



Tuesday 12 May 2015

Sun Executes Binding Agreement to Secure 100% Control of its Woodbine Lease Position

- Sun Resources NL has executed a binding agreement with Amerril Energy LLC to take control of 100% Working Interests in all previously jointly held oil and gas leases in the Lower Woodbine oil fairway.
- Sun now has 100% control of the Normangee Oil Project, including the Jack Howe #1H well, within the confirmed 250 feet net oil pay section of the Lower Woodbine, that has a 6,100 feet lateral section ready to be fracked.
- Sun also controls 100% of the remainder of its East Texas “Eaglebine” land position (totaling over 14,600 gross acres); including the new Southern Woodbine leases, the SW Leona Oil Project and the joint interests in the Centerville Area of Mutual Interest.
- 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 will now focus all its efforts on securing the funding for the multi-stage hydraulic fracking of the Jack Howe #1H Lower Woodbine well and future development drilling, via a new capital partner (the Company has already 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 Resources Inc. and others. This is a new additional layer (or “Bench”) below the prospective Lower Woodbine target identified by the Jack Howe #1H.

The Board of Sun Resources NL (“**Sun**” or “**Company**”) (ASX: SUR) is pleased to announce that it has executed a binding agreement with Amerril Energy LLC (“**Amerril**”) to secure 100% control of its Lower Woodbine land position. 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. After agreeing to resolve a number of matters with Amerril, Sun will look to secure a new capital partner over the next four months to fund future drilling and fracking operations across Sun’s Lower Woodbine oil and gas leases. Sun looks forward to working with Amerril, as Sun’s second largest shareholder, to derive maximum value from its Lower Woodbine land position.

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

Sun and Amerril have reached an agreed resolution on a number of matters, via a binding agreement, that has enabled Sun to dissolve all Joint Venture (“JV”) arrangements and Areas of Mutual Interest (“AMI’s”) with Amerril. Sun achieved its key objective 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 working interest 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, over the next four months. 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:

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

(Total acres approximate, as at 31 March 2015)

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

Sun will now move forward with planning to frack the Jack Howe #1H well in the Normangee Oil Project. A new AFE for approximately US\$4 million (100% WI) is being developed, delivering the anticipated 25% reduction in costs for services, in line with falling oil prices and reduced activity in USA-based unconventional plays. Sun is actively searching for funding farming-out of its 100% controlled land bank and has engaged with a number of interested parties to deliver certainty in funding for these operations and for Amerril's consideration. Further reports will be made when commercial agreements are executed with a new capital partner.

Sun will also look to appraise the commercial potential of the newly emerging Buda-Rose oil play that has been recently successfully tested in the area by EOG and others. This is a new additional layer (or "Bench") below the prospective Lower Woodbine target identified by the Jack Howe #1H. Offset wells adjacent to the Normangee Oil Project, including Seale #1V in the SW Leona Oil Project; have confirmed the oil potential of the Buda, with 2 laterals already flowing back oil after fracking. The Delta Oil Project leases cover a portion of a large 'Buda-Rose' structure that will be the focus of near term evaluation.

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 the effective date of the binding agreement. The standstill arrangement will lapse if the price of Sun shares reaches A\$0.01 during the 90-day period. The management team of Sun will now work on 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 but now capped at US\$500,000.

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

“I am extremely pleased with the binding outcome we have negotiated with Amerril regarding our joint land interests in the Woodbine play. This deal will allow Sun greater leverage to secure a new capital partner to continue with our development of the oil potential in the Lower Woodbine Formation. The management team of Sun looks forward to delivering profitable oil production from its land position, hopefully in Q3 2015.

I would like to thank the management of Amerril for its support in delivering this binding 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.