

Friday 01 August 2014

Sun Expands Southern Woodbine Lease Position

- Sun Resources NL ("**Sun**") is pleased to announce that it has secured the rights to oil and gas leases covering approximately 1,980 gross acres in southern Leon County targeting the Lower Woodbine Formation ("**New Leases**").
- New Leases lie adjacent to Sun's existing SW Leona and Normangee project areas and increase Sun's gross acreage position to almost 38,700 acres.
- EOG Resources Inc ("EOG"), one of the biggest and most successful Independent oil companies in the USA, has recently been actively leasing acreage in close proximity to the New Leases.
- EOG has successfully drilled and completed 7 'laterals' in the Lower Woodbine Formation, the same target identified in Sun's Jack Howe vertical pilot well, which have delivered a range of 30-day initial production rates of between 200-500 barrels oil per day.
- EOG has at least a further 4 wells planned in the near term.
- Sun is encouraged to have secured the new acreage at attractive prices despite substantial competition and will continue to seek to consolidate its land position in the Lower Woodbine Formation.
- Planning for the Jack Howe lateral continues, targeted for September 2014, subject to capital and rig availability.

Sun Resources NL (**Sun** or the **Company**) (ASX: SUR) is pleased to announce that it has secured the rights to a significant parcel of additional, new lease interests in the southern quadrant of its "Eaglebine" land position totalling 1,980 gross acres ("**New Leases**"). The New Leases are adjacent to and on trend with the rapidly developing Lower Woodbine Oil Play, which include Sun's existing Normangee and SW Leona Oil Project areas. The acquisition of the New Leases is consistent with Sun's strategic objective to continue to grow its net acreage position in the oil-rich, Eaglebine unconventional oil play with the target of holding between 20-30,000 net acres in this region.

Each lease has rights to all depths and all formations, with an initial three-year term plus a two-year option. A portion of the New Leases lie adjacent to Sun's interests in the SW Leona AMI (Sun 50%, Amerill Energy LLC 50%) to the East of the Normangee AMI and are subject to the AMI provisions of the SW Leona Joint Operating Agreement. The New Leases include a 100% working interest (WI) and a 77.5% net royalty interest (NRI) and Sun will act as the Operator giving the Company substantial flexibility on the forward work program, including partnership opportunities. The New Leases have been secured at a price of less than US\$1,000 per net acre, which has been funded from existing cash reserves.

The primary target in these new leases will be the rapidly developing Lower Woodbine Formation, on the prolific Eagle Ford Shale oil fairway in East Texas, but other targets above and below also have potential for containing recoverable oil resources.

The New Leases are adjacent to, and on trend with the expanding lease position of EOG Resources Inc ("EOG"). EOG is an exploration and production company based in Houston, Texas

with a US\$59 billion market capitalisation (NYSE: EOG). EOG is one of the largest land holders in the Eaglebine Oil Play with over 4 million acres in North America. EOG operates substantial lease holdings adjacent to Sun's position, within Madison and Leon Counties. EOG has completed at least 7 horizontal Lower Woodbine oil producing wells in the immediate area in the last 12-24 months and currently has four new wells planned at its Grove location (7.5 miles west of Sun's Jack Howe #1 location). Furthermore, some of EOG's new wells are very close to Sun's existing leases including the Zeus #1H well which has recently been completed; which is just ~ 2.8 miles to the East of Jack Howe #1H and about ~3.6 miles from Sun's SW Leona location. Sun understands Zeus #1H is currently on flow-back and its results will be reported as soon as they become public.

