



# **SUN** resources

## **Investor Briefing**

*31 March 2015*

- **Re-double efforts on Sun's flagship Normangee Oil Project**
  - *Place newly consolidated portfolio entirely within Sun's control*
  - *Resolve a number of issues with Ameril Energy LLC; dissolve AMI's*
  - *Conclude non-core asset divestment process*
  - *Net cash proceeds to be used in planning of Jack Howe #1H frack*
- **'New look' land portfolio will focus on core assets:**
  - *Normangee Oil Project (50%WI @ 31 March'15)*
  - *Delta Oil Project (100%WI)*
  - *New 'Southern Woodbine' leases (100%WI)*
  - *Badger Project (10%WI after initial well)*
- **Focus will now return to development of Lower Woodbine reservoir and adjacent oil-productive layers**
  - *Including exploration/appraisal of Buda-Georgetown and deeper potential*

# SUN NEAR TERM ACTIONS ACROSS PORTFOLIO



- **Sun, as Operator of Normangee Project, has delivered:**
  - *Jack Howe #1H Lower Woodbine Lateral; ready to frack*
  - *A 6,100 foot lateral, geo-steered and cased successfully at first attempt*
  - *Consistent with section completed at Zeus #1H by EOG = >500 Boepd (30-day IP)*
- **Next operation is to frack and flow back Jack Howe #1H:**
  - *Targeting farm-out of 50% WI for carry through hydraulic multi-stage frack*
  - *Multi-stage frack AFE likely to reduce from \$4.9mm to \$4-4.5mm gross*
  - *Generate cash flow from strong initial production (\$4mm in first year @ \$50 oil price)*
  - *Four companies currently engaged in farm-in/funding discussion*
  - *Phase 2 development program [in 2H 2015] contingent on 25% drop in well AFE; and funding*
- **Appraisal of Buda-Georgetown potential a strong candidate for near-term value growth**
  - *Newly emerging play covers both Normangee and Delta Project lease positions*
- **Badger Project - Initial lateral well deferred until oil prices improve**
  - *Zero cash commitment in first well and 10%WI in remainder of project*
- **Continue to review strategic partnership opportunities and manage cash**
  - *Complete rationalization of non-core assets to maintain and/or increase cash*
  - *Secure reductions (target = 25%) in costs for equipment and services from suppliers in low oil price environment*

# SUN RESOURCES CORPORATE SNAPSHOT



## Capital Structure: Pre-Capital Raising

ASX code	SUR
Ordinary shares on issue	3,162m
Performance options <sup>1</sup>	140m
Listed options (\$0.025)	259m
Unlisted options (various prices) <sup>2</sup>	21m
Current share price (24-Mar-15)	\$0.002
Market capitalisation (@ \$0.002)	A\$6.3m
Net Cash <sup>3</sup>	A\$1.2m
Enterprise Value	A\$5.1m

## Major Shareholders

Hancock Prospecting	19.5%
Amerril Energy LLC	10.3%
Total	29.8%

*Note: Top 20 shareholders, including Board, hold ~50% of shares currently on issue*

### Notes:

1. Performance options convert into ordinary shares upon achievement of certain project milestones (these are detailed in Sun's Notice of General Meeting announced to ASX on 21 November 2011, and also Sun's announcement dated 27 July 2012).
2. Unlisted options award to staff and directors of Sun Resources NL.
3. Audited cash balance, at 31 December 2014.

## Share Price / Volume History



## Board of Directors

Professor Ian Plimer	Non-Executive Chairman
Mr. Matthew Battrick	Managing Director & CEO
Dr. Wolf Martinick	Non-Executive Director
Mr. Damian Kestel	Non-Executive Director

