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31 October 2018

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

Dear Sir/Madam

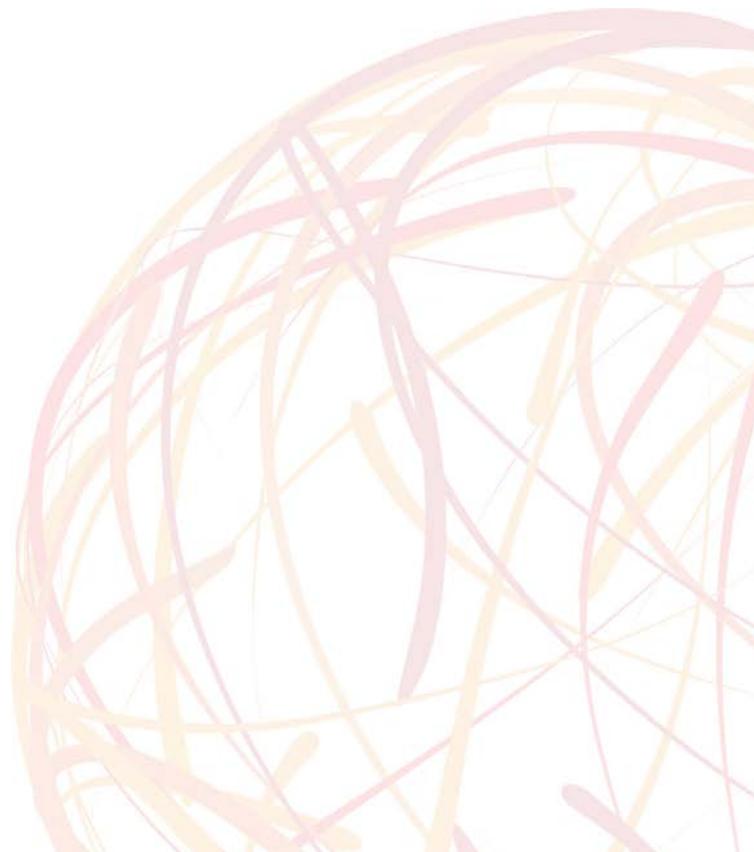
**RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 September 2018**

Please find the Quarterly Activities Report for the period ending 30 September 2018 for Sun Resources NL (ASX: SUR).

Yours faithfully  
**SUN RESOURCES NL**

A handwritten signature in black ink, appearing to read "Jo-Ann Long". The signature is fluid and cursive.

Jo-Ann Long  
**Company Secretary**



## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 September 2018

### **HIGHLIGHTS**

- Sun is assessing the best value options to apprise the Bowsprit field.
- Primarily the activities in the quarter have been progressing geological modelling for well location selection and seeking funding for the drilling.

### **OIL AND GAS EXPLORATION AND DEVELOPMENT**

**Bowsprit Oil Project (“Bowsprit”)** (Lease No. 21754 & 21787) - Sun 50% working interest.

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, within the lease and extensive existing 2D and 3D seismic over the lease. The leases are near the boundary of St Bernard and Plaquemines Parishes that covers the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion scf of gas since 1978. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell and produced through to 1990s. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. The 20 to 50ft thick oil sand was flowed successfully from four wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~40 bopd / well). The deeper gas field was abandoned and the area relinquished by the former owner in the 1990s prior to the advent of horizontal drilling.

The co-venturers have determined that the Bowsprit structure can be developed with up to five horizontal wells and could potentially be produced through a simple unmanned production platform.

Sun has a 50% working interest and is Operator of the Leases.

### **Forward Plan**

In order to prove commerciality of the contingent resources in the 7400’ sand and discover and appraise the resource in the 7400’ Deep sand, Sun and Pinnacle intend to drill and test an appraisal well. This will most likely include drilling a near vertical pilot hole through the entire reservoir to collect data and a horizontal well section to prove well deliverability.

The permitting process takes approximately 12 weeks, and the hurricane season runs from June to September, the target is to drill the first well before June 2019.

During the interim, Sun will prepare the detailed drilling program (the initial well is estimated to cost approximately US\$3.6 million) and seek a farm in partner or other source of financing to fund the drilling.

## Land Status (net acres of mineral leases)

Below is a table showing Sun's net acres of oil and gas mineral leases in the project area.

Oil Project Area	Sun's Working Interest (%WI)	Sun's Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Sun's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787 <sup>1</sup>	50%	39.5%	154	77
<b>TOTAL</b>	-	-	<b>1,154</b>	<b>577</b>

*(Total acres as at 30 June 2018)*

## OIL AND GAS PRODUCTION – ONSHORE USA

There was no oil production for the September 2018 Quarter.

## CORPORATE

Sun held net cash of \$31,000 at the end of the September 2018 Quarter.

Due to the recent instability in the markets, Sun has decided to raise funds in two stages. Initially a placement of \$320,000 has been agreed (partially subject to shareholder approval for \$100,000) and the company will announce an SPP to raise up to \$500,000. This will fund the company through well planning and permitting and a second fund raising will be undertaken prior to drilling, either via equity raise or farm out or a combination of the two.

Subject to approval by Shareholders at the AGM, Director loans totalling \$100,000 will be converted to equity at the same price as the placement. The Directors will also take up their entitlement in the SPP.

Sun is in discussion with financiers, potential farminees and JV partner Pinnacle regarding the optimum funding method for the Bowsprit Oil Project appraisal drilling.

When the initial lease was applied for over the Bowsprit project in July 2017, the oil price was around US\$46/bbl. The higher the oil price moves the more valuable the Bowsprit potentially is. With the current oil price at around US\$70/bbl, farming out the project for a single well carry, becomes less attractive. Sun has been modelling the various funding options and assessing their respective merits.

**BY ORDER OF THE BOARD**



Jo-Ann Long,  
**Company Secretary**

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This report is lodged on the Company's website, [www.sunres.com.au](http://www.sunres.com.au).

**Forward-looking Statements**

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Sun's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Sun, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.