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Richland Oil Project – Well No. 2, John Beeler #1H has Spud

- **John Beeler #1H, Sun's second Woodbine well, has spudded on Monday 17 September 2012 in the Richland Oil Project**
- **The John Beeler #1H well is anticipated to be drilled, fraced and completed by late October 2012**

Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) has been informed by the Operator of the John Beeler #1H horizontal well, Richland Resources Corporation (**Richland**), that the vertical pilot hole of the well was spudded on the morning of 17 September 2012 (Houston Time).

The John Beeler #1H horizontal well, Sun's second Woodbine well, is being drilled from the top hole location approximately 2,000 feet west of the Beeler #1H well and the horizontal development well bore section will be drilled in a south-east direction (a similar, parallel orientation to the adjacent Beeler #1H well). This is a proven orientation given the results of the nearby Gresham A #1H well and the two Encana wells immediately south of the Richland Oil Project leases, plus it is supported technically by the regional fault trends. Total depth of the pilot hole is expected to be approximately 7,400 feet and the length of the horizontal and the horizontal development well is currently planned to be about 7,000 feet at a total vertical depth (TVD) of approximately 6,400 feet. The John Beeler #1H well is currently expected to be drilled, fraced and completed in late October 2012.

Richland is the Operator of these 1,360 acres that comprise the Richland Oil Project and is therefore managing the drilling rig, drilling crew and frac crew for the John Beeler #1H well, plus any subsequent wells within the Richland Oil Project, including the planned well #3 to be spudded as soon as drilling activities are complete on the first well in the Richland Oil Project; Beeler #1H well.

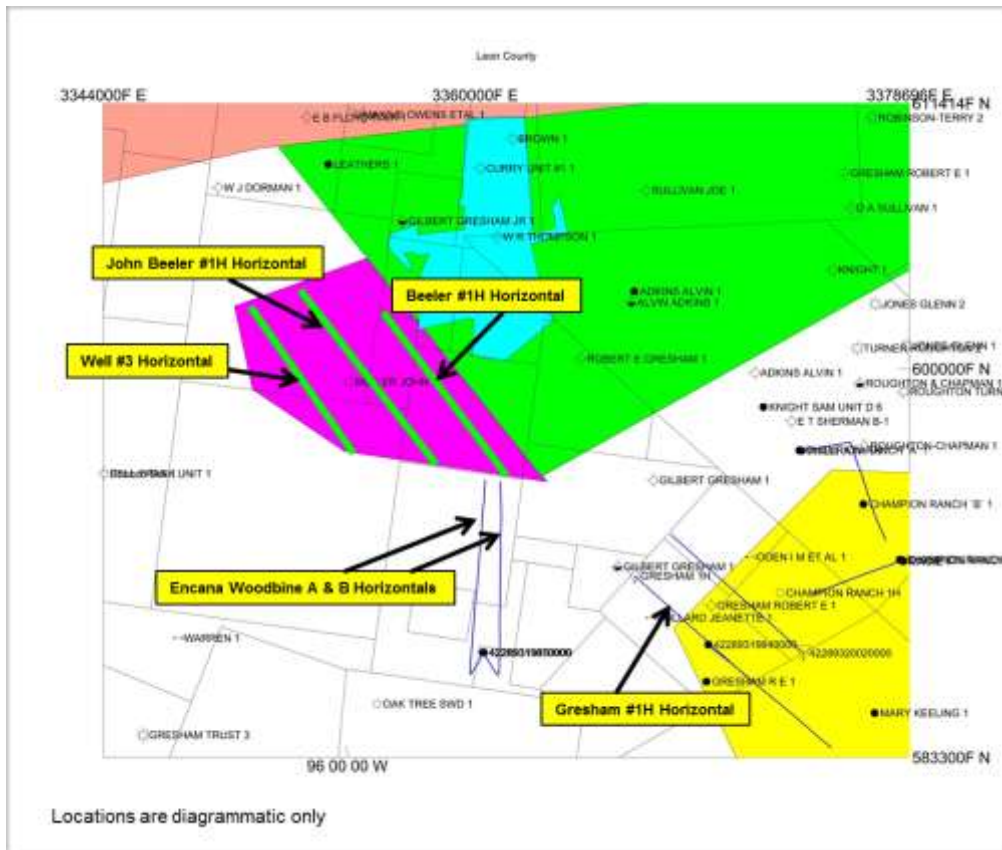


Figure 1: John Beeler #1H Well Location

Prior to the drilling of the horizontal component of the John Beeler #1H horizontal well, the Operator will first drill a vertical pilot hole and log the interval from the top of the Austin Chalk Formation to the base of the Georgetown Formation for the purpose of identifying and assessing all potential oil zones in that interval. Three hydrocarbon zones were identified in the Beeler #1H well; two in the Woodbine and one in the Sub-Clarksville Formation. These will be further evaluated in the John Beeler #1H pilot well. In Leon and adjoining Counties, oil production has historically been obtained from zones in the following geological formations (from shallower to deeper respectively): the Austin Chalk, the Sub-Clarksville, the Eagle Ford Shale, at least three levels in the Woodbine, the Buda, the Georgetown and the Glenn Rose. The average estimated ultimate recovery (EUR) for horizontal Woodbine wells is 467,000boe per zone or horizontal drain hole. The larger the number of stacked laterals, the greater the recoverable oil per well location and the greater the value per acre of oil and gas leases held.

The Joint Venture parties have the following working interests and net revenue interests (NRI) in the John Beeler #1H well and in the corresponding well unit area:

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
Steadfast Resources LLC	50%	37.5%
Richland	16.66%	12.5%
Sun	16.67%	12.5%
Amerill	16.67%	12.5%
Farminors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%

Accordingly, Sun's working interest in the well will be 16.67% and its contribution to the cost of the John Beeler #1H well will be approximately US\$1.26 million. Joint Venture parties will have the same respective working interests and net revenue interests in the third and subsequent wells in the Richland Oil Project. Further information on the Richland Oil Project can be found in the ASX announcement released on 25 July 2012.

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Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 30 years' experience in the practice of geology and 31 years' experience in petroleum geology.

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