

Monday, 5 November 2012

## Amerril Oil Project – Three Well Drilling Program Commences

- Sun Resources NL (Sun) and its joint venture partner and Operator, Amerril Energy LLC (Amerril) have commenced a three well drilling program in the “SW Leona Area” of the Amerril Oil Project in which Sun has a 50% WI.
- The drilling program will consist of three wells: one vertical fraced well; Seale #1, and two horizontal wells; Seale #1H and T. Keeling #1H, all targeting the Woodbine Formation.
- All three wells will be drilled separately from the same drill pad. Drilling, fracing and completion of the three wells is currently estimated to be completed by mid February 2013.
- The Seale #1 vertical well was spudded on 4 November and is expected to take two weeks to drill and case for fracing and production. The cost of the well is approximately US\$2 million gross and shall be borne equally by Sun and Amerril in accordance with their respective working interests in the Amerril Oil Project which is a 50%WI each. The cash cost is \$1 million net to Sun which shall come from Sun’s existing cash reserves.
- Drilling of these three Amerril Oil Project wells is in addition to the four well program currently underway at the Richland Oil Project

---

Sun Resources NL (**Sun Resources, Sun or Company**) (ASX:SUR) is pleased to announce the commencement of drilling operations on the Amerril Oil Project, in joint venture with Amerril Energy LLC (Amerril), the Operator of the Amerril Oil Project and Sun’s largest shareholder.

A three well drilling and fracing program has commenced in the southernmost tracts within the Amerril Oil Project, called the SW Leona Area, close to the border with Madison County. These tracts are approximately 10 kilometres south of Sun’s Richland Oil Project wells and half-way between this project area and Sun’s Normangee Oil Project area (Figure 1).

All three wells will be drilled from separate surface locations, on the same drill pad, with the first well to be drilled as a vertical ‘pilot’ hole and both logged and cased for future production. The second and third wells will both be horizontal wells drilled into the Woodbine Formation. The fracing and completion of all three wells will follow the drilling and casing operations on all three wells.

### **Seale #1 - Vertical Woodbine Well – Spudded 4 November 2012**

The Seale #1 well will be a vertical fraced well to test all prospective horizons from the base of the Austin Chalk, 7,000 feet measured depth (MD) to the Buda-Georgetown Formation, above a total depth of 8,175 feet MD. The well will be drilled, logged and sampled as a 'pilot hole' but it will also be cased for a later vertical fracing and completion program.

### **T. Keeling #1H – Horizontal Woodbine Well – To Follow Seale #1 Vertical Well**

The second well in the Amerril Oil Project drilling campaign, T. Keeling #1H, will be drilled immediately after the Seale #1 vertical pilot hole and the well will target up to 7,500 feet of horizontal well section (lateral) in the Woodbine Formation, 7,300-7,900 feet total vertical depth (TVD). Both Upper and Middle Woodbine are potential pay and the preferred section to target the lateral will be determined after the Seale #1 pilot hole has been drilled and logged. The lateral well will be drilled in a northerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease.

### **Seale #1H – Horizontal Woodbine Well – To Follow T. Keeling #1H**

The third well in the current multi-well drilling campaign, Seale #1H will be drilled immediately after the T. Keeling #1H lateral and the well will target up to 6,000 feet of horizontal well section (lateral) in the Woodbine Formation (7,300-7,900 feet TVD). Both Upper and Middle Woodbine are potential pay and the preferred section to target the lateral will be determined after the Seale pilot hole has been drilled and logged. The lateral well will be drilled in a southerly trajectory to maximise the length of the lateral while remaining within the boundaries of the lease.

