

18 February 2015

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

Dear Sir/Madam

## **CONVERTIBLE LOAN AGREEMENT AND SECURITY PLEDGE DEED**

Sun Resources NL (“**Sun**” or the “**Company**”) (ASX: SUR) announces that the Company has entered into a convertible loan facility agreement, (**Loan Agreement**) with Winform Nominees Pty Ltd (**Winform**), a subsidiary of Hancock Prospecting Pty Ltd under which Winform will loan A\$957,806 to the Company.

The key terms of the Loan Agreement are as follows:

- The interest payable under the loan is 5% per annum.
- The loan is repayable on the earlier of:
  - a) 18 months from 18 February 2015; or
  - b) 20 business days after the completion of any capital raising by the Company which raises \$5,000,000 or more (**Qualifying Capital Raising**) or a takeover of the Company.
- Subject to the Company obtaining prior shareholder approval, Winform may elect to receive repayment of the loan through the issue of fully paid ordinary shares in the capital of Sun, instead of cash, to be calculated on the date of conversion by dividing the outstanding sum by the lesser of:
  - a) the price per share under a Qualifying Capital Raising; or
  - b) a price per share equal to the VWAP of the shares for the five ASX trading days prior to the repayment date noted above.

The Company has also entered into a Security Pledge Deed under which the Company has granted Winform security over Sun’s interest in the Badger Oil Project Leases under the Loan Agreement.

The proceeds from the loan will be applied to the Company’s activities, expenditure on projects and also to meet ongoing corporate expenses.

Yours faithfully  
SUN RESOURCES NL



Craig Basson  
**Company Secretary**