# LOWER WOODBINE – NORMANGEE OIL PROJECT

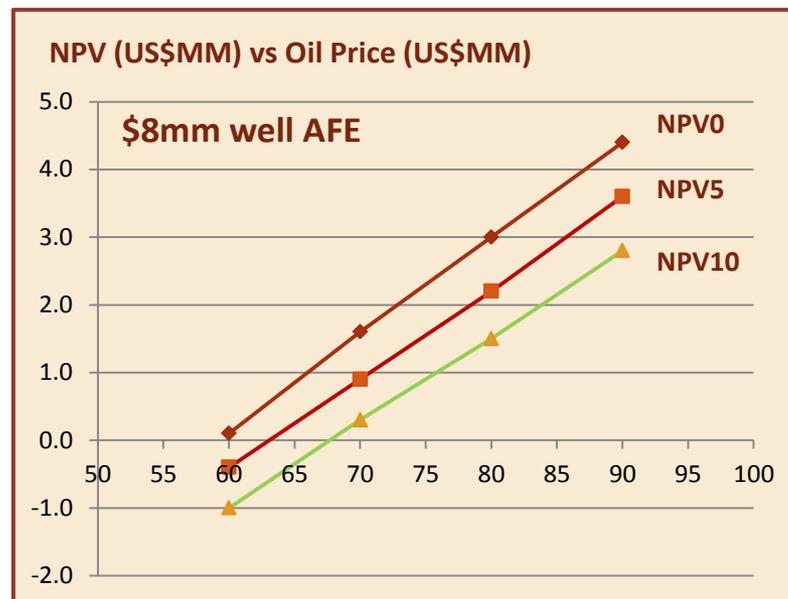


- *\$5mm Fracking AFE gives pay out in year-3 and delivers IRR=15% (@\$50 oil)*
- *Estimated gross revenue in first year of Jack Howe #1H flow back (NRI)=\$4 million*
- *A 25% reduction in drilling and Fracking AFE's delivers IRR=20% (@\$50 oil)*
- *US Operators reported negotiating 15-40% cost reductions (NAPE conference, Feb'15)*

## NPV Analysis for single Lower Woodbine Lateral @ \$8mm AFE with various oil prices

**Lowering of costs will deliver positive NPV's per well**

- NPV10 positive @ \$60 oil with 15% reduction in well/frack costs
- NPV5 positive @ \$50 oil with 25% reduction in costs
- NPV0 positive @ \$40 oil with 35% reduction in costs
- Economics robust @\$70 oil with current cost structure

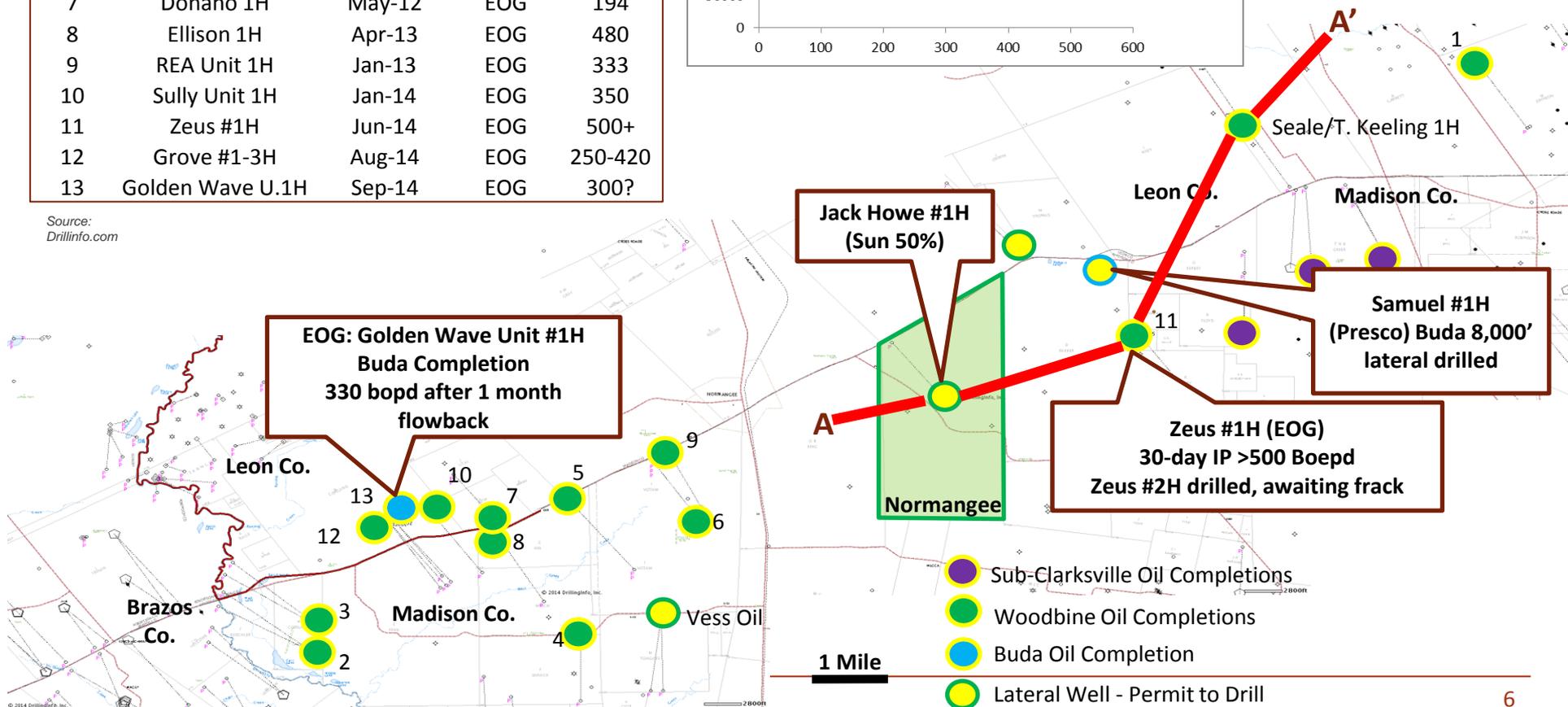
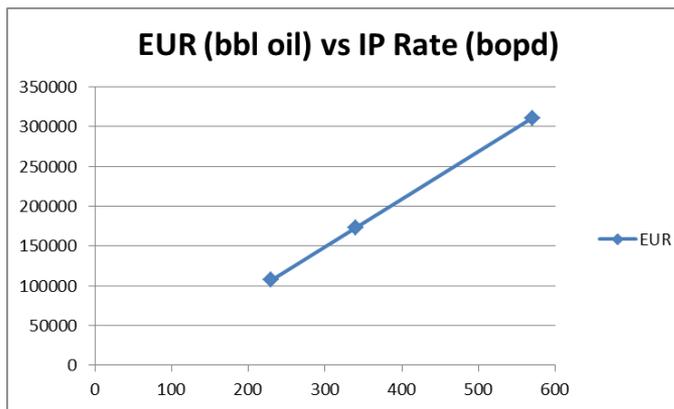


