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31 July 2018

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

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 June 2018

Please find the Quarterly Activities Report for the period ending 30 June 2018 for Sun Resources NL (ASX: SUR).

Yours faithfully
SUN RESOURCES NL

A handwritten signature in black ink, appearing to read "J. Long". The signature is fluid and cursive.

Jo-Ann Long
Company Secretary



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 June 2018

HIGHLIGHTS

- Sun is assessing the best value options to apprise the Bowsprit field.

OIL AND GAS EXPLORATION AND DEVELOPMENT

Bowsprit Oil Project (“Bowsprit”) (Lease No. 21754 & 21787) - Sun 50% working interest.

During the June Quarter SL 21787 lease documents were completed. This effectively increases the area of the Bowsprit Lease to 1,154 acres.

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, within the lease and extensive existing 2D and 3D seismic over the lease. The leases are near the boundary of St Bernard and Plaquemines Parishes that covers the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion scf of gas since 1978. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell and produced through to 1990s. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. The 20 to 50ft thick oil sand was flowed successfully from four wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~40 bopd / well). The deeper gas field was abandoned and the area relinquished by the former owner in the 1990s prior to the advent of horizontal drilling.

The co-venturers have determined that the Bowsprit structure can be developed with up to five horizontal wells and could potentially be produced through a simple unmanned production platform.

Sun has a 50% working interest and is Operator of the Leases.

Bowsprit Field Progress

Sun and Pinnacle have conducted extensive internal work assessing the project, based on public domain and purchased data. A conceptual development plan has been prepared and was provided to RISC who prepared an Independent Resource Assessment of the project.

RISC’s independent estimate of resources net to Sun’s 50% working interest within polygon of held leases at 15 June 2018.

Sand	Contingent Resources			Units
	1C	2C	3C	
7,200'	0.07	0.21	0.38	Bscf
7,400'	0.04	0.38	0.85	MMbbls
7,400' Associated Gas	0.04	0.42	0.95	Bscf

Sand	Unrisked Prospective Resources			Units
	Low	Best Case	High	
7,400' Deep	0.05	0.86	3.04	MMbbls
7,400' Deep associated Gas	0.05	0.83	4.44	Bscf

RISC assesses the chance of success for the prospective resources as 20% (1 in 5)

Cautionary statement on Unrisked Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources classification – Sun’s interpretation of the well logs in the Prospective Resources area/sand is that they demonstrate the presence of hydrocarbons. RISC, however, is of the view that these resources should be classified as prospective until “significant volumes of hydrocarbons” have been flowed from the 7,400’ Deep sand.

The field requires further appraisal before the Bowsprit resources can be classified as reserves. It is the intent of the JV to drill an appraisal well in fourth quarter 2018, just after the hurricane season has finished.

Sun assesses the minimum economic field size to be approximately 0.5MMbbls (gross). RISC attributes gross 2C of 0.76MMbbls + associated gas to the project (1MMboe).

In the 7,400’ deep sand RISC attributes gross most likely “Best Case” prospective resources of 1.72MMbbls + associated gas to the project (2MMboe).

Well Performance

RISC independently modelled a horizontal well performance in the 7400’ sand under reservoir simulation and concluded that the initial production rate from a single crestally located well could be 2,000 bopd, with an estimated ultimate recovery (EUR) of approximately 650,000 bbls in 3 years based on RISC’s P50 STOIP volumes and log derived rock properties in the 7,400’ sand.

Forward Plan

In order to prove commerciality of the contingent resources in the 7400’ sand and discover and appraise the resource in the 7400’ Deep sand, Sun and Pinnacle intend to drill and test an appraisal well. This will most likely include drilling a near vertical pilot hole through the entire reservoir to collect data and a horizontal well section to prove well deliverability.

As the permitting process takes approximately 12 weeks, and the hurricane season runs from June to September, the most likely date for drilling is now set as fourth Quarter 2018.

During the interim, Sun and Pinnacle will prepare the detailed drilling program (the initial well is estimated to cost approximately US\$3.25 million) and seek a farm in partner or other source of financing for the to fund the drilling.

Land Status (net acres of mineral leases)

Below is a table showing Sun's net acres of oil and gas mineral leases in the project area.

Oil Project Area	Sun's Working Interest (%WI)	Sun's Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Sun's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787 ¹	50%	39.5%	154	77
TOTAL	-	-	1,154	577

(Total acres as at 30 June 2018)

OIL AND GAS PRODUCTION – ONSHORE USA

There was no oil production for the June 2018 Quarter.

CORPORATE

CASH MANAGEMENT

Sun held net cash of \$131,094 at the end of the June 2018 Quarter. Sun has agreed the terms of a data sale regarding old project wells in Texas for US\$35,000 in cash, that is expected to be settled during the coming quarter.

Sun is in discussion with financiers, potential farminees and JV partner Pinnacle regarding the optimum funding method for the Bowsprit Oil Project appraisal drilling.

When the initial lease was applied for over the Bowsprit project in July 2017, the oil price was around US\$46/bbl. The higher the oil price moves the more valuable the Bowsprit potentially is. With the current oil price at around US\$70/bbl, farming out the project for a single well carry, becomes less attractive as the value of the farmed out working interest potentially far outweighs the value of the short-term carry in drilling costs. Sun has been modelling the various options and pro's and con's.

Once all options are explored, Sun intends to decide the best path to funding the first well and commit to this during the September quarter. In the interim the Directors have loaned A\$100,00 in working capital to the company, on an unsecured basis.

BY ORDER OF THE BOARD



Jo-Ann Long,
Company Secretary
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This report is lodged on the Company's website, www.sunres.com.au.

Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Sun's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Sun, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.