



# SUN RESOURCES NL

ABN 69 009 196 810  
(INCORPORATED IN WESTERN AUSTRALIA)

25 Prowse Street  
WEST PERTH WA 6005 Australia  
PO Box 1786, WEST PERTH WA 6872 Australia

Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)  
Telephone: 61 8 9481 3638  
Facsimile: 61 8 9481 3528

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Tuesday 17 October 2006

Australian Stock Exchange Limited  
Company Announcements  
Level 4  
20 Bridge Street  
**SYDNEY, NSW 2000**

Dear Sir/Madam,

**RE: LODGEMENT OF PROSPECTUS AND APPENDIX 3B**

Please find attached a Prospectus pursuant to Shareholder approval granted at the General Meeting of Shareholders held on 27 July 2006 to raise \$2.2 million before expenses via a Share placement of up to 22,000,000 new shares at an issue price of 10 cents per new share and 11,000,000 free options with an exercise price of 20 cents per option on or before 30 December 2008. The prospectus has been lodged at ASIC and placed on the "Offer List" on the ASIC website. The funds raised will be allocated to exploration and development of the Company's South Texas, USA oil and gas assets, namely Project Margarita and the Flour Bluff Gas Project. An Appendix 3B for the issue is also attached.

Yours Sincerely  
**SUN RESOURCES NL**

A P Woods  
**Director/Company Secretary**

Attach

cc: ASX; ASIC; Due Diligence; Directors

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



**SUN RESOURCES N.L.**

*A.C.N. 009 196 810*

**P R O S P E C T U S**

**F O R A N I S S U E**

of up to 22,000,000 New Shares at an issue price of 10 cents per New Share  
and 11,000,000 free Options with an exercise price of 20 cents per Option  
on or before 30 December 2008  
to raise up to \$2,200,000 (before expenses of the Issue).

The New Shares offered by this Prospectus are of a speculative nature.

**THIS DOCUMENT IS IMPORTANT**

If you do not fully understand it, or are in doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

**SUN RESOURCES N.L.**  
A.C.N. 009 196 810  
**PROSPECTUS**

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**SUN RESOURCES N.L.**  
A.C.N. 009 196 810  
**PROSPECTUS**

**IMPORTANT NOTES**

This Prospectus is dated 17 October 2006 and a copy was lodged with ASIC on that date and became effective on 17 October 2006. ASIC and ASX take no responsibility for the content of this Prospectus.

No securities will be allotted or issued on the basis of this Prospectus later than thirteen (13) months after the date of issue of the Prospectus.

No person is authorised to give any information or to make any representation in connection with the Issue, which is not contained in the Prospectus.

Application will be made to ASX within 7 days after the date of issue of this Prospectus for Official Quotation of the New Shares the subject of the Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Certain words and terms used in this Prospectus have defined meanings, which appear in the Glossary.

A copy of this Prospectus can be downloaded from the website of the Company at [www.sunres.com.au](http://www.sunres.com.au). However, the securities offered under this Prospectus are not being offered on the basis of the electronic copy of the Prospectus displayed on the Company's website and will only be issued on the basis of an application form issued with a hard copy of the Prospectus.

**TRANSACTION-SPECIFIC PROSPECTUS**

This Prospectus is a "transaction-specific" prospectus issued under Section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. The Prospectus is therefore intended to be read in conjunction with the publicly available information in relation to Sun Resources which has been notified to the ASX; it does not include all information that would be included in a prospectus for an initial offering of securities in a company that is not already listed on the ASX. Investors should therefore also have regard to the other publicly available information in relation to Sun Resources before making a decision whether or not to subscribe to the Issue.

**PRIVACY DISCLOSURE**

The Company collects information about each applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's shareholding in the Company.

By submitting an Application Form, each applicant agrees that the Company may use the information provided on the Application Form for the purposes set out in this privacy disclosure statement and may disclose that information for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

If an applicant becomes a shareholder of the Company, the Corporations Act requires the Company to include information about the shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a shareholder of the Company. Information contained in the Company's registers is also used to facilitate dividends and other distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its shareholders) and compliance by the Company with legal and regulatory requirements.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