18.5 million barrels oil-in-place per sq. mile = 250,000 bbl recoverable resource per 160 ac lateral well @ 6% RF = \$5 million gross revenue in first full year and \$13.8 million gross rev. over life of well @ \$50 oil price

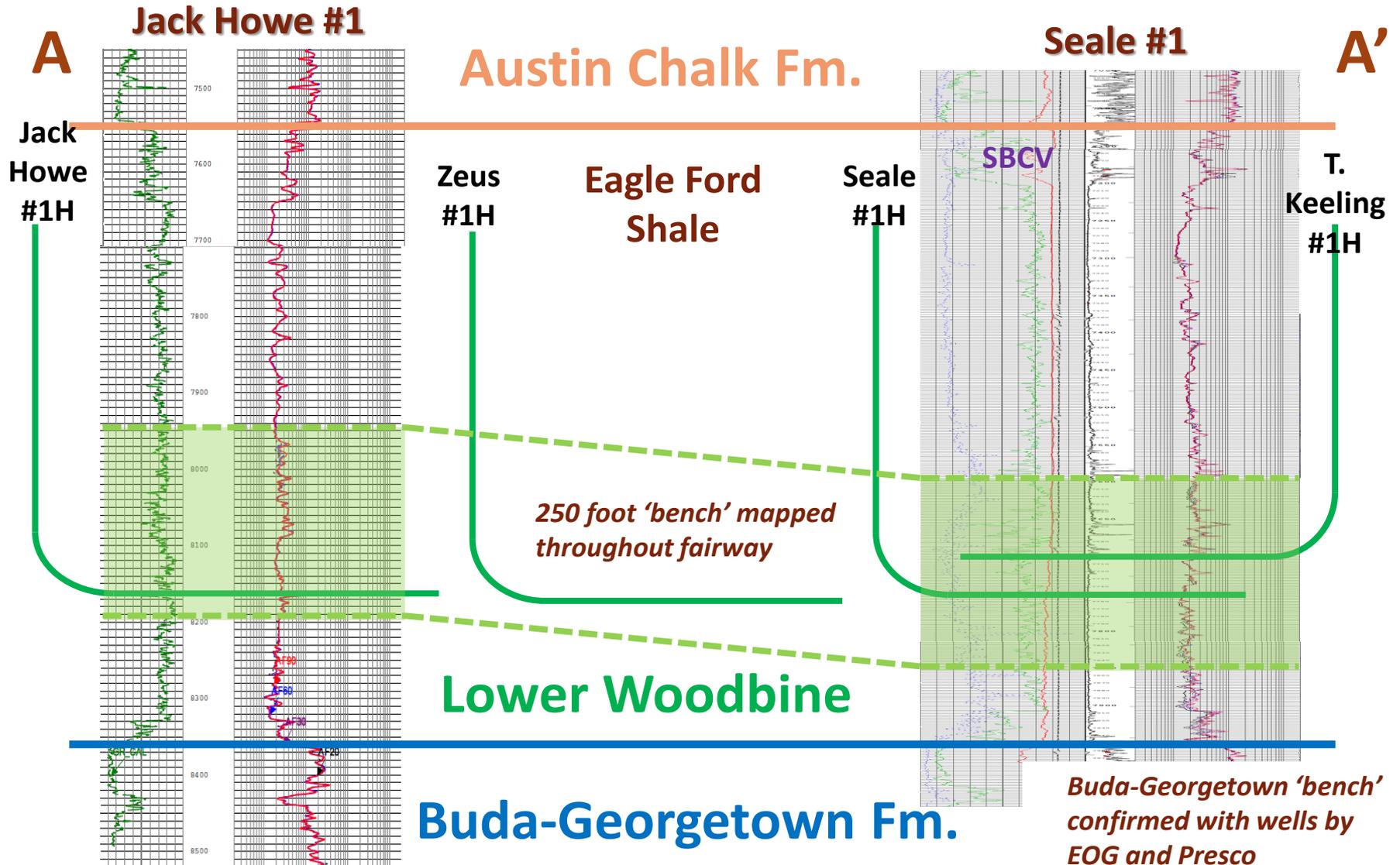
# LOWER WOODBINE – LATERAL COMPLETIONS ALONG FAIRWAY