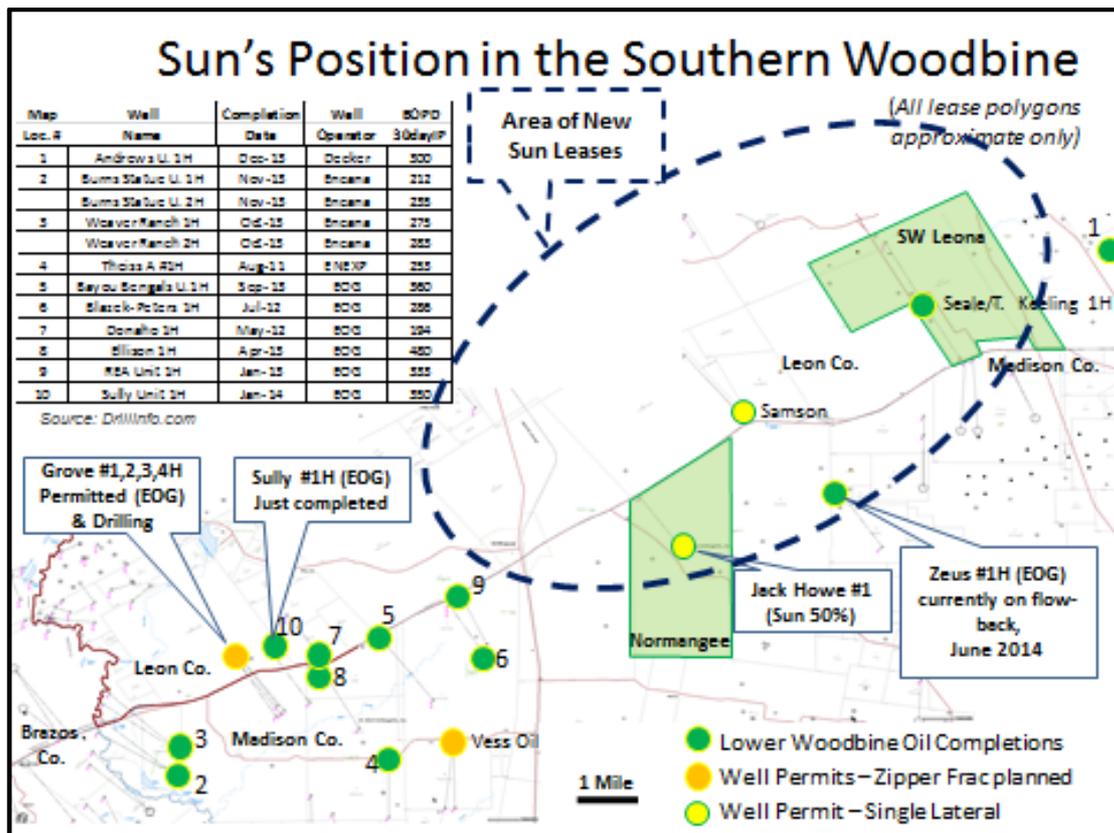


Figure 1: Location of EOG's Lower Woodbine Oil-producing lateral wells and relative position of Sun's Normangee and SW Leona Oil Project areas.

Map Loc. #	Well Name	Completion Date	Well Operator	BOPD 30dayIP
1	Andrews U. 1H	Dec-13	Decker	300
2	Burns Statue U. 1H	Nov-13	Encana	212
	Burns Statue U. 2H	Nov-13	Encana	235
3	Weaver Ranch 1H	Oct-13	Encana	275
	Weaver Ranch 2H	Oct-13	Encana	283
4	Theiss A #1H	Aug-11	ENEXP	253
5	Bayou Bengals U.1H	Sep-13	EOG	360
6	Blazek-Peters 1H	Jul-12	EOG	286
7	Donaho 1H	May-12	EOG	194
8	Ellison 1H	Apr-13	EOG	480
9	REA Unit 1H	Jan-13	EOG	333
10	Sully Unit 1H	Jan-14	EOG	350

Table 1: list of 30-Day IP oil flow rates for recent Lower Woodbine lateral completions (see figure 1 for location of wells)

Given the recent surge in leasing activity and related pricing in the Lower Woodbine Formation, Sun expects strong production rates from the recently drilled wells to continue. Other players active in the surrounding areas include Halcón's activities in Brazos County, immediately to the west, plus Contango's recent successes to the south in Madison County.

For further information please contact:



Matthew Battrick, Interim CEO
 Telephone: +61 (08) 9321 9886
 Email: admin@sunres.com.au

Geological information contained in this report was compiled by the General Manager, Technical of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 33 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 there 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.