meetings during the 30 June 2015 financial year.

2.2) Skills Matrix

Composition of skills and experiences across the Board out of four (4) Directors

Skills Matrix	# of Directors
Capital Market and Fund Raising	
• Experience in raising funds for resource industry related companies	3
• Experience in negotiating with lenders and investors	4
• Experience in equity capital markets	4
Financial	
• Experience in finance or accounting	2
• Financial acumen	4
Governance and Regulation	
• Experience in policy and regulations	3
• Experience in securities law	2
Health, Safety and Environment	
• Qualified Geologist and/or Environmental Scientist with experience in managing health, safety and environmental issues	3
International	
• Experience with international resource industry organisations or companies	3
• Experience with international assets and business partners	4
Investor Relations	
• Experience in effective written and verbal communications	4
• Experience with financial, industry and market terminology	4
Leadership/Management	
• Ability to influence others	4
• Senior management experience	4
Resource Industry	
• Experience and knowledge in oil and gas or other resources	3
• Geology and/or Earth Science expertise	3
• Experience in evaluating and/or sourcing acquisitions	3
• Memberships of resource industry related organisations	3
Risk	
• Experience in risk management (identify, analyse, evaluate and treat risks)	3
• Experience in monitoring and reviewing risk management	3
Strategy	
• Experience in strategic business planning and execution to add value and ensure long-term sustainability	3

Director's independence

The Board has adopted specific principles in relation to Director's independence. These state that when determining independence, a Director must be a Non-Executive and the Board should consider whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is or has been employed in an executive capacity by the Company or any other Group member within the last three years.
- Within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or a controlled entity other than as a Director of the Group.
- Is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases.

The Board assesses independence each year. To enable this process, the Directors must provide all information that may be relevant to the assessment.

In the event that a potential conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

2.3) Directors independence and length of service

	Independence	Length of service
Prof I R Plimer	Deemed not independent	~ 1 year & 9 months
Mr M A Batrick	Deemed not independent	~ 7 years & 5 months
Mr D Kestel	Assessed as independent	~ 3 years & 5 months
Dr W G Martinick	Assessed as independent	~ 19 years & 4 months

Professor Plimer is a Non-Executive Director deemed not independent due to him acting as a nominee for Hancock Prospecting Pty Ltd.

2.4) Independence across the Board

The majority of the Board are not deemed as independent Directors due to Professor Plimer being nominated by a subsidiary of Hancock Prospecting Pty Ltd and Mr Battrick being an Executive Director of the Company. However, both Professor Plimer and Mr Battrick act in the interests of all shareholders with any potential conflicts being declared.

2.5) Independence of the Chairman

In recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairperson should be a Non-Executive and independent Director. Professor Plimer is a Non-Executive Director but is not deemed as independent. The majority of the Board is independent of management and all Directors are required to exercise independent judgement and constructively challenge the performance of management. The roles of Chairman and the CEO are exercised by different individuals. Dr Martinick (independent Non-Executive Director) was appointed as Deputy Chairman on 25 February 2015 to fulfil the role whenever the Chairman is conflicted or not available.

2.6) Induction of new Directors and senior management

The induction provided to new Directors and senior managers enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations and risk management policies. It also explains the respective rights, duties, responsibilities and roles of the Board and senior executives.

Principle 3: Act ethically and responsibly

3.1) Codes of conduct

The Company has developed a separate Board Code of Conduct and an Employee Code of Conduct (the codes) which have been fully endorsed by the Board and applies to all Directors and employees. The codes are reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the codes require that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The codes and the Company's trading policy are discussed with each new employee as part of their induction training.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

The codes are available in the corporate governance section of the Company's website.

Principle 4: Safeguard integrity in corporate reporting

4.1) Audit committee

The audit and risk committee at 30 June 2015 consists of the following Directors:

Mr M A Battrick (Managing Director and Chief Executive Officer)
Mr D Kestel (Independent, Non-Executive Director)
Dr W G Martinick (Independent, Non-Executive Director)

All members of the audit and risk committee are financially literate and have an appropriate understanding of the industry in which the Group operates. The audit and risk committee operates in accordance with a charter.

The main responsibilities of the committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other relevant financial information published by the Company.
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - Effectiveness and efficiency of operations.
 - Reliability of financial reporting.
 - Compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance.
- Consider the independence and competence of the external auditor on an ongoing basis.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence.
- Review and monitor related party transactions and assess their propriety.
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the audit and risk committee:

- Receives regular reports from management, and the external auditors.
- Meets with the external auditors if necessary.
- Reviews the processes the CEO and CFO have in place to support their certificates to the Board.
- Reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved.
- Provides the external auditors with a clear line of direct communication at any time to either the Chairperson of the audit and risk committee or the Chairperson of the Board.

The audit and risk committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The audit and risk committee charter is available in the corporate governance section of the Company's website.

The Board held three (3) audit and risk committee meetings during the 30 June 2015 financial year.

4.2) Corporate reporting

The CEO and CFO have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects in relation to financial reporting risks.

4.3) External auditors

The Company's audit and risk committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO was appointed as the external auditor in 1994. It is BDO's policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced from the year ended 30 June 2014.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' report and in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditor will attend the annual general meeting and be available to answer written shareholder questions submitted no later than five business days before the annual general meeting, about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

5.1) Continuous disclosure

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX) in collaboration with the CEO. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The continuous disclosure policy is available in the corporate governance section of the Company's website.

Principle 6: Respect the rights of security holders

6.1) Company information via website

The Company's website allows shareholders and stakeholders to conveniently gain access to all current information about the Company including the Company's corporate governance policies.

6.2) Shareholder and stakeholder communications

The Company seeks to provide opportunities for shareholders to participate through electronic means via the Company's website. The website enables shareholders to register their email address for direct email updates. The Company understands the importance of effective two-way communications with shareholders. Shareholders are welcome to make direct contact with the head office on any enquires they may have using the contact details provided on the website.

6.3) Shareholder participation

The Company encourages shareholder participation at general and annual meetings. The Company's share registry is responsible for mailing out the notice of general meetings and annual general meetings directly to shareholders. Shareholders who have subscribed to email alerts will additionally receive an email notification of all meetings and ASX Announcements.

6.4) Electronic communications

Shareholders have the opportunity to send electronic communications to the Company and the Company's share registry using contact details listed on the Company's website.

Principle 7: Recognise and manage risk

7.1) Risk committee

The Board, through the audit and risk committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority.

The Company risk management policy and the operation of the risk management and compliance system are executed by the CEO in collaboration with the audit committee.

The current risk management policies and procedures are available in the corporate governance section of the Company's website.

7.2) Review of risk management

The audit and risk committee together with assistance from the CFO are responsible for the evaluation and development of the Company's risk management.

The risk management framework was reviewed at each audit and risk committee meeting during the 30 June 2015 financial year.

7.3) Internal audit function

The Company does not have an existing internal audit function as suggested in Recommendation 7.3. The audit committee and CFO consider those matters that would usually be the responsibility of an internal audit function.

7.4) Material exposure management

The Board has adopted a risk management policy and risk management procedures. Under the risk management policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risks and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least half yearly by senior management. The risk register is to be updated and a report submitted to the CEO. The CEO is to provide a risk report at least half yearly to the audit and risk committee and the Board.

The environment, health and safety management system (EHSMS)

The Company recognises the importance of environmental and occupational health and safety ("OHS") issues and is committed to the highest level of performance. To help meet this objective the EHSMS was established to facilitate the systematic identification of environmental and OHS issues and to ensure they are managed in a structured manner.

This system has been operating for a number of years and allows the Company to:

- Monitor its compliance with all relevant legislation.
- Continually assess and improve the impact of its operations on the environment.
- Encourage employees to actively participate in the management of environmental and OHS issues.
- Work with trade associations representing the Group's businesses to raise standards.
- Use energy and other resources efficiently.
- Encourage the adoption of similar standards by the Group's principal suppliers, contractors and distributors.

The categories of risk reported in the annual report are: market risk, credit risk and liquidity risk.