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
3	Weaver Ranch 1H	Oct-13	EnCana	275
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
11	Zeus #1H	Jun-14	EOG	500+
12	Grove #1-3H	Aug-14	EOG	250-420
13	Golden Wave U.1H	Sep-14	EOG	300?

Source: Drillinfo.com

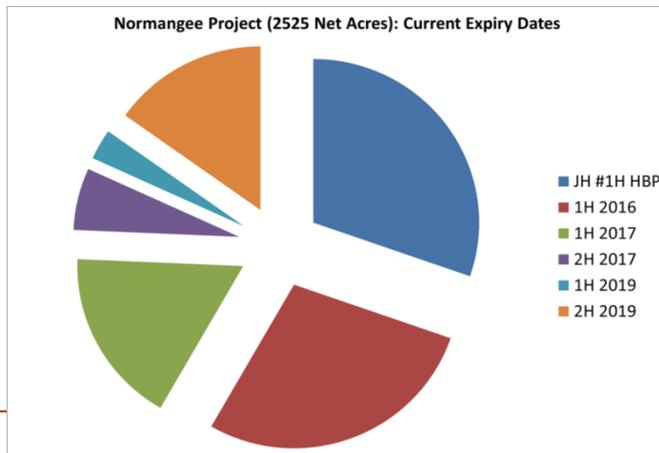
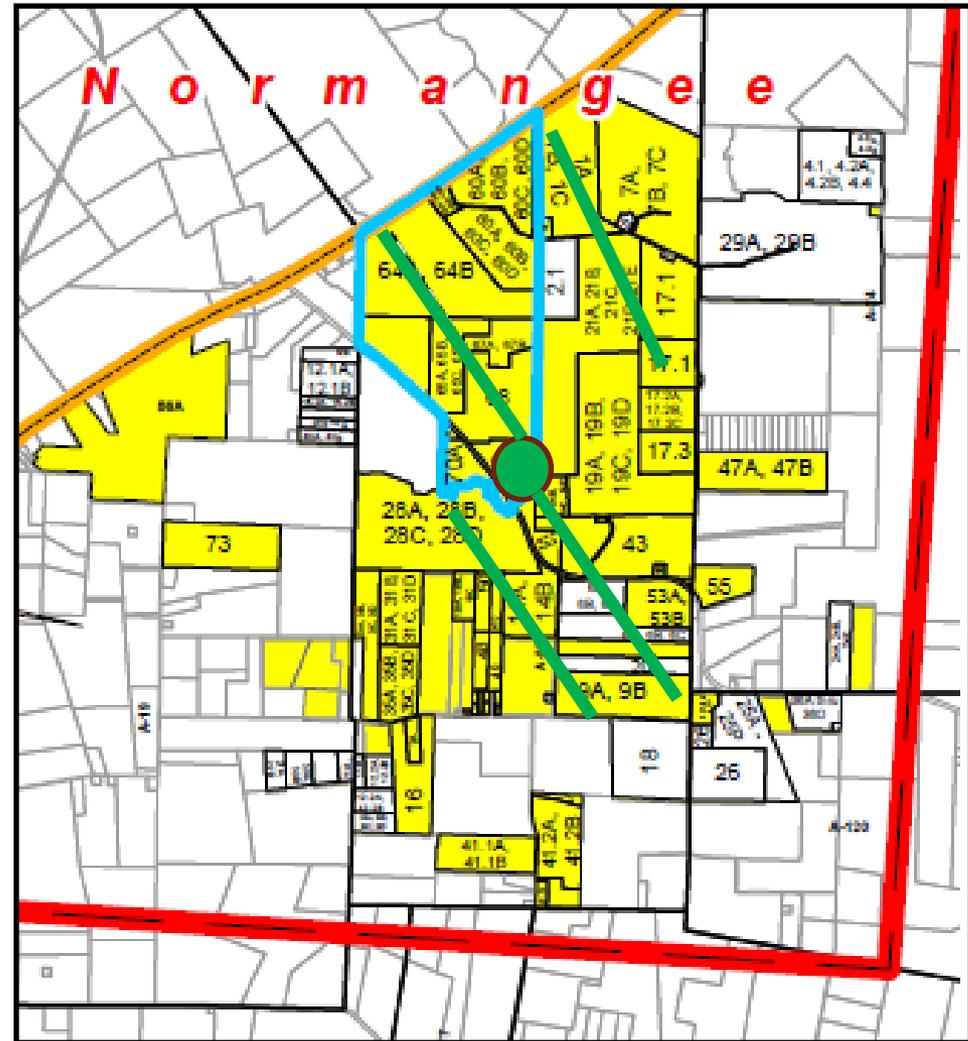


