



Friday 24 April 2015

Amerril Agreement allows Sun to secure 100% interest in the Woodbine

- Sun has secured control over a 100% working interest (WI) in the Normangee Oil Project, including the Jack Howe #1H well and associated Lower Woodbine lease position, after reaching agreement with Amerril Energy LLC (“**Amerril**”).
- The Jack Howe #1H well confirmed a 250 foot net oil pay section and the well is being prepared to be fracked.
- Sun also retains a 100% WI in its new ‘Southern Woodbine’ leases acquired within the Normangee and SW Leona Areas of Mutual Interest (AMI’s) with those AMI’s with Amerril now extinguished.
- Sun currently controls 100% of its East Texas “Eaglebine” land position (over 14,600 gross acres); including the SW Leona Project and the Centerville AMI, via an assignment of Amerril’s WI% in the joint interest areas.
- In consideration for the assignments by Amerril, Sun will tender to Amerril US\$2 million as a deferred settlement in the event a new partner joins Sun in these lease positions, via farm-in arrangement, other funding option or outright sale.
- Sun looks forward to working with Amerril, Sun’s second largest shareholder, after Hancock Prospecting Pty Ltd, in deriving maximum value from its Woodbine land position.
- Sun will now focus all its efforts on securing the funding for the multi-stage hydraulic fracking of the Jack Howe #1H Lower Woodbine well, including via farm-out where the Company has received interest from a number of parties.
- Sun will also look to appraise the commercial potential of the newly emerging Buda-Rose oil play that has been recently tested successfully in the area by EOG and others. This is a new additional layer (or “Bench”) below the prospective Lower Woodbine target identified by Jack Howe #1H.

The Board of Sun Resources NL (“**Sun**” or “**Company**”) (ASX: SUR) is pleased to announce that it has secured control of its Woodbine land position, after agreeing to resolve a number of matters with Amerril Energy LLC (“**Amerril**”). In a material commercial arrangement agreed between the two parties, Sun is now independent and free to progress operations in the field with the fracking of the Jack Howe #1H Lower Woodbine oil well, subject to funding and executing a definitive settlement agreement with Amerril.

Sun Secures 100% Working Interest in Normangee Oil Project and Jack Howe #1H

Sun and Amerril have reached an agreed resolution (non-binding “Term Sheet”) on a number of matters that have enabled Sun to dissolve all Joint Venture (“JV”) arrangements and Areas of Mutual Agreement (“AMI’s”) with Amerril. Sun’s key objective was to secure control of 100% of the Normangee Oil Project area that includes the ‘drilled and cased’ Jack Howe #1H lateral well completed in the Lower Woodbine Formation. Amerril has agreed to assign its 50% WI in the

Normangee leases and the Jack Howe #1H well. Amerril has further agreed to assign to Sun its 50% WI in the SW Leona Oil Project and its 30% WI in Centerville. In consideration for these assignments, Sun will tender to Amerril US\$2 million in a deferred settlement on completion of a sale or assignment of the Amerril lease interests to a third party. These lease assignments include interests in the [yet to be fracked] Jack Howe #1H well and the currently uneconomic Seale #1H and T. Keeling #1H producing oil wells. The Normangee and the SW Leona AMI's, and their respective Joint Operating Agreements ("JOA's"), will be terminated. The new 'land bank' net to Sun is summarised in the table below and the Woodbine play total is now over 14,600 net acres, an increase of over 3,800 net acres:

Project Area	Sun's Working Interest (%WI)	Sun's Net Royalty Interest (%NRI)	Sun's Net Acres (1ha = 2.471ac)
Normangee Oil	100%	75%	2,526
SW Leona (& Centerville)	100%	75%	4,380
New Southern Woodbine	100%	77.5%	1,980
Delta Oil (& P.H. AMI)	100%	75%	5,560
Beeler	16.7%	12.5%	230
WOODBINE TOTAL	--	--	14,676
Badger Oil	10%	7.5%	934
UNCONVENTIONAL TOTAL	-	-	15,610

(Total acres approximate, as at 31 December 2014)

Jack Howe #1H Drilled and Cased: Awaiting Multi-stage Hydraulic Fracking

Sun will now move forward with plans to frack the Jack Howe #1H well in the Normangee Oil Project. An AFE for approximately US\$4.9 million (100% WI) was developed in 2H 2014 and it is hoped this can be trimmed by 10-20% ahead of execution, due largely to perceived reductions in costs for services, in line with falling oil prices. Sun is actively farming-out its WI% and will also market Amerril's interest in the Jack Howe frack, in parallel. Sun has engaged with a number of interested parties to deliver certainty in funding for this operation and Amerril's consideration. Further reports will be made when commercial agreements are executed with Amerril and other third parties.

Sun Will Continue to Work With Amerril as a Strong, Foundation Shareholder

The Board of Sun appreciates the confidence Amerril places in the Company by handing over control of its working interest lease holdings in the Woodbine play. Amerril has accepted a "standstill arrangement" where it will not divest any shares for 90 days after reaching a definitive agreement. The management team of Sun will now work on executing that definitive and binding agreement with Amerril, while delivering value to all shareholders in this oil fairway via efforts to unlock economic oil production in the current oil price market. Sun will also continue to work with Amerril to complete the divestment of other, non-core assets such as the Beeler Oil Project.

A number of legal disputes are ongoing with respect to the SW Leona Oil Project leases and the Seale #1H well completion [these have been reported previously] and Sun has residual claims and/or defenses in relation to these matters. In particular, Sun will retain a 50% interest in any future [contingent liability] damages claims awarded between Amerril and Weatherford, as previously announced.

The Managing Director of Sun Resources NL, Mr Matthew Battrick commented:

"I am extremely pleased with the outcome we have negotiated with Amerril regarding our joint land interests in the Woodbine play. This deal will allow Sun greater leverage to bring in new investment capital to continue to develop the oil potential of the Lower Woodbine Formation. The management team of Sun looks forward to delivering profitable oil production from its land position, even in this challenging oil price environment.

I would like to thank the management of Amerril for its support in delivering this material commercial arrangement and we look forward to Amerril remaining a strong foundation shareholder, second only to Hancock Prospecting P/L, as we progress operations to deliver commercial oil production in East Texas."

For further information please contact:

Sun Resources NL

Telephone: +61 (08) 9321 9886

Email: admin@sunres.com.au

Geological information contained in this report was compiled by the General Manager, Technical of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 33 years' experience in the practice of petroleum geology. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States nor shall there be any sale of the securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) except in compliance with the registration requirements or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws. This document contains forward-looking statements which reflect management's expectations regarding expected target dates. These forward-looking statements can generally be identified by words such as "will", "expects", "intends", or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that some or all of the resources and reserves described can be profitably produced in the future. Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such assumptions include, but are not limited to, general economic, market and business conditions and corporate strategy. Accordingly, investors are cautioned not to place undue reliance on such statements. All of the forward-looking information in this document is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Sun Resources disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law.