Principle 8: Remunerate fairly and responsibly

8.1) Remuneration committee

The remuneration committee at the 30 June 2015 consists of the following Directors:

Mr D Kestel (Independent, Non-Executive Director)
Dr W G Martinick (Independent, Non-Executive Director)

The remuneration committee operates in accordance with its charter. The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

The remuneration committee charter is available in the corporate governance section of the Company's website.

The Board held one (1) remuneration committee meeting during the 2015 financial year.

8.2 & 8.3) Remuneration report

Further information on Directors and executives remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading "Remuneration Report". In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

“If Not, Why Not”

Explanations for departures from best practice recommendations under the “If Not, Why Not” approach.

As at the end of the reporting period, there are a few recommendations of the ASX Corporate Governance Council that the Company does not follow. These are described more fully as follows:

Departure (from Recommendation)	Explanation
1.1	No statements of matters reserved for the Board or delegated to senior management are publicly available. The Board considers that the Company is not of a size to warrant this disclosure.
2.1	There is no separate nomination committee. The full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.
2.4	The majority of the Board is not deemed as independent. Both Professor Plimer and Mr Battrick are deemed not independent (2/4 members) However, they act in the interests of all shareholders with any potential conflicts being declared.
2.5	The Chairperson is not deemed independent. The Company has appointed an independent Non-Executive Director as the Deputy Chairperson who can fulfil the role whenever the Chairperson is conflicted or not available.
4.1	Audit and risk committee does not have three (3) Non-Executive members. The audit and risk committee currently has two (2) Non-Executive members as required by the previous recommendations. Sun is looking into possibly adding another Non-Executive Director to the committee in 2015.
7.3	There is no internal audit function. The audit committee and CFO consider those matters that would usually be the responsibility of an internal audit function. The Board considers that no efficiencies or other benefits would be gained by establishing a separate internal audit function.
8.1	Remuneration committee does not have three (3) Non-Executive members. The remuneration committee currently has two (2) Non-Executive members as required by the previous recommendations. Sun is looking into possibly adding another Non-Executive Director to the committee in 2015.

Privacy The Company has resolved to comply with the National Privacy Principles contained in the Privacy Act 1988, to the extent required for a Company the size and nature of Sun Resources as summarised on our website.

Principles	Recommendations	Complied Yes/No	Reference
Principle 1	Lay solid foundations for management and oversight		
Rec 1.1	A listed entity should disclose:		
	a) the respective roles and responsibilities of the Board and management; and	Yes	Governance Statement
	b) those matters expressly reserved to the Board and those delegated to management.	No	Governance Statement
Rec 1.2	A listed entity should:		
	a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and	Yes	Governance Statement
	b) provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.	Yes	Governance Statement
Rec 1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes	Governance Statement
Rec 1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Yes	Governance Statement
Rec 1.5	A listed entity should:		
	a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;	Yes	Website: “Diversity Policy”
	b) disclose that policy or a summary of it; and	Yes	Governance Statement and Website: “Diversity Policy”
	c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation; or (2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as define in and published under that Act.	Yes	Governance Statement

Principles	Recommendations	Complied Yes/No	Reference
Rec 1.6	A listed entity should: <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	Governance Statement
Rec 1.7	A listed entity should: <ul style="list-style-type: none"> a) have and disclose a process of periodically evaluating the performance of senior executives; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	Governance Statement
Principle 2	Structure the Board to add value		
Rec 2.1	The Board of a listed entity should: <ul style="list-style-type: none"> a) have a nomination committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members of those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	No	Governance Statement
Rec 2.2	A listed entity should have and disclose a Board skills and matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	Governance Statement
Rec 2.3	A listed entity should disclose: <ul style="list-style-type: none"> a) the names of the Directors considered by the Board to be independent Directors; b) if a Director has an interest, position association or relationship but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and c) the length of service of each Director. 	Yes	Governance Statement and Website: "Board of Directors and Management"
Rec 2.4	A majority of the Board of a listed entity should be independent Directors.	No	Governance Statement
Rec 2.5	The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	No	Governance Statement
Rec 2.6	A listed entity should have a programme for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Yes	Governance Statement
Principle 3	Act ethically and responsibly		
Rec 3.1	A listed entity should: <ul style="list-style-type: none"> a) have a code of conduct for its Directors, senior executives and employees; and b) disclose that code or a summary of it. 	Yes	Website: "Board Code of Conduct" and "Employee Code of Conduct"
		Yes	Governance Statement and Website: "Board Code of Conduct" and "Employee Code of Conduct"

Principles	Recommendations	Complied Yes/No	Reference
Principle 4	Safeguard integrity in corporate reporting		
Rec 4.1	The Board of a listed entity should: <ul style="list-style-type: none"> a) have an audit committee which: (1) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	No: (1) Yes: (2,3,4 and 5) N/A	(2 & 4) Governance Statement (3) Website: "Audit and Risk Committee Charter" (5) Directors' Report
Rec 4.2	The Board of a listed entity should, before it approves the financial statements for a financial period, receives from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Governance Statement
Rec 4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	Governance Statement
Principle 5	Make timely and balanced disclosure		
Rec 5.1	A listed entity should: <ul style="list-style-type: none"> a) have a written policy for complying with its continues disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it. 	Yes Yes	Website: "Continuous Disclosure Policy" Governance Statement and Website: "Continuous Disclosure Policy"
Principle 6	Respect the rights of security holders		
Rec 6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Website
Rec 6.2	A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.	Yes	Governance Statement and Website: "Contact Us"
Rec 6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Governance Statement
Rec 6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Governance Statement and Website: "Contact Us" and "Corporate Directory"
Principle 7	Recognise and manage risk		
Rec 7.1	The Board of a listed entity should: <ul style="list-style-type: none"> a) have a committee or committees to oversee risk, each of which (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a risk committee or committees that satisfy the (a) above, disclose that fact and the process it employs for overseeing risk management framework. 	No: (1) Yes: (2,3,4 and 5) N/A	(2 & 4) Governance Statement (3) Website: "Audit and Risk Committee Charter" (5) Directors' Report
Rec 7.2	The Board or committee of the Board should: <ul style="list-style-type: none"> a) review the risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such review has taken place. 	Yes Yes	Governance Statement Governance Statement

Principles	Recommendations	Complied Yes/No	Reference
Rec 7.3	A listed entity should disclose; <ul style="list-style-type: none"> a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	N/A Yes	 Governance Statement
Rec 7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Governance Statement and Website: "Risk Management Policy Summary"
Principle 8	Remunerate fairly and responsibly		
Rec 8.1	The Board of a listed entity should: <ul style="list-style-type: none"> a) have remuneration committee which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	No: (1) Yes: (2, 3, 4 and 5) N/A	(2&4) Governance Statement (3) Website: "Remuneration Committee Charter" (5) Directors' Report
Rec 8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and senior executives.	Yes	Directors' Report
Rec 8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> a) have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it. 	Yes Yes	Website: "Securities Trading Policy and Guideline" Governance Statement and Website: "Securities Trading Policy and Guideline"