# WELL CROSS-SECTION (A-A') – JACK HOWE #1 - SEALE #1



# NORMANGEE OIL PROJECT – Lower Woodbine drill sites

- 3 additional drilling units required to HBP the whole project area
- Phase 1: \$5mm to frack Jack Howe #1H – looking to reduce closer to \$4mm
- Phase 2: \$20 million for 3 additional wells to HBP project area; (~\$6mm gross per well AFE )
- Phase 3: \$70mm for 12 PUD’s to fully develop; based on initial 160-acre spacing



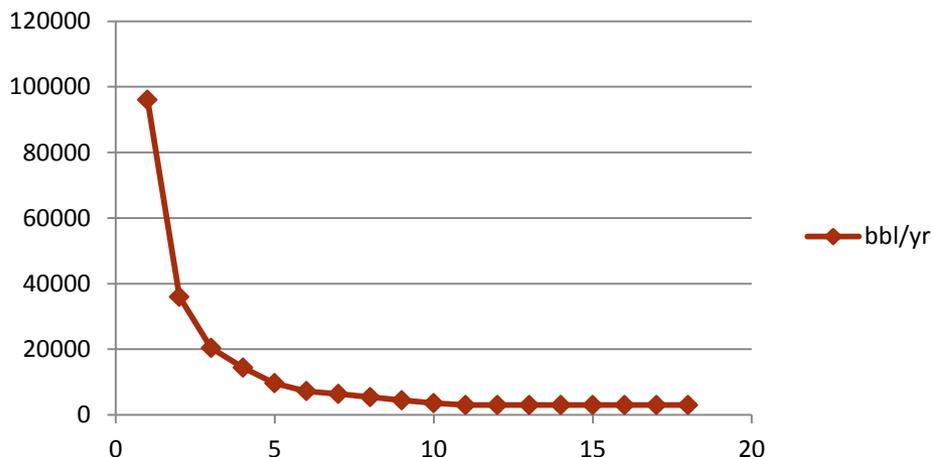
# Potential Well Locations and Indicative Well Economics



<u>Potential Locations</u>	
(160 acre spacing)	<u>Locations</u>
Flo Delta	32
Normangee	16
Southern W'bine	4
<u>Badger</u>	<u>6.4</u>
<u>Total</u>	<u>58</u>

<u>Gross Sales Volumes</u>	
Oil bbl	310,906
Gas cu ft	199,087
Total BOE	344,087
	US\$M
<u>Single Well AFE</u>	7,592
	US\$M
Total Opex (15yrs prod'n) (including abandonment)	3,446
<u>Pricing (flat)</u>	US\$
Gas	5.5
Oil	68.88
Working Interest %	100
Net Revenue interest %	75
	US\$M
<u>Gross Revenue</u>	17,026
Taxes (15yr prod'n life)	1,233
Present Value (10% disc.)	4,500

## Indicative well decline curve



18.5 million barrels oil-in-place per sq. mile = 250,000 bbl potentially recoverable resource per 160 ac lateral well @ 6% RF = \$5 million gross revenue in first full year and \$13.8 million gross rev. over life of well @ \$50 oil price

