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## Richland Oil Project – Beeler #1H Drilling Update

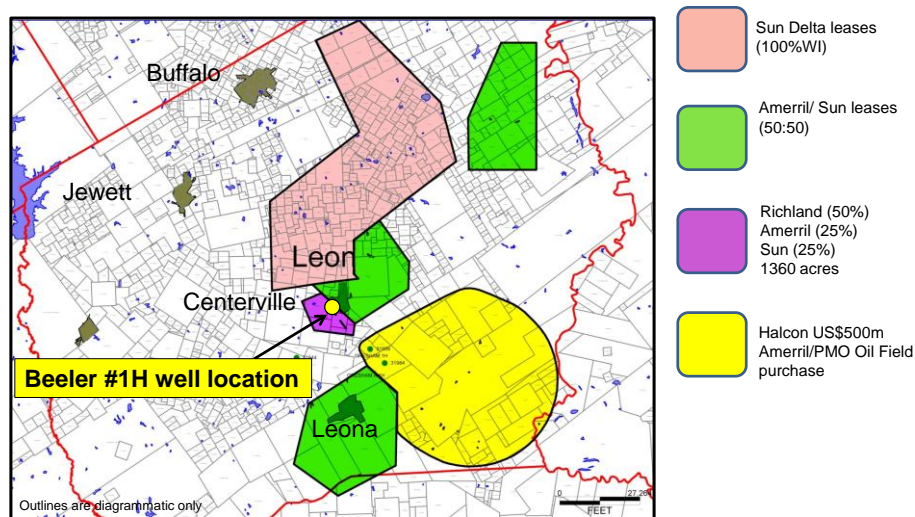
- **Beeler #1H, Sun's first Woodbine well, has drilled to its planned total depth of 7,400 feet measured depth (MD). Vertical drilling has now been completed and logging has commenced.**
- **Elevated mudlog gas readings were recorded in the target Woodbine Formation, between 6,400-6,750 feet MD (1,951-2,057mMD).**
- **The next stage is to complete logging operations, plug back the pilot hole and then drill the horizontal well section in the Woodbine.**
- **The Beeler #1H well is anticipated to be drilled, fraced and completed by late September 2012**

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Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) has been informed by the Operator of the Beeler #1H horizontal well, Richland Resources Corporation (**Richland**), that the Beeler #1H well (which spudded on 18 August 2012) has now reached its planned total depth of 7,400 feet measured depth (MD), or 2,255 meters MD. The hole is near vertical in profile and the Total Vertical Depth (TVD) is 7,180 feet (2,188mTVD). Vertical drilling is now complete and the Operator is logging the pilot hole. The pilot hole and its suite of wireline logs will provide geological information on a number of potential fraccable zones in the well. Following the completion of the logging activity, the Operator will plug back the pilot hole and 'kick-off' to drill the 5,475 feet horizontal section ('lateral') in the Woodbine formation, with an anticipated target depth of 6,400 feet TVD (1,974m).

Elevated mudlog gas readings were recorded over the interval 6,400-6,750 ftMD (1,951-2,057mMD) while drilling the Woodbine Formation section of the vertical pilot hole. These elevated levels of hydrocarbon gas shows will be evaluated further by the logging program currently underway. The Beeler #1H well is anticipated to be drilled, fraced and completed by late September 2012.

The Beeler #1H horizontal well is being drilled from the surface location in a south-east direction (a similar, proven orientation to the nearby Gresham A #1H well). The horizontal development well length is currently planned to be 5,475 feet (1,669m) and the fracture stimulation to be comprised of 36 stages each of 150 feet (36 fracs). 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 Beeler #1H well, plus any subsequent wells within the Richland Oil Project.



**Figure 1: Beeler #1H well location, just south of the township of Centerville, Leon County, Texas**

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/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 logging that is currently being undertaken is being done so to accumulate data regarding the potential horizontal lateral targets that exist at this particular well location in the Austin Chalk, the Sub-Clarksville, the Eagle Ford Shale, the Woodbine and the Buda/Georgetown.

Participants in Beeler #1H are:

Participant	Earning Interest	Working Interest (WI)	Net Revenue Interest (NRI)
Farminors	0%	18.75%	14.0625%
Steadfast Resources LLC	50%	40.625%	30.4687%
Richland (Operator)	16.66%	13.5416%	10.1562%
Sun	16.67%	13.5417%	10.1563%
Amerril	16.67%	13.5417%	10.1563%
Farminors Overriding Royalty	0%	0%	5%
Lessor Royalty	0%	0%	20%

**Table 1: Earning & working interests of the various Joint Venture Parties in the Beeler #1H well.**

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Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Batrick, 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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