GLOSSARY

Term	Description
ASX	Australian Stock Exchange (ACN 008 624 691)
Barrel/bbl	The standard unit of measurement for oil production and sales. One barrel = 159 litres or 42 US gallons (35 imperial gallons). One barrel weighs 306 pounds or 139kg
Bcfge, bcfge	Billion cubic feet of gas equivalent (including gas and liquids)
Board	The Board of Directors of Sun Resources NL
Boepd, boepd	Barrels of oil equivalent per day (including oil and gas)
Bopd, bopd	Barrels of oil per day
Btu, btu	British thermal unit. The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit; equal to 252 calories
The Company	Sun Resources NL
Drilling	The act of boring a hole (1) to determine whether hydrocarbons are present in commercially recoverable quantities and (2) to accomplish production of the hydrocarbons (including drilling to inject fluids). There are three types of drilling: exploratory - drilling to locate probable hydrocarbon deposits or to establish the nature of geological structures; such wells may not be capable of production if hydrocarbons are discovered; developmental - drilling to delineate the boundaries of a known hydrocarbon pools to enhance the productive capacity of the producing oil & gas property; and directional - drilling that is deliberately made to depart significantly from the vertical
EBIT	Earnings Before Interest and Tax
Farmee	Tenant/holder of the farm
Farmor	Owner/leaser of the farm
Fossil Fuels	Fuels (coal, oil, natural gas, etc.) that result from the compression of ancient plant and animal life formed over millions of years
Frack	Fracture stimulation treatment performed on oil and gas wells with low-permeability reservoirs
Natural Gas	An odourless, colourless, tasteless, non-toxic clean-burning fossil fuel. It is usually found in fossil fuel deposits and used as a fuel
Hydrocarbons	Organic compounds consisting entirely of hydrogen and carbon. Hydrocarbons are the principal constituents of oil and natural gas
IPs	Initial Production Rates
Mcf, mcf	Thousand cubic feet of gas
MD	Measured Depth, measured by the length of pipe required to reach the bottom
MMbo, mmbo	Million barrels of oil
MMcfcg, mmcfcg	Million cubic feet of gas
Natural Gas Liquids (NGL)	Substances that can be processed as liquids out of natural gas by absorption or condensation
NRI	Net Revenue Interest
Petroleum	Liquid, gaseous and solid hydrocarbons, including oil, natural gas, gas condensate, ethane, propane, butane and pentane. Generally refers to crude oil or the refined products obtained from the processing of crude oil (gasoline, diesel fuel, heating oil, etc.) Petroleum also includes lease condensate, unfinished oils, and natural gas plant liquids
Pilot Hole	A preliminary vertical well drilled from the surface to intersect and evaluate the target formations prior to using the shallow parts of the well as a guide for drilling the horizontal development well
Pipeline	A continuous length of welded steel pipe that conveys gas from a gas field to its ultimate consumer
Plugged and Abandoned	When all the reservoir and high-pressure zones in a well are sealed with cement so that no fluid can escape
Production, Oil and Gas	The lifting of oil and gas to the surface and gathering, treating, field processing (as in the case of processing gas to extract liquid hydrocarbons), and field storage
Reservoir	A rock or geological formation that holds petroleum within the pore spaces between individual grains (of sand)
SPA	Sale and Purchase Agreement
Sun	Sun Resources NL and its subsidiaries
Tank Farm	An installation used by trunk and gathering pipeline companies, crude oil producers, and terminal operators (except refineries) to store crude oil
Tcf, tcf	Trillion cubic feet (of natural gas)
TD	Total Depth. The planned deepest measured depth of the well
TVD	True Vertical Depth. The shortest vertical distance from a point in the well (usually the current or final depth) to an equivalent point at the surface, usually the elevation of the rotary kelly bushing (RKB)
Well	A hole drilled in the earth for the purpose of (1) finding or producing crude oil or natural gas; or (2) producing services related to the production of crude or natural gas
Wellhead	The point at which the crude (and/or natural gas) exits the ground
WI	Working Interest
1P	Proved (90% confidence that the reserve is recoverable)
2P	Proved and Probable (at least 50% probability that reserves recovered will exceed Proven plus Probable reserves)
3P	Proved, Probable and Possible (reserves that to a low degree of certainty (10% confidence) are recoverable)
3P Reserves	Proved, Possible and Probable





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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015 \$	2014 \$
Revenue from continuing operations	3a	86,320	581,593
Other income	3b	173,425	229,807
Administration expense		(1,051,073)	(1,152,345)
Depreciation and amortisation expense	3c	(107,096)	(806,714)
Employee benefits expense		(1,111,525)	(1,199,981)
Exploration and evaluation impairment	3d	(53,942,724)	(23,451,687)
Finance expense	3e	(23,735)	(6,158)
Occupancy expense		(257,484)	(263,402)
Production impairment expense	3f	(750,915)	(1,779,378)
Loss before income tax expense		(56,984,807)	(27,848,265)
Income tax expense	4	-	-
Loss for the year after income tax		(56,984,807)	(27,848,265)
Other comprehensive income			
Foreign exchange translation reserve movement	14	12,111,200	824,537
Other comprehensive income for the period, net of income tax		12,111,200	824,537
Total loss and other comprehensive loss for the period attributable to owners of Sun Resources		(44,873,607)	(27,023,728)
Loss per share attributable to the members of Sun Resources NL			
Diluted loss per share (cents)		(1.797)	(1.105)
Basic loss per share (cents)	26	(1.797)	(1.105)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Consolidated	
		2015 \$	2014 \$
Current assets			
Cash and cash equivalents	5	1,282,255	2,657,972
Trade and other receivables	6	2,750,923	3,296,130
Total current assets		4,033,178	5,954,102
Non-current assets			
Plant and equipment	7	108,159	128,804
Exploration and evaluation expenditure	8	11,210,766	47,579,653
Oil and gas production assets	9	225,123	742,690
Total non-current assets		11,544,048	48,451,147
Total assets		15,577,226	54,405,249
Current liabilities			
Trade and other payables	10	4,127,197	5,328,594
Total current liabilities		4,127,197	5,328,594
Non-current liabilities			
Borrowings	11	975,289	-
Total non-current liabilities		975,289	-
Total liabilities		5,102,486	5,328,594
Net assets		10,474,740	49,076,655
Equity			
Contributed equity	12	115,122,457	108,850,765
Share-based payment reserve	13	11,124,830	11,124,830
Foreign exchange translation reserve	14	17,444,345	5,333,145
Accumulated losses		(133,216,892)	(76,232,085)
Total equity		10,474,740	49,076,655

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

2015	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	
	\$	\$	\$	\$	
Balance at the 1 July 2014	108,850,765	(76,232,085)	11,124,830	5,333,145	49,076,655
Total comprehensive loss for the year					
Loss	-	(56,984,807)	-	-	(56,984,807)
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	12,111,200	12,111,200
Total other comprehensive income	-	-	-	12,111,200	12,111,200
Total comprehensive loss for the year	-	(56,984,807)	-	12,111,200	(44,873,607)
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	-	-	-
Contributions by and distributions to owners:					
Contributions of equity	7,266,727	-	-	-	7,266,727
Equity transaction costs	(995,035)	-	-	-	(995,035)
Total transactions with owners	6,271,692	-	-	-	6,271,692
Balance at the 30 June 2015	115,122,457	(133,216,892)	11,124,830	17,444,345	10,474,740

2014	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	
	\$	\$	\$	\$	
Balance at the 1 July 2013	89,900,211	(48,383,820)	11,124,830	4,508,608	57,149,829
Total comprehensive loss for the year					
Loss	-	(27,848,265)	-	-	(27,848,265)
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	824,537	824,537
Total other comprehensive loss	-	-	-	824,537	824,537
Total comprehensive loss for the year	-	(27,848,265)	-	824,537	(27,023,728)
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	1,050,000	-	-	-	1,050,000
Contributions by and distributions to owners:					
Contributions of equity	18,750,000	-	-	-	18,750,000
Equity transaction costs	(849,446)	-	-	-	(849,446)
Total transactions with owners	17,900,554	-	-	-	17,900,554
Balance at the 30 June 2014	108,850,765	(76,232,085)	11,124,830	5,333,145	49,076,655

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015 \$ Inflows (Outflows)	2014 \$ Inflows (Outflows)
Cash flows from operating activities			
Receipts from customers		106,886	368,619
Payments to suppliers and employees		(1,621,098)	(2,164,537)
Interest received		11,720	122,207
Payments held in trust for future exploration		-	(1,822,168)
Payment of Bond		-	(73,873)
Net cash flow (used in) operating activities	5a	(1,502,492)	(3,569,752)
Cash flows from investing activities			
Payments for plant and equipment		-	(15,700)
Payments for production		(123,794)	(378,505)
Payments for exploration		(7,095,660)	(14,469,693)
Net cash flow (used in) investing activities		(7,219,454)	(14,863,898)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		6,271,692	17,900,554
Proceeds from convertible loan		957,806	-
Net cash flow provided by financing activities		7,229,498	17,900,554
Net decrease in cash and cash equivalents held		(1,492,448)	(533,096)
Cash and cash equivalents at the beginning of the financial year		2,657,972	3,550,749
Effects of exchange rate changes on cash and cash equivalents		116,731	(359,681)
Cash and cash equivalents at the end of the financial year	5	1,282,255	2,657,972
Non-cash financing and investing activities	5		

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 Summary of Significant Accounting Policies

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

The financial statements cover the consolidated entity of Sun Resources NL and its controlled subsidiaries. Sun Resources is a listed public company, incorporated and domiciled in Australia (ASX Code: SUR) and is a for-profit entity for the purpose of preparing the financial statements. These financial statements have been approved for issue by the Board of Directors on 23 September 2015.

