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\$10m Capital Raising to fund High Impact Drilling

- \$10.0m capital raising comprising a \$4.0 million institutional placement and a \$6.0 million renounceable rights issue
- Net proceeds from the Capital Raising to be used to fund the imminent drilling, multi-stage fracing and subsequent flow testing of Jack Howe #1H Lateral, procure further leases in the Southern Woodbine Oil Project areas and other administrative and working capital matters
- Jack Howe #1H Lateral, expected to be spudded in September, is located directly adjacent to 7 'laterals' successfully drilled by EOG Resources Inc ("EOG") which have delivered a range of 30-day initial production rates (IP rates) of between 200 – 600 barrels oil per day
- An equity placement of 398 million shares at an issue price of \$0.01 each to raise approximately \$4.0 million
- A 1 for 5 renounceable rights issue to raise up to circa \$6m to be underwritten to an amount of \$5.25 million will be offered in conjunction with the placement to existing eligible shareholders providing the opportunity to participate on the same terms as those new and existing investors who participated in the Placement
- Strong support shown for the capital raising by both existing shareholders and a number of new domestic and international institutional investors. Hancock Prospecting Pty Ltd has committed to participate in both the Placement and Rights Issue to maintain its approximate 19.5% shareholding in Sun
- Post-completion of the capital raising, Sun will be well funded to execute its business plan to become a leading player in the on-shore US oil and gas space.

Sun Resources NL ("**Sun**" or "**Company**") (ASX: SUR) is pleased to announce the details of a \$10.0 million capital raising comprising a \$4.0 million institutional placement ("**Placement**") and \$6.0 million pro rata renounceable rights issue on a one (1) for five (5) basis ("**Rights Issue**") to be underwritten to an amount of \$5.25 million (together "**the Capital Raising**"). Patersons Securities Limited ("**Patersons**") has been appointed Lead Manager and Underwriter to the Capital Raising.

The Placement and Rights Issue will be undertaken at an issue price of 1.0 cent (\$0.01) and each will have a one (1) for two (2) free-attaching option exercisable at 2.5 cents (\$0.025) on or before the date which is 3 years from the date of issue. The issue price of 1.0 cent represents a discount of 33% to both Sun's last closing price and 30 day volume weighted average price up to 22 August 2014 of 1.5 cents (\$0.015).

New shares issued pursuant to the Capital Raising will rank pari passu with Sun's existing ordinary shares on issue. Application will be made for the quotation on ASX of both the new shares and free-attaching options.

The net proceeds raised pursuant to the Capital Raising will be applied towards:

1. Drilling of Jack Howe #1H Lateral (\$1.2 million net to Sun at 50%WI);
2. Hydraulically fracture the Jack Howe #1H well (\$2 million net to Sun at 50%WI);
3. Lease bonus payments for new oil & gas mineral leases (\$2 million);
4. Resolve matters with Ameril Energy LLC in respect of SW Leona Oil Project (\$2.3 million);
5. General working capital including expenses of the Capital Raising (\$2.5 million).

Sun's interim Chief Executive Officer, Mr Matthew Battrick commented:

"It is extremely encouraging that we continue to share the support of our strong shareholder base and the equity markets in Australia. We remain committed to our business plan of maintaining a strategic net acres lease position in the unconventional oil plays of East Texas and funding our material working interest share of operations to potentially deliver reserves and production revenue from the Eaglebine plays we have under lease."

"We thank our largest shareholder, Hancock Prospecting Pty Ltd for its continued support of our plans and we also thank those current and new investors that participated in the Placement. We also look to ensure ongoing support from all shareholders with respect to the Rights Issue that will be distributed to shareholders over coming days."

"Finally, we are due to commence horizontal drilling operations at Jack Howe #1H over the coming weeks with a view to completing the drilling and casing operation during September 2014, allowing for fracking and flow back in October 2014."

Jack Howe #1H Lateral

The primary purpose of the Capital Raising is to fund the drilling, multi-stage fracking and flow testing of the Company's Jack Howe #1H Lateral Well ("**Jack Howe**"). Jack Howe is located at the Company's Normangee Oil Project (Sun 50%Wi and Operator) in the Southern Woodbine region. Sun has already successfully drilled a vertical pilot well at Jack Howe, with the dual objective of recovering conventional core across the primary objective Lower Woodbine Formation and evaluating the underlying Buda Formation, with hydrocarbon indications being observed in both formations. Subject to securing a suitable rig, Jack Howe is expected to be spudded in September with an expected timeframe through to commencement of flow testing of 50 days.

EOG, a New York Stock Exchange listed exploration and production company with a market capitalization of approximately US\$58b, has successfully completed at least 7 horizontal Lower Woodbine oil producing wells in the immediate area in the last 12 – 24 months which have delivered a range of 30-day IP rates of between 200 – 600 barrels oil per day. In addition EOG currently has 4 new wells planned at its Grove location which is ~7.5 miles west of Jack Howe and recently completed its Zeus #1H well which is only ~2.8 miles east of Jack Howe. The 30-day IP rate for Zeus #1H has not yet been reported.

