

20 April 2015

Dear Shareholder,

On behalf of the Board of Directors of Sun Resources NL ("**Sun**" or "**Company**") (ASX: SUR), I am pleased to provide you with an update on the Company's recent activities at our projects in East Texas, United States, including proposed near-term milestones scheduled to restore value and deliver commercial success.

Normangee Oil Project (Sun 50%WI)

Sun is continuing to refine plans for the Jack Howe #1H lateral's multi-stage hydraulic fracturing programme to deliver our first operated oil production in East Texas. There have been a number of industry reports that have pointed to 15-40% reduction in drilling rig day rates as a consequence of approximately 50% fall-back in rig utilisation rates in the USA. As a consequence, Operators are looking for similar reductions in multi-stage hydraulic fracturing services.

This effort should lead to more positive economics in the unconventional Lower Woodbine play in East Texas, even at US\$50 oil price. Sun is therefore re-bidding the frack AFE for the Jack Howe #1H well ahead of an expected start-up of the operation in June 2015. The commencement of this frack programme will be an exciting milestone for Sun and will add to its operating capability beyond just the drilling of the well.

Sun has completed internal economic analyses that indicate approximately US\$4 million of net revenue (100%WI) could be generated in the first year of flow back, based on the best offset well production rates. This would deliver pay-back within 12-18 months of the investment in the frack. Sun also believes a 25% reduction in costs across both drilling and completion could deliver positive economics for future development of the Normangee Oil Project, even at US\$50 oil price.

Sun has engaged with a number of local companies with a view to negotiating a farm-in agreement to help fund the frack at Jack Howe #1H. This effort is speculative in nature at this time and further effort is required before anything of a material nature can be reported to the market. Also, Sun is excited about the potential for the Buda-Georgetown formation to provide a second layer [or 'bench'] of potentially commercial oil resources within Sun's Lower Woodbine land position, as well as exploration potential across Sun's Delta Oil Project leases. However, this will be the focus of future drilling efforts, once the Lower Woodbine of the Normangee Oil Project is confirmed.

According to reports lodged with the Texas Rail Road Commission ("**RRC**") and reported in the scout service "DrillInfo", EOG Resources Inc ("**EOG**") has completed the Golden Wave Unit #1H, as the fourth well completion on the Grove Unit 4-well pad, in the Buda Formation. The report filed with the RRC for the Golden Wave Unit #1H well shows a 1-day IP of 330 bopd with a GOR of 727 cubic feet per barrel, just 8 miles (13 km) west of the Jack Howe #1H location. Oil and gas shows were

recorded while drilling through the Buda-Georgetown formations in both Sun's Jack Howe #1 and Seale #1 vertical pilot wells.

Sun further notes that another operator in the area, Texas Presco, Inc., has successfully drilled and cased its first horizontal well targeting the Buda Formation; Samuel #1H. This well is located midway between Sun's Normangee and SW Leona Oil Project areas and immediately north of the EOG-operated Zeus #1H and 2H wells. Strong hydrocarbon shows were reported while drilling up to 8,000 feet of horizontal section in the Samuel #1H well. The Presco Samuel #1H (Buda) and the Zeus #2H (Lower Woodbine) horizontal wells have not yet been fracked as the Operators wait on an anticipated oil price recovery during 2H 2015.

The Board and management of Sun are also excited about their Delta Oil Project leases as they include a prospective Buda-Georgetown section, similarly interpreted to be oil-charged. This interpretation is based on wireline log analysis of an old vertical well NE of Centerville that recovered oil and gas on test from this zone. Sun is hoping to deliver success in this formation through future drilling, subject to capital availability or farm-out to a partner.

Share Purchas Plan ("SPP")

As announced on 9 April 2015, the Company is offering eligible shareholders the opportunity to purchase fully paid ordinary shares under a Share Purchase Plan ("SPP" or "Offer"). Shareholders can, at their election, take up to a maximum of \$15,000 worth of new shares in Sun at a subscription price representing a discount of 20% to the 5 day volume weighted average market price immediately prior to the allotment of shares.

The Company proposes a capital raising of \$1,000,000 under the SPP. The SPP is fully underwritten by Patersons Securities Limited who are acting as Lead Manager and Underwriter to the Offer. Documentation has been sent to eligible shareholders on 9 April 2015. I remind all shareholders wishing to participate in the SPP that the application period will close at 5:00pm (AEST) on Friday, 24th April 2015.

Conclusion

With oil prices apparently recovering and drilling/fracking costs coming down in the USA, Sun's management team is looking forward to a busy and productive 2015.

I would like to take this opportunity to thank you, my fellow loyal shareholders, for your continuous support. I encourage eligible shareholders to engage in this opportunity to support Sun in moving forward and restoring value.

Yours faithfully
Sun Resources NL



Matthew Battrick
Managing Director