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

Basis of Preparation

Statement of Compliance

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2015. It is not anticipated that there will be any material impact on the Group as a result of these new standards.

These are outlined in the table below.

AASB reference	Title (summarised)	Application date:
AASB 9	Financial Instruments	1 January 2018
AASB 15	Revenue from Contracts with Customers	1 January 2017 ¹
AASB 2015-1	Non-urgent but necessary changes to standards	1 January 2016
AASB 2014-9	Equity Method in Separate Financial Statements	1 January 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
AASB 2014-3	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
AASB 2014-10	Sale or Contribution of Assets between An Investor and its Associate or Joint Venture	1 January 2016

Reporting Basis and Conventions

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

Critical Accounting Estimates and Judgements

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

1 Summary of Significant Accounting Policies (continued)

Critical Accounting Estimates

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

a Impairment of production assets

In the absence of readily available market prices, the recoverable amounts of assets are determined using estimations of the present value of future cash flows using asset-specific discount rates. For Oil & Gas Properties, these estimates are based on assumptions concerning reserves, future production profiles and estimated revenue and costs. For amortisation policy refer to note 1(f).

As at 30 June 2015, the carrying value of Oil & Gas assets is \$225,123 (2014: \$742,690).

b Recoverability of exploration and evaluation assets

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

The fair value of exploration acres held was determined at 30 June 2015 to be US\$300 per acre.

As at 30 June 2015, the carrying value of exploration and evaluation assets is \$11,210,766 (2014: \$47,579,653).

c Convertible notes carried at fair value through profit or loss

The Company recognises convertible loans at fair value through profit or loss. These are calculated based on present value of estimated cash flows taking into account credit risk profile of the Company and share price of the Company. See details in Note 20.

Going Concern

The Company has recorded a net loss after tax of (\$56,984,807) [2014: (\$27,848,265)] for the year ended 30 June 2015 and has net assets of \$10,474,740 [2014: \$49,076,655] as at reporting date. The company has \$1,282,255 in cash and cash equivalents [2014: \$2,657,972] for the year ended 30 June 2015 and the working capital ratio is 0.98 [2014: 1.12]. Included in current liabilities is a US\$2,000,000 amount payable to Ameril Energy LLC for the deferred settlement in securing the 100% WI of Normangee Oil Project, SW Leona Oil Project and Centerville AMI. This liability is offset by an equal amount held in other receivables.

Notwithstanding the above, the Directors of the Company have prepared the annual financial statements on the going concern assumption. To enable the Company to continue its activities, the Company will seek to raise funds through equity and/or debt, successful exploration and subsequent exploitation of the Company's tenement, and/or sale of assets. Over the course of the next 12 months, the Directors consider that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the annual financial report. However, the Company may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report of the Company at 30 June 2015.

a Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sun Resources NL ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

1 Summary of Significant Accounting Policies (continued)

All inter-company balances and transactions between subsidiaries in the Group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled subsidiaries have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from USA producing operations is recognised when received from the Operator and is two months in arrears due to lag between sales and when received.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering a service is recognised upon delivery of the service.

All revenue is stated net of the amount of goods and services tax (GST).

c Goods and Services Tax (GST)

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

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

d Income Tax

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

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

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

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

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

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

e Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

Transactions and Balances

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

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

1 Summary of Significant Accounting Policies (continued)

Group Companies

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

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

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

f Oil and Gas Properties

i *Exploration Costs Carried Forward*

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

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

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

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

ii *Development Costs*

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

iii *Producing Projects*

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

Sun Resources uses the "Units of Production" (UOP) approach when depreciating and amortising field-specific assets. Amortisation of producing projects for the year to 30 June 2015 was calculated based on proved and developed reserves.

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

iv *Restoration Costs*

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in costs of that area. Currently, the Group does not recognise any restoration liabilities.

g Trade and other Payables

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

h Trade and other Receivables

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Any allowance is recognised in a separate account.

1 Summary of Significant Accounting Policies (continued)

i Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transactions costs.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

j Borrowing Costs

Borrowing Costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

k Financial Instruments

i Loans Receivable

Loans receivable from subsidiaries are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for those maturities greater than 12 months, which are classified as non-current assets. The non-current loans are included in note 24 under parent entity information.

ii Available for Sale Financial Assets

Investments are classified as either available-for-sale or held for trading, and are initially recognised at fair value plus in the case of investments not held for trading, with any directly attributable transaction costs.

After initial recognition, investments are measured at fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative change in the fair value previously reported in equity is included in earnings. Changes in the fair value of held for trading investments are recognised in the Statement of Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the 30 June 2015.

iii Loans and other Payables

Loans and other payables are non-derivative financial liabilities with fixed or determinable payments. They are included in non-current liabilities as they have maturities greater than 12 months after the reporting date.

l Cash and Cash Equivalents

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

m Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Comprehensive Income.

1 Summary of Significant Accounting Policies (continued)

n Impairment of Assets

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

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

o Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the economic entity's expenses are shown at Note 21 under interest in Joint Venture Operations.

p Provisions and Contingent Liabilities

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

q Earnings per Share

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

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

r Segment Reporting

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

s Share-based Payments

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

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

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

The fair value of performance options is only recognised where it is probable that the relevant milestone will be attained.

The fair value of all shares issued as consideration for an acquisition is valued at the market value of Sun Resources NL shares at the date of allotment.

t Contributed Equity

Ordinary shares are classified as equity.

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

u Employee Benefits

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

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

1 Summary of Significant Accounting Policies (continued)

v Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operation policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

w Leases

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

2 Segment Information

a Description of segments

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

b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the year ended 30 June 2015.

30 June 2015	Australia \$	USA \$	Unallocated \$	Consolidated \$
Revenue - oil and gas sales	-	86,320	-	86,320
Other income	-	161,705	11,720	173,425
Total segment revenue	-	248,025	11,720	259,745
Segment result after income tax	(1,709,732)	(55,286,795)	11,720	(56,984,807)
Total segment assets	206,828	14,088,142	1,282,255	15,577,225
Segment liabilities	1,246,339	3,856,147	-	5,102,486
Segment amortisation and depreciation	26,098	80,998	-	107,096
Segment exploration expenditure written-off	-	53,942,724	-	53,942,724
Segment production expenditure impairment	-	750,915	-	750,915
30 June 2014	Australia \$	USA \$	Unallocated \$ ⁽ⁱ⁾	Consolidated \$
Revenue - oil and gas sales	-	581,593	-	581,593
Other income	-	106,166	123,641	229,807
Total segment income	-	687,759	123,641	811,400
Segment result after income tax	(2,268,202)	(25,703,704)	123,641	(27,848,265)
Total segment assets	244,124	51,503,153	2,657,972	54,405,249
Segment liabilities	136,710	5,191,884	-	5,328,594
Segment acquisition of assets	6,849	8,851	-	15,700
Segment amortisation and depreciation	31,085	775,629	-	806,714
Segment acquisition of exploration and production assets	-	14,848,198	-	14,848,198
Segment exploration expenditure written-off	234,757	23,216,930	-	23,451,687
Segment production expenditure impairment	-	1,779,378	-	1,779,378

(i) Unallocated segment amounts relate to cash balances and interest received on these cash balances.

c Other segment information

Revenue from external customers is derived from the sale of oil and gas in the USA.