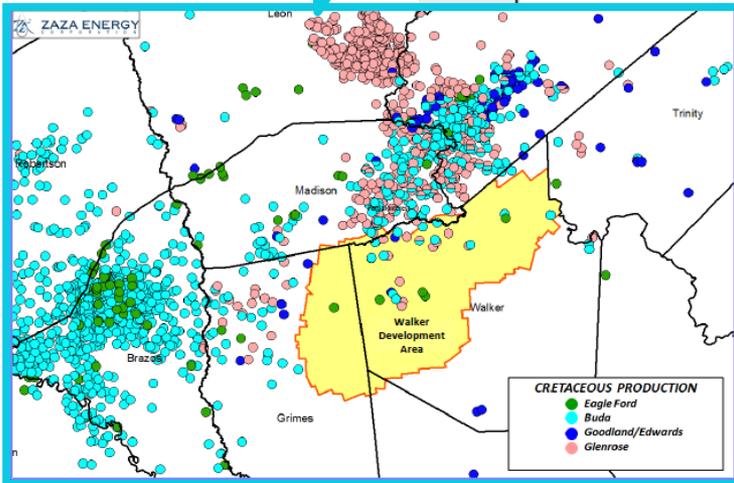
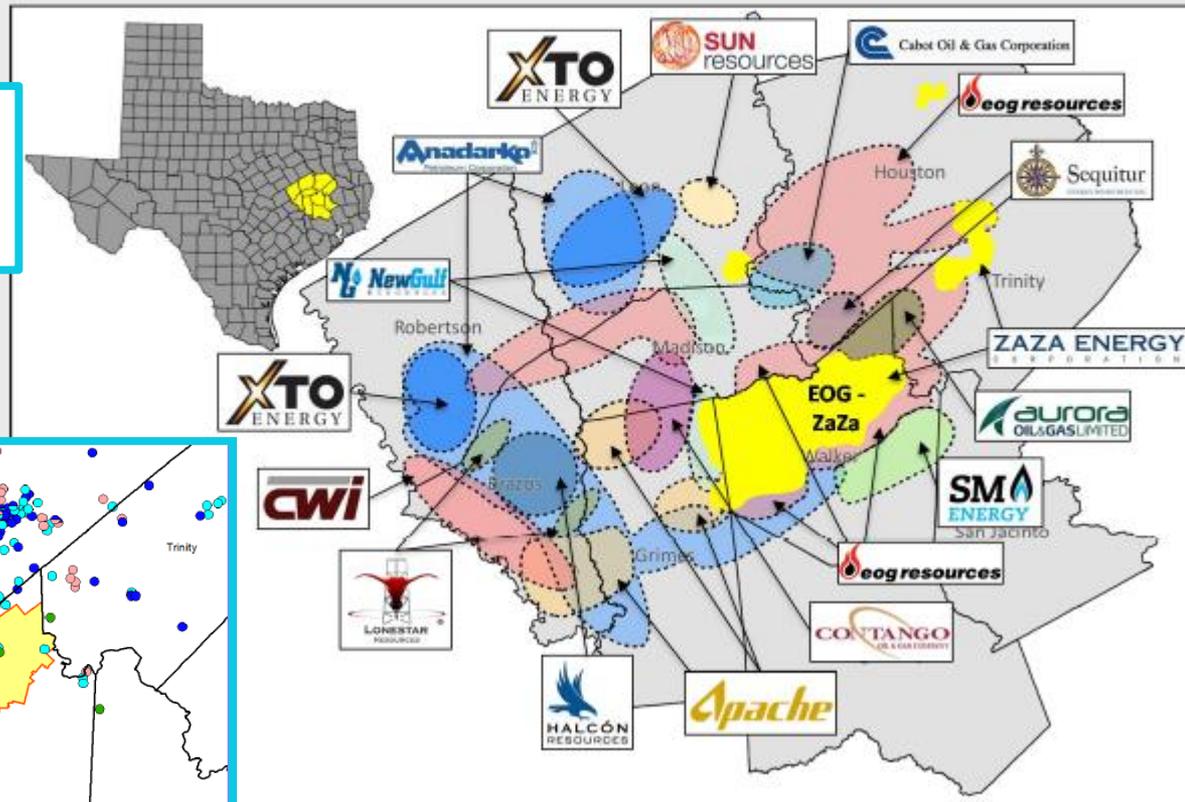
# Large # of Operators Active in East Texas (source: ZaZa Energy)

## Eagle Ford East Competitors

PREMIER OFFSET PRODUCERS

ZAZA ENERGY CORPORATION

Map showing recent Buda completions = turquoise dots  
(Source: ZaZa Energy)