Sun's Managing Director Matthew Battrick commented:

*“Sun is pleased to be drilling its first three wells on the Amerril Oil Project, in joint venture with Sun's largest shareholder and operator of the Project, Amerril Energy LLC. The drilling of these three wells, along with the four wells currently being drilled and fraced on the Richland Oil Project, provides Sun shareholders with an investment in the drilling and fracing of at least seven Woodbine wells over the coming few months. Production from each of these wells can be quickly and cheaply tied into nearby production infrastructure for early cashflow.”*

Sun's working interest in the Seale #1, Seale #1H and T. Keeling #1H wells are:

<b>Participant</b>	<b>Working Interest (WI)</b>	<b>Net Revenue Interest (NRI)</b>
<b>Sun Resources NL</b>	<b>50%</b>	<b>37.5%</b>
Amerril Energy LLC	50%	37.5%

**Further drilling and completion updates will be provided regularly, as significant operational milestones are achieved. For further information please contact:**



**Matthew Battrick**  
**Managing Director**

Telephone: (08) 9388 6501

Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)

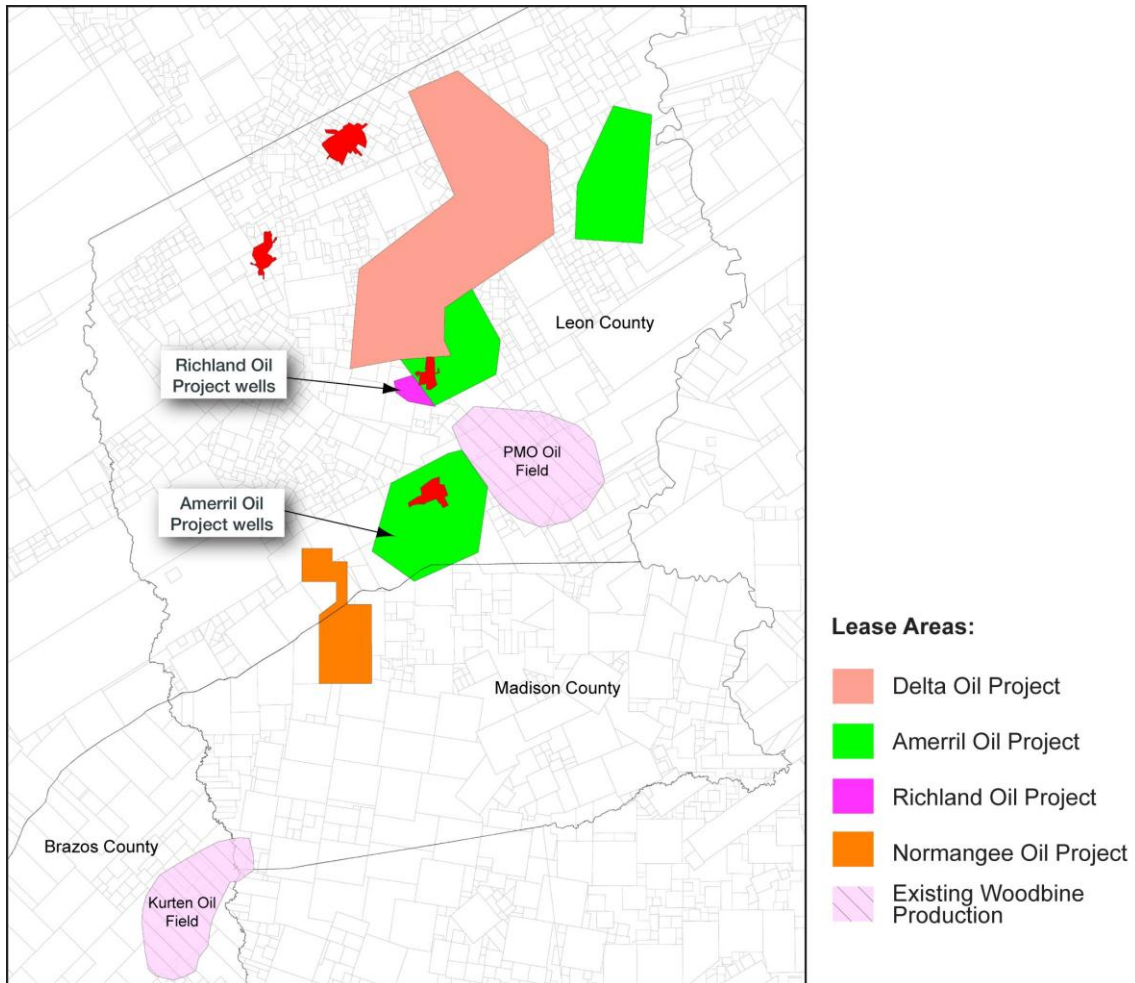
*Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 32 years' experience in the practice of petroleum geology.*