The economic entity is domiciled in Australia with segment revenue from external customers based on the country in which the customer is located.

Unallocated segment amounts relate to cash balances and interest received on these cash balances.

3 Revenues and Expenses

	Consolidated	
	2015 \$	2014 \$
a Revenue		
USA Sale of oil and gas (Reduction in oil and gas sales due to price and volume declines)	86,320	581,593
b Other Income		
Net foreign exchange gain	83,288	91,287
Interest income from non-related parties	11,720	123,641
Sale of Margarita prospect	78,417	-
Sundry income	-	14,879
	173,425	229,807
c Depreciation Amortisation Expense		
Amortisation - oil and gas production assets	80,998	775,629
Depreciation - property, plant and equipment	26,098	31,085
	107,096	806,714
d Exploration and Evaluation Expenditure		
Exploration and evaluation expenditure written-off	53,942,724	23,451,687
e Finance Expense		
Interest expense	23,735	6,158
f Production Expense		
Oil and gas production assets impairment	750,915	1,779,378
g Miscellaneous Expenses		
Rental expense - operating lease	251,744	250,208
Superannuation	45,460	67,636
4 Income Tax		
a Income Tax Expense		
Current tax	-	-
Deferred tax	-	-
b Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before income tax	(56,984,807)	(27,848,265)
Prima facie income tax at 30% (2014: 30%)		
- Group	(17,095,442)	(8,354,479)
	(17,095,442)	(8,354,479)
Tax effect of amounts not deductible in calculating taxable income:		
Diminution of shares in subsidiaries	-	-
Other permanent differences	101,734	407,947
	(17,197,176)	(7,946,532)
Deferred tax asset on current year losses not recognised	17,197,176	7,946,532
Income tax expense/(benefit)	-	-
	0%	0%

The applicable weighted average effective tax rates are as follows:

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

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

4 Income Tax (continued)

c Deferred Tax Liabilities

Exploration and evaluation expenditure - Australia
 Exploration and evaluation expenditure - USA
 Temporary differences - Australia
 Temporary differences - USA

Difference in overseas tax rates
 Off-set of deferred tax assets
 Net deferred tax liabilities recognised

d Unrecognised deferred tax assets arising on timing differences

Tax losses - Australia
 Tax losses - USA
 Temporary differences - Australia
 Temporary differences - USA

Difference in overseas tax rate
 Off-set of deferred tax liabilities
 Net deferred tax assets not brought to account

Consolidated	
2015 \$	2014 \$
-	-
-	-
-	-
-	-
-	-
-	-
-	-
3,831,653	3,445,411
33,262,463	14,293,935
379,692	221,648
204,096	1,807,916
37,677,904	19,768,910
-	-
-	-
37,677,904	19,768,910

5 Cash and Cash Equivalents

Cash at bank and on-hand (Note 20 (a)(i))
 Term Deposits

Consolidated	
2015 \$	2014 \$
1,282,255	1,807,972
-	850,000
1,282,255	2,657,972

Cash at bank bears floating interest rates between 0% and 2.3% (2014: 0% and 2.7%). Term deposits are for thirty days and bear approximately 3.0% interest (2014: 3.4%).

Non-cash financing and investing activities
2015

On 12 May 2015 Sun executed a binding agreement with Ameril Energy LLC ("Ameril") to take control of 100% Working Interest in all previously jointly held oil and gas leases in the Lower Woodbine oil fairway. In consideration for the assignment of these leases by Ameril, Sun will tender to Ameril US\$2 million as a deferred settlement in the event a new partner joins Sun in these lease positions, via farm-in arrangement, other funding option or outright sale.

2014

Ameril Energy LLC agreed in terms of a placement in November 2013 to offset an amount of A\$1,050,000 owed to it by Sun in consideration for 35 million new shares worth A\$1,050,000.

a Reconciliation of (loss) after income tax with Cash Flow from Operations

(Loss) after income tax
 Non-cash flows in profit/(loss)

- Depreciation and amortisation
- Exploration impairment expense
- Production impairment expense
- Share-based payment

 Changes in assets and liabilities

- (Increase)/decrease in trade and other receivables
- Increase/(decrease) in trade and other payables

 Cash flow used in operations

Consolidated	
2015 \$	2014 \$
(56,984,807)	(27,848,265)
107,096	806,714
53,942,724	23,451,687
750,915	1,779,378
-	-
545,207	(2,954,084)
136,373	1,194,818
(1,502,492)	(3,569,752)

6 Trade and Other Receivables – Current

Trade receivables
Other receivables - Jack Howe #1H
Held in trust for exploration leases (i) (Note 10)
(Note 20 (b))

Consolidated	
2015 \$	2014 \$
139,102	129,476
-	1,344,486
2,611,821	1,822,168
2,750,923	3,296,130

(i) Receivable recognised for leases to be acquired as part of the Ameril Settlement Agreement in 2015 and Southern Oil Project in 2014

7 Plant and Equipment

Plant and equipment – at cost
- Accumulated depreciation

Furniture and fittings – at cost
- Accumulated depreciation

Consolidated	
2015 \$	2014 \$
45,186	39,733
(20,345)	(15,076)
24,841	24,657
130,523	130,523
(47,205)	(26,376)
83,318	104,147
108,159	128,804

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

Consolidated	Plant and Equipment \$	Furniture and Fittings \$	Total \$
2015			
Balance at the beginning of the year	24,657	104,147	128,804
Additions	5,453	-	5,453
Disposals	-	-	-
Depreciation	(5,269)	(20,829)	(16,098)
Balance at the end of the year	24,841	83,318	108,159
2014			
Balance at the beginning of the year	18,171	133,872	152,043
Additions	15,700	-	15,700
Disposals	(4,166)	(3,688)	(7,854)
Depreciation	(5,048)	(26,037)	(31,085)
Balance at the end of the year	24,657	104,147	128,804

8 Exploration and Evaluation Expenditure

	Consolidated	
	2015 \$	2014 \$
- At cost	47,579,653	56,941,014
- Net expenses incurred in the year and capitalised	7,095,660	13,278,462
- Foreign exchange movement	10,478,177	811,864
- Expenditure impairment	(53,942,724)	(23,451,687)
- Net carrying value	11,210,766	47,579,653

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.

Capitalised costs amounting to \$7,095,660 (2014: \$14,469,693) have been included in cash flows from investing activities in the Statement of Cash Flows of the economic entity.

Expenditure impairment of \$53,942,724 (2014: \$23,451,687) relates to the write-off of uncommercial wells \$1,212,711 (2014: \$12,705,047) and impaired Oil Project acres \$52,730,013 (2014: \$10,746,640).

Recoverable amount and basis of impairment strategy:

1. key assumption is a fair value of US\$300 per acre based on observable data of similar lease sales in areas surrounding Sun's Projects at 30 June 2015;
2. management's approach is to multiply the net acres held by the fair value per acre;
3. this approach is based on a level 2 assessment of the fair value measurement (Note 20 (e)); and
4. there has been no change in the valuation method compared to the prior year.

9 Oil and Gas Production Assets

	Consolidated	
	2015 \$	2014 \$
Producing Projects		
- At cost	742,690	2,271,792
- Net expenses incurred in the year and capitalised	123,794	1,013,232
- Foreign exchange movement	190,552	12,673
- Expenditure written-off ⁽ⁱ⁾ and ⁽ⁱⁱ⁾	(750,915)	(1,779,378)
- Amortisation of oil and gas properties	(80,998)	(775,629)
- Net carrying value	225,123	742,690

(i) The fair value of the producing projects was reviewed at 30 June 2015.

(ii) Production Impairment Expense

The Beeler Oil Project was considered impaired based on Net Present Value calculations.

10 Trade and Other Payables - Current

	Consolidated	
	2015 \$	2014 \$
Trade and Other Payables	4,127,197	5,328,594

Trade and other payables are normally settled within 30 days from receipt of invoice unless otherwise agreed. All amounts recognised as trade and other payables are expected to be settled within the next twelve months.

