



Friday 27 July 2012

Expansion Plans – Acquisition of Additional Woodbine Acres

- Sun Resources NL (Sun) (ASX Code: SUR) has resolved to pursue the acquisition of additional Woodbine acres.
- Currently as a result of the Delta Oil Project (8,347 acres: 100%WI), the Amerril Oil Project (12,293 gross acres: 50%WI) and the Richland Oil Project (1,360 acres: 25%WI), Sun has a working interest (WI) in Leon County, Texas of 22,000 gross acres (14,833 net acres) located in the rapidly expanding Woodbine tight oil play.
- Sun has resolved to grow the Delta Oil Project materially beyond the current target of 10,000 acres of oil leases. Additional Woodbine oil leases will be purchased in Leon County, Texas and in the surrounding Counties into which the Woodbine tight oil play extends so as to result in Sun having a gross acreage holding in the Woodbine tight oil play of at least 35,000 gross acres.
- Significant oil resource potential exists within the Woodbine tight oil fairway in Leon and adjacent Counties, and Sun will continue to leverage off the land group skills available to Carina Energy LLC, the vendor of these additional Woodbine acres.
- The Asset Purchase Agreement with Carina Energy LLC has been amended to reflect these varied acquisition targets.

The Board of Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) is pleased to advise that it has resolved, with the support of Carina Energy LLC (**Vendor**), to materially expand the Delta Oil Project beyond its initial target of 10,000 net acres of oil leases and in doing so, materially expand its gross and net acreage holdings in the rapidly expanding Woodbine tight oil play beyond its current position of 22,000 gross acres (14,833 net acres).

There exists significant 'runway' potential within Leon and adjacent Counties to allow Sun to capitalise on the industry interest in drilling liquids-rich leases in East Texas, and applying the horizontal drilling and multi-stage fracking processes that have been so successful in other oil resource plays.

Sun will work with the Vendor to acquire additional oil leases within the Woodbine tight oil fairway so as to build a gross acreage in the Woodbine tight oil play of at least 35,000 gross acres.

Variations to the Asset Purchase Agreement with the Vendor

As previously announced to ASX, Sun has acquired 8,347 net acres of the Delta Oil Project in accordance with the terms of the Asset Purchase Agreement entered into with the Vendor. The acquisition of the remaining 1,653 net acres is ongoing.

In accordance with Sun shareholder approvals obtained at an earlier general meeting, the Vendor (and/or its nominees) have been issued with various securities as partial consideration for the sale of the Delta Oil Project to Sun (**Vendor Acquisition Securities**). These securities have been issued progressively as the various tranches of the Delta Oil Project have been acquired by Sun. Approval for the issue of these securities was obtained at a general meeting of Sun's shareholders held on 22 December 2011, however not all of the securities could be issued within three months of this meeting or in accordance with a subsequent ASX waiver which extended the issue period until 20 May 2012.

Sun will seek further shareholder approval for the issue of the balance of the consideration securities due to the Vendor (and/or its nominees) once the remaining 1,653 net acres of the Delta Oil Project have been acquired by Sun. This approval will be sought at a Sun shareholder meeting to be held in September 2012.

The Asset Purchase Agreement with Carina Energy LLC has been amended to reflect the varied acquisition targets outlined above and as a consequence, subject to shareholder approval, Sun will issue new Class G, H and I Performance Options as partial consideration for the purchase of these additional Woodbine acres.

A summary of the amended terms of the Asset Purchase Agreement is set out below:

- The purchase of the remaining 1,653 net acres by Sun is to occur by no later than 31 October 2012 at a unit cost of up to US\$1,200 per acre.
- Sun will issue up to 75 million Class G Performance Options to the Vendor (and/or its nominees) with each performance option exercisable into one fully paid ordinary share in Sun at an exercise price of AU\$0.001 in the event Sun acquires at least 5,000 net acres of additional Woodbine oil and gas leases (which have been introduced to Sun by the Vendor and which have purchase terms acceptable to Sun, acting reasonably) by 5.00pm WST on 30 June 2013.
- Sun will issue up to 75 million Class H Performance Options to the Vendor (and/or its nominees) with each performance option exercisable into one fully paid ordinary share in Sun at an exercise price of AU\$0.001 in the event a substantial portion of the acres the subject of the Delta Oil Project are farmed out to a reputable third party (which farm-out will include drilling obligations in any target geological horizon in or stratigraphically above the Georgetown Formation or its equivalent position and be on terms acceptable

to Sun, acting reasonably) or is the subject of a materially value accretive transaction (along with an associated drilling programme to which Sun must contribute to) with a reputable third party, on or before 5.00pm WST on 31 March 2013.

- Sun will issue up to 40,000,000 Class I Performance Options to the Vendor (and/or its nominees) with each performance option exercisable into one fully paid ordinary share in Sun at an exercise price of AU\$0.001 in the event a substantial portion of the acres the subject of the Amerill Oil Project are farmed out to a reputable third party (which farm-out will include drilling obligations in any target geological horizon in or stratigraphically above the Georgetown Formation or its equivalent position and be on terms acceptable to Sun, acting reasonably) or is the subject of a materially value accretive transaction (along with an associated drilling programme to which Sun must contribute to) with a reputable third party, on or before 5.00pm WST on 31 March 2013.
- The voluntary escrow period relating to the consideration securities issued to the Vendor (and/or its nominees) will expire on 31 December 2012.

Sun will seek shareholder approval in relation to these amendments at a Sun shareholder meeting to be held in September 2012.

For further information please contact:



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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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