*This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in compliance with the registration requirements or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.*

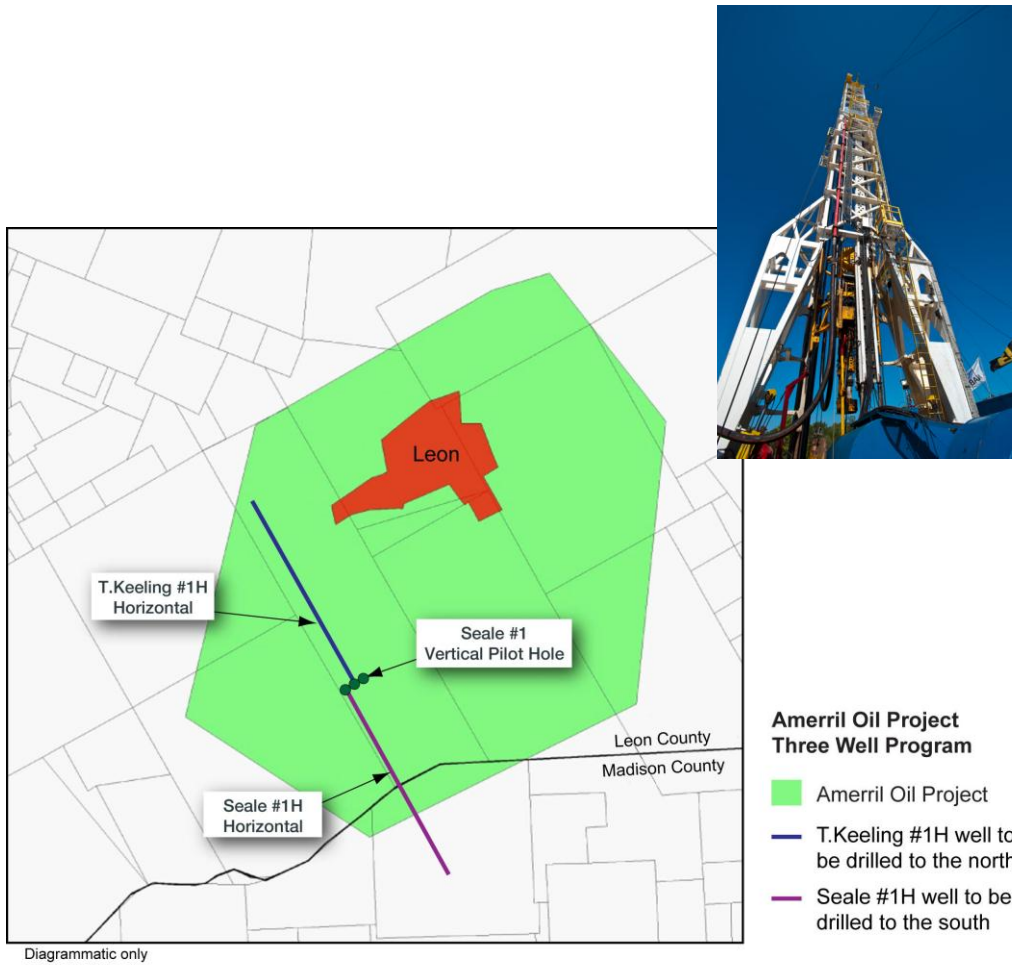
*This document contains forward-looking statements which reflect management's expectations regarding expected target dates. These forward-looking statements can generally be identified by words such as "will", "expects", "intends", or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that some or all of the resources and reserves described can be profitably produced in the future.*

*Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements.*

*All of the forward-looking information in this document is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Sun Resources disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.*



**Figure 1: Location Map of Sun's Four Woodbine Tight Oil Project areas**



**Figure 2: Approximate surface location and direction of horizontal wells within the SW Leona Area of the Amerril Oil Project.**