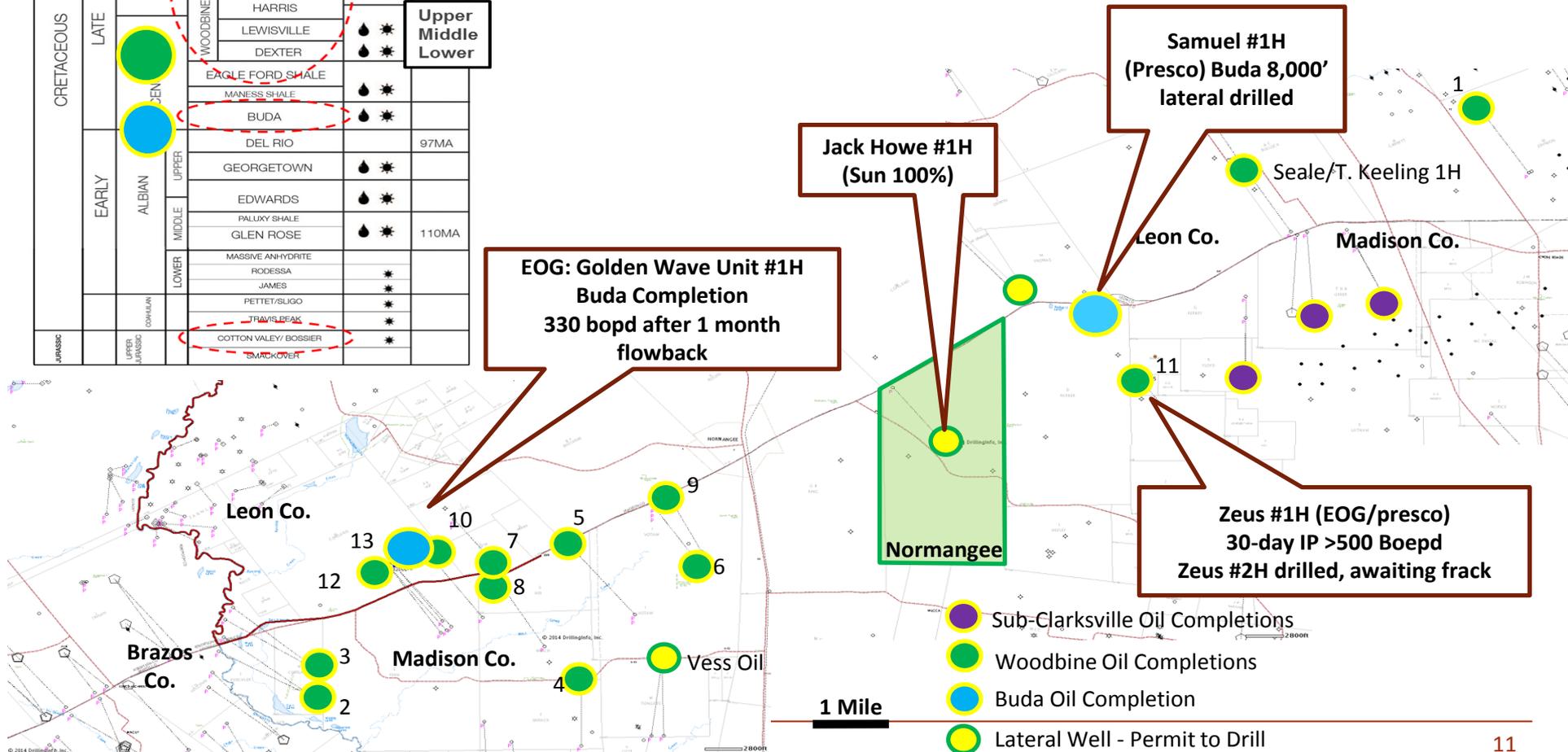


# BUDA-GEORGETOWN: New 'bench' doubles resource potential

Stratigraphic Column				PRODUCTIVE INTERVALS	
SYSTEM	SERIES	STAGE	EAST TEXAS (SUBSURFACE)	Oil Gas	Age
CRETACEOUS	LATE	SANITONIAN	AUSTIN CHALK	Oil	88MA
		WOODBINE	SUBCLARKSVILLE	Oil, Gas	
		TURONIAN	EAGLE FORD SHALE	Oil, Gas	
			WOODBINE	HARRIS	Oil, Gas
				LEWISVILLE	Oil, Gas
				DEXTER	Oil, Gas
		EAGLE FORD SHALE	Oil, Gas		
		EARLY	ALBIAN	MANESS SHALE	Oil, Gas
				BUDA	Oil, Gas
				DEL RIO	Oil, Gas
	GEORGETOWN			Oil, Gas	
	UPPER		EDWARDS	Oil, Gas	
			PALUXY SHALE	Oil, Gas	
			GLEN ROSE	Oil, Gas	110MA
			MASSIVE ANHYDRITE	Oil, Gas	
	LOWER	RODESSA	Oil, Gas		
		JAMES	Oil, Gas		
		PETTET/SLIGO	Oil, Gas		
TRAVIS/BEAK		Oil, Gas			
JURASSIC	UPPER JURASSIC	CONULAN	COTTON VALEY/ BOSSIER	Oil, Gas	
			SMACKOVER	Oil, Gas	

