

1 September 2014

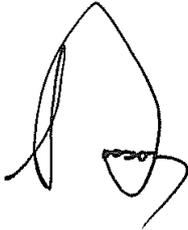
ASX Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RENOUNCEABLE RIGHTS ISSUE – LETTER TO SHAREHOLDERS

Please find attached a copy of the letter sent to eligible shareholders of Sun Resources NL (ASX Code: SUR) on 1 September 2014, regarding the Renounceable Rights Issue announced by SUR on 28 August 2014.

Yours faithfully
SUN RESOURCES NL



Craig Basson
Company Secretary



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1 September 2014

Dear Shareholder

**Sun Resources NL – renounceable rights issue
Notice to Shareholders**

On 28 August 2014 Sun Resources NL ACN 009 196 810 (**Sun** or **Company**) announced an renounceable rights issue underwritten to an amount of \$5.25 to eligible shareholders (**Rights Issue**), on the basis of one (1) new share for every five (5) shares held in the Company at the record date of 4 September 2014 (**Record Date**) at an issue price of \$0.01 each per New Share (**New Shares**) to raise approximately \$6,087,362. In addition, one (1) free-attaching New Option will be issued for every two (2) New Shares allotted exercisable at \$0.025 each per Share on or before the date which is 3 years from the date of issue (**Offer**).

Details of the Offer are summarised below and are set out in full in the Prospectus. The Prospectus has been lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) and is available on the ASX website, www.asx.com.au. A copy of the prospectus is also available on the Company's website, www.sunres.com.au.

A hard copy of the prospectus and an Entitlement and Acceptance Form will be despatched to Eligible Shareholders on 10 September 2014.

Purpose of the offer

The purpose of the Offer is to raise funds for the advancement of the Woodbine Oil Project and allow the Company to progress additional leasing in the Southern Woodbine areas as well as working capital for the Company's activities.

The Offer will raise up to \$6,087,362 (before costs). It is expected that the funds raised under the Offer will be applied as follows:

Proposed Use of Funds	A\$
Hydraulically fracture the Jack Howe #1H well (Sun 50%WI)	2,000,000
Lease bonus payments for new oil and gas mineral leases (up to approximately 2.200 acres)	2,000,000
Working capital for other Joint Venture operations	1,000,000
Corporate overheads for Texas and Perth offices	1,087,362
TOTAL	6,087,362

The Company's actual allocation of funds may change depending on the circumstances in which its business develops and operates. The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the ASX Listing Rules.

Eligible Shareholders

Sun will be making the Offer available to eligible shareholders only. Eligible shareholders are those shareholders who:

- are the registered holder of Sun ordinary fully paid shares (**Shares**) as at the Record Date;
- have a registered address in Australia or New Zealand or have a registered address in certain other jurisdictions where the Company has determined that such persons can be offered and issued with New Shares without the Company having to comply with any conditions or additional disclosure or legal requirements; and
- are eligible under all applicable laws to take up their entitlements.

In particular, the Offer has not been, and will not be, registered under the United States Securities Act of 1933 and is not being made in the United States or to persons resident in the United States.

In accordance with ASX Listing Rules, Sun has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Offer to those shareholders. Accordingly, shareholders outside of Australia and New Zealand will not be entitled to participate in the Offer.

The Company will appoint a nominee who will subscribe for the entitlements on behalf of ineligible Shareholders and then sell those resultant New Shares. The nominee will remit any proceeds of the sale of the New Shares (less costs) to the Company to be distributed to ineligible shareholders.

Timetable

A proposed timetable for the Rights Issue is set out in the table below:

Event	Date
Announcement of Placement and Rights Issue and Resumption of Trading	28 August 2014
Lodgement of Prospectus and Appendix 3B with ASX	29 August 2014
Notice sent to Optionholders	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
Despatch 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
Issue date	26 September 2014
Trading of Rights Issue shares	29 September 2014

This timetable is indicative only and may be subject to change subject to the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and the ASX Listing Rules.

Shortfall Offer

The Shortfall Offer is a separate and independent offer made under the Offer to Eligible Shareholders and other eligible investors to subscribe for Shares not otherwise taken up in the Offer at a price of \$0.01 per New Share. The New Shares issued under the Shortfall Offer also have a 1 or 2 free-attaching New Options. Eligible Shareholders may subscribe for additional New Shares in excess of their entitlement under the Shortfall Offer.

Underwriting

The Offer is to be partially underwritten. Sun has appointed Patersons Securities Ltd ABN 69 008 896 311 (AFSL 239 052) (**Patersons**) to act as exclusive lead manager and underwriter to the Offer. Patersons has the relevant experience and expertise to enable it to perform the services and carry out the functions contemplated by Sun.

Patersons has agreed to underwrite any shortfall in acceptances up to \$5,250,000 (525,000,000 New Shares) being approximately 86% of the New Shares offered under the prospectus pursuant to the Offer.

At present, Patersons has no voting power in the Company.

Capital Structure

The Company will issue 608,736,177 New Shares and 304,368,089 New Options under the Offer.

Assuming that none of the Existing Options are exercised, the capital structure of the Company immediately following completion of the Offer (excluding rounding of entitlements), will be as follows:

	Shares	Options
Current number of Shares on issue	3,043,680,885	-
Number of New Shares issued under the Offer	608,736,177	-
Options on issue at the date of this Prospectus ¹	-	214,650,000
Number of New Options issued under the Offer	-	304,368,089
Total	3,652,417,062	519,018,089

Notes:

1. This is the total number of Existing Options currently on issue. The exercise prices and expiry dates vary as detailed below.

The New Shares will rank equally in all respects with Sun's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the shareholder's entitlement will be rounded down to the nearest whole number. There will be no change to the dividend policy of the Company as a result of the Rights Issue.

Trading in the New Shares is expected to commence on 29 September 2014, the first business day following dispatch of the holding statements for the New Shares.

Prospectus and continuous disclosure

The Offer is being made in accordance with section 713 of the Corporations Act. Sun will prepare and send a prospectus to shareholders on completion of despatch offer documents to shareholders, as set out in the timetable above.

The prospectus is a "transaction specific prospectus" and has been prepared in accordance with section 713 of the Corporations Act. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities being offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Eligible Shareholders should carefully read the prospectus and have regard to all publicly available information on Sun before making a decision whether or not to invest.

In particular, the prospectus contains a business update on Sun's current activities and details of the investment and business risk factors that Eligible Shareholders should consider prior to participating in the Offer.

Further information

To accept their entitlement, Eligible Shareholders should complete the Entitlement and Acceptance Form and return the form to the Company's Share Registry and either forward a cheque for the amount payable for the New Shares to the Share Registry or pay by electronic transfer in accordance with the instructions on the Entitlement and Acceptance Form.

If you have any queries in regard to the Offer, please contact Sun's Company Secretary and Chief Financial Officer, Craig Basson on telephone +61 8 9321 9886.

Yours faithfully,
Sun Resources NL

A handwritten signature in black ink, appearing to read 'Craig Basson', with a stylized flourish at the end.

Craig Basson
Company Secretary