



Thursday 13 November 2014

Frack Design finalised for Jack Howe #1H Lateral

- The Company completed the post-well analysis of the Jack Howe #1H lateral and finalised the design of the multi-stage hydraulic fracturing programme in the Normangee Oil Project.
- As Operator of the Normangee Oil Project, the Company will undertake a competitive bidding process for the fracking programme.
- Fracking programme to exploit the “unconventional” Lower Woodbine target where a 250 feet vertical net oil was recently confirmed.
- EOG and other operators continue with drilling and fracking programmes in close proximity to Sun’s Southern Woodbine lease position.
- The Lower Woodbine is rapidly becoming an area of interest due to the increasing commercial production in the area.

Sun Resources NL (“Sun” or “Company”) (ASX: SUR) is pleased to provide an update on its planning for the execution of the multi-stage hydraulic fracturing programme (fracking) in the Jack Howe #1H lateral.

Jack Howe Fracking Programme

Detailed planning for the fracking operation at Jack Howe is now complete after modelling the fracking response on the reservoir rock using the mechanical properties of the formation, as measured by wireline log and core analysis. The final proposed frack design will now be bid out to local fracking service companies with experience in the Eaglebine, to obtain the most competitive price and short-term availability. Sun anticipates that the frack design will mirror that of the wells adjacent to Jack Howe, including those operated by EOG Resources Inc., among others, where numerous wells are producing between 200-600 boepd (30-day initial production rate “IP rate”). This design will be applied to the oil pay identified in the Jack Howe pilot well targeting the strong oil and gas shows in the lateral section of the well.

Sun’s management team is looking to move forward quickly to unlock the value of its asset base in the rapidly developing Eaglebine, oil-rich play of East Texas. We expect to fast track the development of the Normangee Oil Project once the Jack Howe well is fracked and flowing back oil. Results of the analysis of the conventional core recovered from the Lower Woodbine in the Jack Howe #1H vertical pilot well were integrated with the wireline logs to identify a total of approximately 250 feet (75 metres) of vertical oil pay. This thickness of oil pay is in line with Sun’s pre-drill expectations and confirms the potential for Lower Woodbine oil pay across Sun’s Southern Woodbine leases. This pay interval is the zone which was successfully drilled in the Jack Howe #1H lateral, confirmed by the strong oil and gas shows during drilling of the horizontal section, with

a total of approximately 6,100 feet of lateral section cased and available for fracking. Further updates will be provided as planning proceeds.

Lower Woodbine Activity

Sun notes EOG Resources Inc. (“EOG”), one of the largest and most successful independent oil companies focused on unconventional development in the USA with a market capitalisation over US\$50 billion (NYSE: EOG), is believed to be the largest operator in the Southern Woodbine area where Sun already has an established land position and has been actively leasing additional acreage recently. As recently reported, EOG has successfully drilled and completed 11 ‘laterals’ in the Lower Woodbine target, to the east and west of Sun’s Normangee Oil Project, in the same Lower Woodbine target identified in Sun’s Jack Howe vertical pilot well. To date and as disclosed publically, EOG’s Lower Woodbine laterals have delivered a range of 30-day initial production rates of between 200-600 barrels oil per day. The most recent EOG lateral completion, Zeus #1H was drilled and successfully completed only 6 km east of Sun’s Jack Howe #1H vertical pilot well (figure 1). Zeus #1H is currently in production, having delivered a minimum 500 boepd 30-day IP, as reported. ZaZa Energy Corporation, a partner with EOG in the Eaglebine, recently noted robust economics in the play with rates of return at 50% at an \$80 oil price¹.

Note 1: Source ZaZa Energy Press Release dated 20 October 2014 – visit www.zazaenergy.com for more information

Corporate

The Board and management of Sun remain committed to delivering value in the Woodbine tight oil play. All Directors have purchased shares in the Company and no current Director has sold any shares since the acquisition of the Delta Oil Project in 2011. In addition, the current Directors have taken up their full allocation in the recent rights issue. Directors and management are committed to participating in the rights issue shortfall and they are all working hard to secure investors to take up the remainder of the shortfall.

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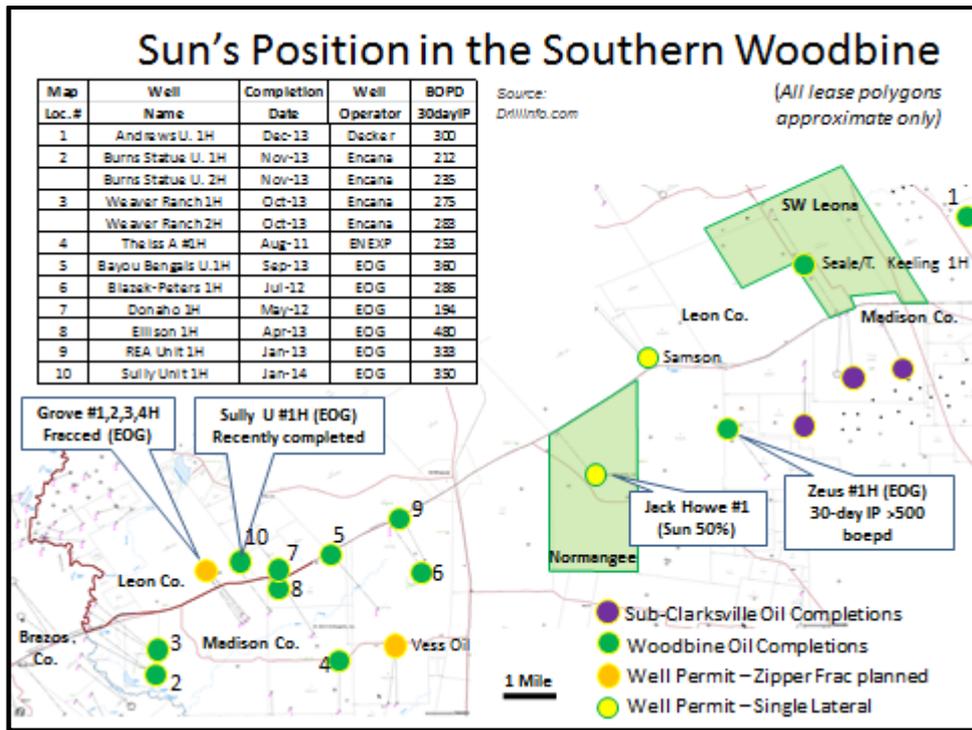


Figure 1: Location of EOG's Lower Woodbine Oil-producing lateral wells and relative position of Sun's Normangee and SW Leona Oil Project areas