## Multiple oil targets – minimum 2 benches

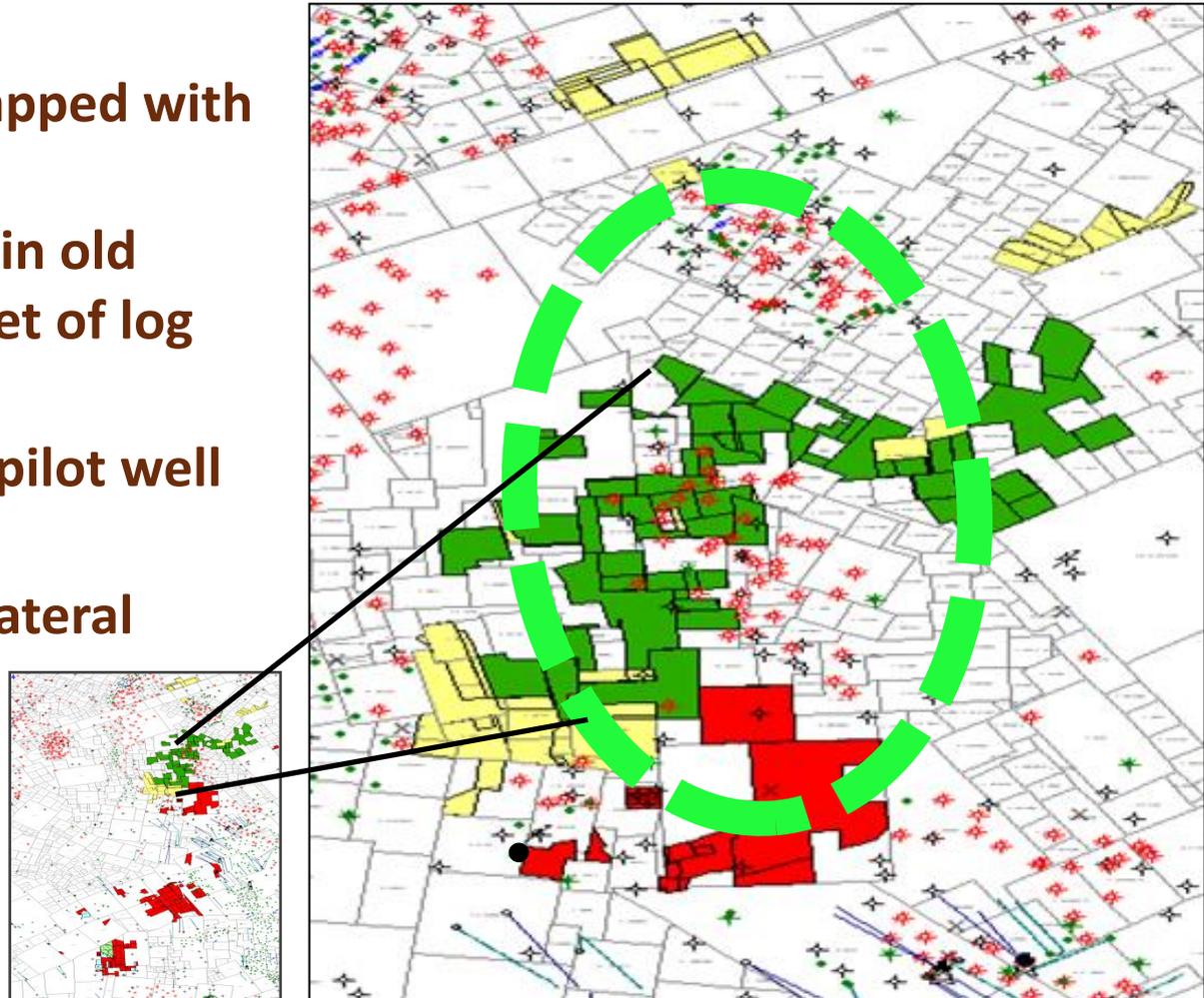
- Sub Clarksville Sandstone – Producing in area
- Eagle Ford Shale – Lower Woodbine oil confirmed
- Buda – First local oil completions confirmed



# DELTA OIL PROJECT – Large Buda-Rose Structure

- 100%WI in 4,800 net acres as of 31 December 2014
- Large Buda structure mapped with 300 feet of closure
- Oil & gas column tested in old vertical well with 300 feet of log pay
- Warrants initial vertical pilot well to test column height
- Follow up with fracked lateral

Approximate Area of Buda Prospect



## KEY NEXT STEPS

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- **Frack and flow back Jack Howe #1H to demonstrate play potential**
  - *Farm out and frack Lower Woodbine lateral*
  - *Generate cash flow from strong initial production (~\$4-5 million gross in first year of flow back)*
- **Prepare to execute Phase 2 drilling program to HBP all Normangee leases**
  - *Three additional wells will hold all leases until oil prices improve*
- **Secure strategic investors with long-term outlook [or funding ] to deliver phase 2 & 3 drilling results in Normangee Project and initial wells in Delta Project**
  - *ADR ready to launch on US investment market*
- **Continue to review strategic partnership opportunities and manage cash**
  - *Farm out or joint venture core assets to maximize profitability while preserving upside*
  - *Complete rationalization of non-core assets to maintain and/or increase cash*
  - *Secure reductions in costs for equipment and services from suppliers*
- **Monitor distressed companies and assets for buying opportunities in target areas**
  - *Build un-drilled land bank as cash flow allows*
  - *Attempt to identify (HBP) assets with future unconventional potential*
  - *Acquire reserves with debt capital; use equity capital very opportunistically*

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