

01 March 2011

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

Dear Sir/Madam

Krai Thong #1 Drilling Update: Onshore Thailand

Sun Resources NL ("**Sun**" or "**the Company**") (**ASX:SUR**) is pleased to provide an update of the drilling activities at Block L20/50 onshore Thailand, which are currently focused on the second well (Krai Thong #1) in this multi-well programme being operated by Joint Venture partner, Carnarvon Petroleum Limited ("**Carnarvon**").

Progress

The Operator reports that the AD-1 rig was released from the Tapao Kaew #1 well site at 1800hrs on Monday 21 February and commenced the rig move to the next well location, Krai Thong #1. The rig move was concluded on 24 February with rig set up completed on 28 February. Krai Thong #1 has been spudded, has set surface conductor casing and has drilled 17 1/2" hole to 132m. As at 6:00 am on 1 March, the current operation is running 13 3/8" casing.

Forward Plan

Operations for the next 6-7 days will be setting the 13 3/8" casing and 9 5/8" casing. Krai Thong #1 will penetrate a secondary target in the 12 1/4" section within the next 5 - 7 days. The well is planned to intersect the major objectives in the 8 1/2" hole section within the next 9 -12 days. The well is planned to reach total depth (TD) within the next two weeks.

Further updates will be issued as the well progresses.

Krai Thong

The Krai Thong Prospect is located onshore central Thailand in the Phitsanulok basin, approximately 350 km north west of Bangkok and 50km south of the prolific Sirikit Oil Field (producing ~20,000 bopd with >200 mmboc estimated ultimate recovery). The second well to be drilled in this multi-well program will test the Krai Thong Prospect (fig. 1), a faulted anticlinal structure with multiple stacked targets. The Joint Venture estimates the Krai Thong Prospect to have a gross speculative potential resource of approximately 37 million barrels. The Krai Thong #1 well will target two separate mapped horizons between approximately 700 - 1,425 metres.

Sun has a very significant 42.5% interest in L20/50, providing maximum leverage to its shareholders in this multi-well drilling programme.

For more information and regular updates, please visit the website: www.sunres.com.au

Yours faithfully
SUN RESOURCES NL



Matthew Battrick
MANAGING DIRECTOR

Information contained in this report was sourced from the Operator of the Joint Venture in which the Company has an interest and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has 30 years experience in the practice of geology and more than 25 years experience in petroleum geology.



AD-1 Drilling Rig

About the L20/50 Multi-well Drilling Programme

Tapao Kaew Prospect

The Tapao Kaew Prospect (figure 1) is a 4-way anticlinal structure with stacked targets on the western edge of the basin, immediately adjacent to the interpreted hydrocarbon kitchen.

Krai Thong Prospect

The second well will be drilled into the Krai Thong Prospect (fig. 1), a faulted anticlinal structure with multiple stacked targets. The Joint Venture estimates the Krai Thong Prospect to have a gross speculative potential resource of approximately 37 million barrels. The Krai Thong #1 well will target two separate mapped horizons between approximately 700 - 1,450 metres.

Chalawan Prospect

If sufficient encouragement is demonstrated by the second well, the Joint Venture may drill a third well as part of this initial drill program. This well would be at the Chalawan Prospect (fig. 1). This structure comprises a series of tilted fault closures on the eastern edge of the basin. The Joint Venture estimates the Chalawan Prospect to have a gross speculative potential resource of approximately 32 million barrels. If this prospect is drilled, it is planned to be a shallow well to a total depth of 950 metres.

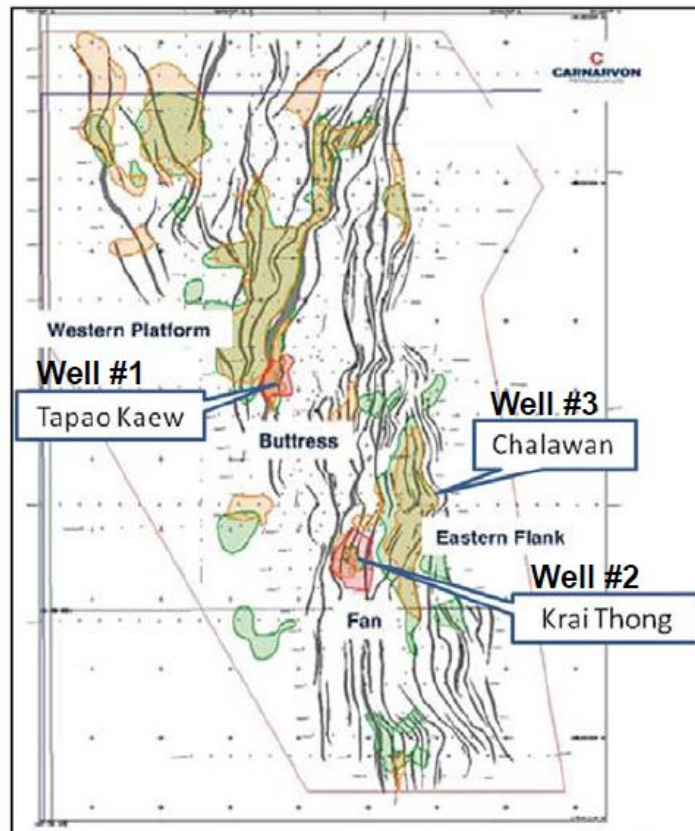


Figure 1, Prospect location map, L20/50 Permit

About the L20/50 Permit

The L20/50 permit lies on the onshore Phitsanulok Basin, located between Thailand's two largest producing onshore field complexes, being the next basin along from Carnarvon Petroleum Limited's Phetchabun Basin Oil Fields (producing up to 15,000 bopd with >60 mmboc estimated ultimate recovery) and 20 kilometres south, in the same basin as the prolific Sirikit Oil Field (producing ~20,000 bopd with >200 mmboc estimated ultimate recovery).

The L20/50 Joint Venture exploration program is targeting a resource of similar size to that of Carnarvon and Pan Orient who are producing up to 15,000 bopd (with >60 mmboc estimated gross ultimate recovery) from a number of new oil pools in the "volcanic play" in the adjacent Phetchabun Basin, 50 kilometres to the east. The primary reservoir target in the wells testing the firm prospects is the traditional sandstone reservoirs that produces most of the oil from the prolific Sirikit Oil Field and is present in multiple levels in the Nong Bua-1 well within L20/50.