Sun has provided \$2,611,821 to settle the amount due to Amerill Energy LLC in terms of the Amerill Settlement Agreement executed in May 2015 (Note 6).

11 Borrowings

The parent entity announced on 18 February 2015 that the Company had entered into a convertible loan facility agreement, (**Loan Agreement**) with Winform Nominees Pty Ltd (**Winform**), a subsidiary of Hancock Prospecting Pty Ltd under which Winform would loan A\$957,806 to the Company.

	Consolidated	
	2015 \$	2014 \$
Value of convertible loan	957,806	-
Interest expense accrued	17,483	-
Non-current liability	975,289	-

The key terms of the Loan Agreement are as follows:

- The interest payable under the loan is 5% per annum.
- The loan is repayable on the earlier of:
 - a) 18 months from 18 February 2015; or
 - b) 20 business days after the completion of any capital raising by the Company which raises \$5,000,000 or more (**Qualifying Capital Raising**) or a takeover of the Company.
- 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:
 - a) the price per share under a Qualifying Capital Raising; or
 - b) 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 has also entered into a Security Pledge Deed under which the Company has granted Winform security over Sun's interest in the Badger Oil Project Leases under the Loan Agreement.

The initial fair value of the liability portion of the loan was determined using a market interest rate. This fair value was not materially different to the value of the convertible loan and no further recognition has been completed.

12 Contributed Capital

a Contributed Capital

4,471,492,403 fully paid ordinary shares (2014: 2,644,944,710)

Cumulative issue costs of share capital

	Consolidated	
	2015 \$	2014 \$
4,471,492,403 fully paid ordinary shares (2014: 2,644,944,710)	120,683,972	113,417,245
Cumulative issue costs of share capital	(5,561,515)	(4,566,480)
	115,122,457	108,850,765

b Movements in shares on issue

2015

Ordinary shares

	Date	Number of Shares	Capital \$
Opening balance	1 July 2014	2,644,944,710	113,417,245
Share Placement	4 September 2014	398,736,175	3,987,362
Rights Issue	9 October 2014	118,436,518	1,184,365
Share Purchase Plan	4 May 2015	579,687,500	927,500
Share Placement	4 May 2015	104,687,500	167,500
Share Placement	29 June 2015	625,000,000	1,000,000
Closing balance		4,471,492,403	120,683,972

2014

Ordinary shares

	Date	Number of Shares	Capital \$
Opening balance	1 July 2013	1,984,944,710	93,617,245
Share Placement	8 August 2013	450,000,000	13,500,000
Share Placement	13 November 2013	210,000,000	6,300,000
Closing balance		2,644,944,710	113,417,245

13 Share Based Payments Reserve

In the current year the cumulative reserve was \$11,124,830 (2014: \$11,124,830).

Share-based payments

The share-based payments reserve is used to recognise:

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

14 Foreign Exchange Translation Reserve

In the current year the cumulative reserve was \$17,444,345 (2014: \$5,333,145)

	Consolidated	
	2015 \$	2014 \$
Opening Balance	5,333,145	4,508,608
Foreign currency translation	12,111,200	824,537
Closing balance	17,444,345	5,333,145

Foreign currency translation

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

15 Options Over Unissued Shares

Options

Date options granted	Expiry date	Exercise price of options	Number under option	Vested
3 May 2013	3 May 2016	\$0.076	5,000,000	5,000,000
3 May 2013	3 May 2016	\$0.067	5,000,000	5,000,000
3 May 2013	3 May 2016	\$0.057	5,000,000	5,000,000
12 September 2012	12 September 2015	\$0.105	5,000,000	5,000,000
9 August 2012	8 August 2015	\$0.094	1,000,000	1,000,000
30 September 2014	30 September 2017	\$0.025	258,586,308	258,586,308
Performance Options Class E				
12 September 2012	31 August 2016	\$0.001	65,000,000	65,000,000
Performance Options Class F				
12 September 2012	31 August 2016	\$0.001	75,000,000	75,000,000

For details on the Performance Options please refer to the Directors Report, page 27.

16 Capital and Leasing Commitments

Exploration expenditure commitments

The Company has joint venture and statutory expenditure commitments on its areas of interest as at 30 June 2015.

	Consolidated	
	2015 \$	2014 \$
Within one year	1,000,000	6,000,000
Later than one year, but not later than five years	1,000,000	1,000,000
	2,000,000	7,000,000

Financial commitments for subsequent periods are contingent upon future exploration results and cannot be estimated.

Oil Projects Lease Renewal

Delta Oil Project (100% WI)

During the next 12 months, in order to maintain its leases the Company may be required to make additional payments to extend its oil and gas leases for a further two years, if they are not converted to 'Held-by-Production' (HBP).

Approximately 66% of the total Delta Oil Project oil and gas leases held by the Company may be required to be renewed with the current cost of these lease extensions projected to be approximately \$2,000,000 (2014: \$3,000,000).

The focus of the Company at 30 June 2015 was the Normangee and SW Leona Oil Projects. As a consequence of limited cash resources it is unlikely that the Delta Oil Project leases will be renewed and the full carrying cost of these leases was deemed to be impaired.

Other Oil Projects (13% to 50% WI)

All net acres of mineral leases in the Beeler (Richland) Oil Project are currently HBP and do not need to be renewed while production continues.

All mineral leases currently held under the SW Leona Oil Project and Normangee Oil Project are valid for three years from their original inception and are capable of being extended for a further two years, where the leases contain such clauses. Pre-agreed renewal rates are generally between \$300-\$500 per net mineral acre. With successful drilling and fracking across these lease positions, mineral leases would be absorbed into production units that become HBP. Other (non HBP leases) would need to be extended by paying cash for their extension typically at a price agreed at the time the original lease is issued.

Non-cancellable operating lease commitments

The Group leases its head office in West Perth, Western Australia under a non-cancellable operating lease expiring on the 16 January 2016 with an option to renew for a further three years at the Company's option.

The Company has provided a bank guarantee for \$73,873 as a bond.

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

	Consolidated	
	2015 \$	2014 \$
Within one year	100,247	171,852
Later than one year, but not later than five years	-	171,852
	100,247	343,704

The Directors are not aware of any other expenditure commitments.

17 Share-based Payments

No share-based payments were made during 2015 or 2014 financial years.

18 Related Party Transactions

a Parent entity

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

b Subsidiaries

Interests in subsidiaries are set out in Note 24.

c Director and other key management personnel compensation

Short-term employee benefits
 Post-employment benefits
 Share-based payments (Long-term benefits)

Consolidated	
2015 \$	2014 \$
1,393,861	1,543,234
30,735	50,000
-	-
1,424,596	1,593,234

Detailed remuneration disclosures are provided in the remuneration report on pages 19-23.

d Convertible loan from substantial shareholder

The parent entity entered into a convertible loan facility with Winform Nominees Pty Ltd for \$957,806 as detailed in Note 11.

19 Financing Arrangements

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

Amounts unused:
 Credit card facilities

Amounts used:
 Credit card facilities

Consolidated	
2015 \$	2014 \$
30,000	30,513
29,000	29,487

20 Financial Risk Management

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

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

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases and shares.

20 Financial Risk Management (continued)

The Group holds the following financial instruments:

	Consolidated	
	2015 \$	2014 \$
Financial Assets		
Cash and cash equivalents	1,282,255	2,657,972
Other receivables	2,750,923	3,296,130
	4,033,178	5,954,102
Financial Liabilities at amortised cost		
Payables	5,102,486	5,328,594

a Market risk

i Foreign exchange risk

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

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

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

The Group's exposure to foreign currency risk at the reporting date was as follows:

Group	Consolidated	
	2015 USD	2014 USD
Cash and cash equivalents (Note 5)	219,666	1,672,715
Receivables	2,020,009	2,994,109

Group sensitivity

Based on the financial instruments held at the 30 June 2015 as listed above, had the Australian Dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$292,481 lower/higher (2014: \$494,403 lower/higher), mainly as a result of foreign exchange gains/ losses on translation of US dollar denominated financial instruments as detailed in the above table. The Group has used 10% based on historical averages as reasonable.

ii Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. The Group is also exposed to commodity price risk based on the prevailing price of oil and gas.