Sun currently holds approximately 18,000 net acres in the wider Woodbine region; however the approximately 7,000 net acres in the Southern Woodbine area hold significant potential upside for the Company in the event Jack Howe is successfully drilled and achieves a commercial flow test result. In addition to its existing Southern Woodbine acreage, the Company is currently in discussions with a number of land owners to further increase its position, subject to satisfactory completion of due diligence, capital availability and commercial negotiations.

Placement

The placement will comprise an offer of 398 million shares (“Placement Shares”) and 199 million free attaching options (“**Placement Options**”) to raise total proceeds of approximately \$4.0 million (before costs of the issue) (“**Placement**”). The Placement Shares will be issued under the Company’s existing 25% placement capacity under ASX Listing Rules 7.1 and 7.1A. Participants in the Placement will be entitled to participate in the Rights Issue. The Placement Options to be issued pursuant to the Placement will be subject to Sun shareholder approval, with a shareholder meeting to be convened shortly.

Rights Issue

The Rights Issue will give existing eligible Sun shareholders the opportunity to subscribe for one (1) new share for every five (5) existing Sun shares held at 5.00pm (Perth time) on 4 September 2014 (“**Record Date**”) at an issue price of 1.0 cents (\$0.01) each to raise \$6.0 million (before costs of the issue) with one (1) free-attaching option for every two (2) shares issued exercisable at 2.5 cents (\$0.025) each on or before the date which is 3 years from the date of issue. The Rights Issue will comprise the offer of approximately 608 million shares. The Rights Issue is renounceable which means that rights may be traded on the ASX or otherwise transferred if shareholders do not wish to take up some or all of their entitlement. In addition, Shareholders who take up their full entitlement will be able to apply for additional shares at the same issue price, subject to a scale back at the discretion of the Underwriter (in consultation with the Company).

The Rights Issue is to be underwritten by Patersons to an amount of \$5.25 million, subject to the terms and conditions of the Underwriting Agreement which will be set out in the Prospectus to be sent to all eligible shareholders shortly.

Timetable

The timetable for the Capital Raising is as follows:

Trading Halt	25 August 2014
Announcement of Placement and Rights Issue and Resumption of Trading	28 August 2014
Lodgment of Prospectus and Appendix 3B with ASX	29 August 2014
Notice Sent to Shareholders & Rights trading commences	1 September 2014
Settlement & Allotment of Placement	2 September 2014
Ex Date (date on which Shares commence trading on an ex-rights basis)	2 September 2014
Trading of Placement Shares	3 September 2014
Record Date for participation in Rights Issue	4 September 2014
Dispatch of Rights Issue Prospectus completed & Rights Issue Opening Date	10 September 2014
Rights trading ceases	12 September 2014
Securities quoted on a deferred settlement basis	15 September 2014

Rights Issue Closing Date	19 September 2014
Notify ASX of under-subscriptions	24 September 2014
Trading of Rights Issue shares	29 September 2014

This timetable is indicative only and may be subject to change. Subject to the Corporations Act and ASX Listing Rules, Sun reserves the right to vary the dates and times in conjunction with the Rights Issue, including the closing date, without prior notice.

Azure Capital Ltd acted as Corporate Adviser to the Capital Raising.

CEO Selection Process

Further to the ASX announcement of 7 July 2014, the Board of Sun has advanced the search process to secure a new CEO. A number of candidates have been identified and reviewed by the Board with a view to selecting a suitable candidate that has substantial North American experience and is likely to be USA-domiciled. A further announcement will be made when that process is complete.

Capital Management – Forward Planning

Sun's core business is in the United States of America ("USA") where there is an extremely large pool of investment funds available under the right, structured arrangement. Consequently, in parallel with the Capital Raising process, Sun is preparing a capital management plan for ongoing funding of development drilling in its Southern Woodbine leases, with a focus on the equity and debt markets in the USA. This plan will be implemented progressively through the remainder of 2014 and into 2015 as successful wells are drilled and reserves are booked, with the expectation of utilizing Sun's balance sheet more for capital requirements, rather than continuing to issue further equity where possible.

Sun has engaged the services of EAS Advisors LLC ("EAS") in New York City to advise and support this process. The process is subject to further refinement and commercial negotiation but is expected to be a 'step-wise' one with the first step being a sponsored Level 1 American Depository Receipt program ("ADR"). There are currently around 230 ADR programs across ASX-listed companies. Such a program will allow the ADR to be listed and tradable and Sun is currently considering engaging an investment bank to facilitate the process with the primary aim to allow North American investors access to invest in Sun. Further updates will be provided regularly as this process continues.

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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 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.