Available for sale investments

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio where possible.

The majority of the Group's equity investments are publicly traded on the ASX Limited.

Currently (for 2015 and 2014) the price risk for listed securities is immaterial in terms of the possible impact on profit and loss or total equity. No sensitivity analysis has therefore been included in the financial report.

iii Cash flow and fair value interest rate risk.

Group

To ensure that the Group has adequate liquidity, detailed cash flow analysis is completed on a monthly basis.

The Group's main interest rate risk arises from cash and cash equivalents held, which were \$1,282,255 (2014: \$2,657,972). These funds are held at various financial institutions at different interest rates as detailed in the tables under liquidity risk. Interest received on these balances were \$11,720 (2014: \$123,641).

Group sensitivity

Based on the cash and cash equivalent balances held at the 30 June 2015, and assuming that the allocation between term deposits and other cash balances was maintained had the interest rates weakened/strengthened by 10% and all other variables held constant, the Group's post-tax loss for the year would have been \$1,172 lower/higher (2014: \$12,364 lower/higher). The Group has used 10% based on historical averages as reasonable.

20 Financial Risk Management (continued)

b Credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets summarised below:

Consolidated	
2015	2014
\$	\$
2,750,923	3,296,130

Other receivables (Note 6)

c Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturities of financial assets and liabilities
2015
Consolidated

Note	Floating interest rate (i) 0-6 months	Fixed interest rate			Non-interest bearing 0-6 months	Total	Average interest rate	
		0-6 months	7-12 months	Between 1-2 years			Floating (i)	Fixed
	\$	\$	\$	\$	\$	\$	%	%
Financial assets								
Cash assets	5	1,282,255	-	-	-	1,282,255	2.3	-
Term deposits	5	-	-	-	-	-	-	3.0
Other receivables	6	-	-	-	2,750,923	2,750,923	-	-
		1,282,255	-	-	2,750,923	4,033,178		
Financial liabilities								
Payables	10	-	-	-	4,127,197	4,127,197	-	-
Borrowings	11	-	-	975,289	-	975,289	-	-
		-	-	975,289	4,127,197	5,102,486	-	-
Net financial assets		1,282,255	-	(975,289)	(1,376,274)	(1,069,308)		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at reporting date.

2014
Consolidated

Note	Floating interest rate (i) 0-6 months	Fixed interest rate			Non-interest bearing 0-6 months	Total	Average interest rate	
		0-6 months	7-12 months	Between 1-2 years			Floating (i)	Fixed
	\$	\$	\$	\$	\$	\$	%	%
Financial assets								
Cash assets	5	1,807,972	-	-	-	1,807,972	2.6	-
Term deposits	5	-	850,000	-	-	850,000	-	3.4
Other receivables	6	-	-	-	3,296,130	3,296,130	-	-
		1,807,972	850,000	-	3,296,130	5,954,102		
Financial liabilities								
Payables	10	-	-	-	5,328,594	5,328,594	-	-
		-	-	-	5,328,594	5,328,594	-	-
Net financial assets		1,807,972	850,000	-	(2,032,464)	625,508		

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at reporting date.

20 Financial Risk Management (continued)

d Fair value measurement of financial instruments

i Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

ii Fair value hierarchy

During the year ended 30 June 2015, there were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers into or out of level 3 during the year.

Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the market period.

Level 2: the fair value of financial instruments not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The exploration expenditure value was determined as level 2 (Note 8). The fair value of US\$300 per acre is based on observable data of similar lease sales in areas surrounding Sun's Projects at 30 June 2015.

The convertible loan with Winform is determined as level 3 (Note 11). A significant input is not based on observable market data. Refer below for further detail of the valuation technique.

iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	Consolidated	
	2015 \$	2014 \$
Financial liabilities		
Convertible loan (Level 3)	957,806	-

iv Valuation techniques used to determine level 3 fair values

The fair value of the Winform convertible loan is determined using internally prepared discounted cash flow valuation technique using a combination of observable inputs (such as Share price and the terms of conditions of the convertible loan as disclosed in Note 11) and unobservable inputs (the probability or fact of Sun achieving a Qualifying Capital Raising per Note 11) to calculate the present value of estimated future cash flows. The Company has determined that there is a relationship between the unobservable inputs and the fair value but do not consider it to be material unless there is a change in the terms and conditions of the convertible loan.

21 Interest in Joint Venture Operations

The consolidated entity's share of assets employed in joint ventures, referred to in the "Review of Activities" set out on pages 8 to 13 and in the "Tenement Directory" on page 14, are included in the Consolidated Statement of Financial Position under the classifications shown below. The joint ventures do not have separate books of account and relate solely to contribution/interest in a well or expenditure on an area of interest. This is distinct from operating/producing joint ventures, which have assets and liabilities. Please refer to "Tenement Directory" for details of the Company's percentage interest in each joint venture area.

	Consolidated	
	2015 \$	2014 \$
Oil and gas properties	10,299,110	34,173,717

22 Contingencies

Richland Bankruptcy

Sun has entered into a Settlement Agreement with the Bankruptcy Trustee and the other working interest owners of the Beeler Oil Project. All previous objections to the Settlement Agreement by the Richland creditors have been withdrawn and no further contingent liabilities are expected.

The Beeler Oil Project has been classified as an asset held for sale at 30 June 2015.

The amount of the proposed settlement to Sun is US\$172,000 and this amount has been recorded as a liability at 30 June 2015. Payment of the settlement amount was due on 15 September 2015. Sun is in the process of re-negotiating the payment terms with the Bankruptcy Trustee.

22 Contingencies (continued)

Weatherford Dispute

Sun assigned to Amerril in May 2015 its claims to related damages concerning the Seale #1H well, with Amerril to keep all damages. If Weatherford obtains damages or other compensation against an Amerril Entity of less than one million US dollars, Sun will pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril Entity is in excess of one million US dollars Sun will pay Amerril US\$500,000 with Amerril retaining any existing rights to seek additional damages and compensation from Sun, however, such claim by Amerril would require a lawsuit by Amerril and Sun would have all of its rights and defences in such lawsuit.

Sun has recorded the US\$500,000 as a liability at 30 June 2015.

Amerril Dispute

Sun resolved its legal dispute with Amerril in May 2015 by executing a Settlement Agreement.

23 Parent Entity Information

The following details information related to the parent entity, Sun Resources NL at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent	
	2015 \$	2014 \$
Current assets	1,376,816	1,554,554
Non-current assets	10,344,500	47,658,042
Total assets	11,721,316	49,212,596
Current liabilities	271,049	136,710
Non-current liabilities	975,289	-
Total liabilities	1,246,338	136,710
Contributed equity	115,122,457	108,850,765
Accumulated losses	(115,772,309)	(70,899,709)
Share based payment reserve	11,124,830	11,124,830
Total equity	10,474,978	49,075,886
Loss for the year	(44,872,600)	(27,018,349)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive loss for the year	(44,872,600)	(27,018,349)

24 Investment in Controlled Subsidiaries

	Country of Incorporation	2015 Equity Holding %	2014 Equity Holding %
Sun Resources NL and its subsidiaries:			
Sun Resources NL (parent entity)	a Australia		
Sun Resources (Investments) Pty Ltd	b Australia	100	100
Sun Shale Ventures Inc	c Texas, USA	100	100
Sun Delta Inc	d Colorado, USA	100	100
Sun Beta LLC	d Colorado, USA	100	100
Sun Woodbine Inc	e Texas, USA	100	100
Sun Eagleford LLC	f Texas, USA	100	100
Sun Operating LLC	g Texas, USA	100	100
Sun Southern Woodbine LLC	h Texas, USA	100	-

a The ultimate parent entity is Sun Resources NL.

b Sun Resources (Investments) Pty Ltd carries out general investment activities.

c Sun Shale Ventures Inc is the US parent entity.

d Sun Delta Inc and Sun Beta LLC carry out oil exploration and production in the USA.

e Sun Woodbine Inc holds rights to exploration leases.

f Sun Eagleford LLC holds rights to leases for the Badger Oil Project.

g Sun Operating LLC acts as Operator.

h Sun Southern Woodbine LLC holds rights to exploration leases.

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

25 Remuneration of Auditors

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

		Consolidated	
		2015	2014
		\$	\$
a	Audit services		
	BDO Audit (WA) Pty Ltd		
	Audit and review of financial reports	53,352	49,853
	Total remuneration for audit services	53,352	49,853
b	Non-audit services		
	BDO Tax (WA) Pty Ltd		
	Taxation compliance services	15,185	12,183
	Other	9,750	7,650
	Total remuneration for non-audit services	24,935	19,833

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

26 Loss per Share

Loss used to calculate basic loss per share

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

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

		Consolidated	
		2015	2014
		\$	\$
	Loss used to calculate basic loss per share	(56,984,807)	(27,848,265)
	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	3,170,835,887	2,520,424,162

27 Events after the Reporting Date

Employee Share Option Plan

At the General Meeting held on the 31 July 2015, shareholders gave approval for the Company to establish an Employee Share Option Plan ("ESOP" or "the Plan") and also for the issue of securities pursuant to the ESOP for a period of three years.

The objects of the Plan are to:

- provide an incentive to Eligible Persons to actively pursue and achieve the long-term goals of the Company;
- attract persons with experience to the Company; and
- foster and promote loyalty between the Company and Eligible Persons.

Share based payments approved

On the 31 July 2015 the shareholders granted the Directors approval at the General Meeting to receive six months of Director Fees in the form of shares in Sun Resources NL for the period ended 30 June 2015. In addition the MD received 25% of his remuneration in the form of shares for the period ended 30 June 2015.

Sale of Beeler Oil Project

The Directors resolved in August 2015 to sell the Company's interest in the Beeler Oil Project. This Project will either be sold to a specified party or be sold using a broker on a 3% success fee. The process is likely to be completed in the next three months and is anticipated to provide additional funds for working capital.

New joint venture partner to farm-in to Sun's Oil Projects

Amerril and Sun are seeking alternative solutions to maximise the value of the mutually held project areas as a consequence of Sun being unable to tender the US\$2 million Deferred Settlement amount by the due date.

Sun is currently continuing advanced negotiations with a party who wishes to farm-in to the Sun Oil Projects. The required due diligence is being completed and it is anticipated that a follow up letter of Intent could be signed.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Sun Resources NL (the "Company"):
 - a) the consolidated financial statements and notes that are set out on pages 42 to 65 and the Remuneration report on pages 19 to 23 in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
3. The Directors draw attention to note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the Directors:



Mr Matthew A Battrick
Managing Director and Chief Executive Officer
Perth, Western Australia
24 September 2015

INDEPENDENT AUDITOR'S REPORT



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Sun Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Sun Resources NL, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Sun Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees

INDEPENDENT AUDITOR'S REPORT



Opinion

In our opinion:

- (a) the financial report of Sun Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity and/or debt, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sun Resources NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over the printed name.

Glyn O'Brien

Director

Perth, 24 September 2015

ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 26 August 2015 is 4,623,944,720 ordinary fully paid shares and 258,586,308 quoted options at 2.5 cents each expiring 30 September 2017.

Distribution of Shareholding as at 26 August 2015

	Fully Paid Ordinary Shares
Number of Shareholders	3,488
Percentage of holdings by twenty largest holders	46.99%
Holders of less than a marketable parcel	2,235
Number of holders in the following distribution categories:	
0 - 1,000	122
1,001 - 5,000	157
5,001 - 10,000	250
10,001 - 100,000	1,230
100,001 and over	1,729
	<hr/> 3,488

On-market buy-back

There is no current on-market buy-back.

Voting Rights

Ordinary Shares

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

Unlisted Options

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

Performance Options

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

Details With Respect To Directors' Shareholding as at 26 August 2015

The interest at 26 August 2015, of the Directors in the shares of the Company are as follows:

	Fully Paid Ordinary Shares	Unlisted Options
Prof I R Plimer	18,750,000	35,000,000
Mr M A Battrick	30,821,690	50,000,000
Dr W G Martinick	54,000,000	35,000,000

Twenty Largest Shareholders

The names of the twenty largest shareholders are as follows:

	No. of Shares	Percentage
1 Winform Nominees Pty Ltd	617,686,921	13.36%
2 Amerril Energy LLC	326,959,077	7.07%
3 Fast Lane Australia Pty Ltd	306,696,610	6.63%
4 Adrian Darby Investments Pty Ltd	116,333,619	2.52%
5 UBS Wealth Management Australia Nominees Pty Ltd	111,400,000	2.41%
6 CM Super Fund Pty Ltd <Carol McColl Super Fund A/C>	100,000,000	2.16%
7 NEFCO Nominees Pty Ltd	65,376,877	1.41%
8 Mr Brett Schmarr	62,500,000	1.35%
9 Mr Brian Lesleigh Williams + Mrs Valerie Ruby Dawn Williams <Williams S/F A/C>	55,110,750	1.19%
10 Faisal A Shah PLLC	46,875,000	1.01%
11 Darby SMSF Pty Ltd <Darby Super Fund A/C>	43,856,581	0.95%
12 Martinick Investments Pty Ltd	43,365,558	0.94%
13 HSBC Custody Nominees (Australia) Limited GSCO ECA	43,277,263	0.94%
14 Midbridge Investments Pty Ltd	42,002,030	0.91%
15 Martini 5 Pty Ltd <MCV Superannuation Fund A/C>	40,800,000	0.88%
16 Bellarine Gold Pty Ltd <Ribblesdale Super Fund A/C>	31,250,000	0.68%
17 JDK Nominees Pty Ltd <Kenny Capital A/C>	31,250,000	0.68%
18 Gejaso Pte Ltd	30,834,641	0.67%
19 Mr Matthew Arthur Battrick + Mrs Jayne Patricia Battrick <Battrick Family Trust A/C>	30,821,690	0.67%
20 Paul & Lia Superannuation Pty Ltd < Paul & Lia Super Fund A/C>	26,000,000	0.56%
Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)	2,172,396,617	46.99%
Total Remaining Holders Balance	2,451,548,103	53.01%

a Corporate Governance

A statement disclosing the extent to which the Company has followed the best practise recommendations set by the ASX Corporate Governance Council during the period is contained within the Directors' Report.

b Shareholding

1 Substantial Shareholders

The names of the substantial shareholders listed on the Company's register at 26 August 2015 in accordance with the section 671B of the Corporations Act 2001 are:

Name	Number of Ordinary Shares	Percentage
Winform Nominees Pty Ltd	617,686,921	13.36%
Amerril Energy LLC	326,959,077	7.07%
Fast Lane Australia Pty Ltd	306,696,610	6.63%

2 Unquoted Securities

Class of Equity Security	Number	Number of Security Shareholders
Unlisted Options at 10.5 cents each expiring 12 September 2015	5,000,000	1
Unlisted Options at 5.7 cents each expiring 3 May 2016	5,000,000	1
Unlisted Options at 6.7 cents each expiring 3 May 2016	5,000,000	1
Unlisted Options at 7.6 cents each expiring 3 May 2016	5,000,000	1
Unlisted Options at 0.15 cents each expiring 17 August 2018	285,000,000	11
Class E Performance Options at 0.1 cents each expiring 30 April 2017 with a milestone expiry date of 31 August 2016	65,000,000	5
Class F Performance Options at 0.1 cents each expiring 30 April 2017 with a milestone expiry date of 31 August 2016	75,000,000	5
	445,000,000	

Company Secretary

The name of the Company Secretary is Mr Craig Basson.

Address and telephone details of the entity's registered and administration office

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

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

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

Address and telephone details of the office at which a register of securities is kept

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

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

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

Securities exchange on which the Company's securities are quoted

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

Restricted Securities

The Company has no restricted securities at the current date.

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ABN 69 009 196 810

Level 2, 30 Richardson Street, West Perth WA 6005

T +61 8 9321 9886 F +61 8 9321 8161