<b>DIRECTORS:</b>	DR BL FARRELL B.Sc. (Hons Ecol Geol), M.Sc., Ph.D., FAIMM MMICA, CPGeol, MIMM, CEng, MPESA MR WJ ASHBY B.Sc. (Geophysics), Grad. Dip. App. Sc. (Geophysics), MPESA, MAAPG, MSEG, MASEG AP WOODS FCPA, FTIA, MAICD DR P LINSLEY, B.Sc. (Hons Geol) (London) Ph.D. (London), MBA (Kingston) DR WG MARTINICK B.Sc. Ph.D. M.AusIMM, CP(Env)
<b>COMPANY SECRETARY:</b>	MR AP WOODS FCPA, FTIA, MAICD
<b>REGISTERED OFFICE:</b>	4 Bendsten Place Balcatta, Western Australia 6021
<b>TELEPHONE:</b>	(08) 9345 4100
<b>FACSIMILE:</b>	(08) 9345 4541
<b>EMAIL:</b>	<a href="mailto:admin@sunres.com.au">admin@sunres.com.au</a>
<b>WEBSITE:</b>	<a href="http://www.sunres.com.au">www.sunres.com.au</a>
<b>CORPORATE MANAGERS:</b>	*APSL Pty Ltd 4 Bendsten Place Balcatta, Western Australia 6021
<b>AUDITORS:</b>	*BDO Chartered Accountants & Advisers Level 7, 256 St Georges Terrace Perth, Western Australia 6000
<b>SOLICITOR:</b>	*Simon Watson LL.B., B. Ec 17 Ord Street West Perth, Western Australia 6005
<b>SHARE REGISTRY:</b>	*Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia 6000 Telephone: (08) 9323 2000 Facsimile: (08) 9323 2096
<b>STOCK EXCHANGE:</b>	*AUSTRALIAN STOCK EXCHANGE LIMITED Code: SUR

\* These entities have had no involvement in the preparation of this Prospectus and their names appear above for information purposes only.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**DETAILS OF THE ISSUE**

**DATE OF ANNOUNCEMENT**

The Issue was announced to Australian Stock Exchange Limited on 17 October 2006.

**PURPOSE OF ISSUE**

The purpose of the Issue is to raise funds for the exploration and development of hydrocarbon interests located in South Texas in the United States of America, namely Project Margarita and the Flour Bluff Gas Project in which the Company and /or its controlled entities hold interests.

**INTENDED USE OF THE FUNDS RAISED BY THE ISSUE**

It is anticipated that the amount to be raised by the Issue (being approximately \$2,200,000) assuming the Issue is fully subscribed, will be expended in the following manner: used for exploration and development, and expenses of the issue for the period from 1 November 2006 to 31 March 2007 as follows:

Funds will be used for exploration and development, and expenses of the issue for the period from 1 November 2006 to 31 March 2007 as follows:

	\$
(a) Flour Bluff Gas Project, South Texas	1,214,720
(b) Project Margarita, South Texas	850,000
	<hr/>
	2,064,720
	<hr/>
(c) Expenses of the issue	135,280
	<hr/>
	2,200,000
	<hr/>

Any funds not applied in this way will be used for working capital.

There is no minimum subscription to the Issue. The Directors have made preliminary enquiries with a number of institutional investors to take a placement of Shares in the Company and have received very positive responses.

If the Issue is not fully subscribed, then the cash at bank will be reduced accordingly and the Company will proceed with the allotment of those Shares for which applications have been received, and apply the amount raised by the Issue (after meeting the expenses of the Issue) to exploration and development of its South Texas hydrocarbon interests. This should have no material adverse effect on the continuing operations of the Company.

**THE ISSUE**

Applications are invited for a total of up to 22,000,000 New Shares at an issue price of 10 cents per Share, payable in full on application and 11,000,000 free Options with an exercise price of 20 cents per Option on or before 30 December 2008. Each two new Shares issued will be issued with a free Option. All new securities will be listed on the ASX.

The Issue will raise up to \$2,200,000 before deduction of the expenses of the Issue, estimated at up to \$135,280 and made up as follows:

	\$
1. Cost of preparation of Prospectus including legal fees, ASX listing fee and ASIC lodgement fees	25,280
2. 5% Placement fee payable, if applicable, to member organisations of ASX	110,000
	<hr/>
	135,280
	<hr/>

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

Completed applications may be lodged at any time after the issue of this Prospectus.

The Company may close the Issue at any time without prior notice. Accordingly, investors are encouraged to submit their applications as early as possible.

You should carefully read this Prospectus in its entirety in order to make an informed assessment of the effect of the Issue on the Company and the rights and liabilities attaching to the Shares offered by this Prospectus. If you are unsure of any aspect of the Issue, please contact your stockbroker, solicitor, accountant or other professional adviser.

The invitation to subscribe for New Shares and Options is being made to clients of member organisations of ASX.

### **APPLICATIONS**

An application for New Shares and Options must be made and will only be accepted on one of the Application Forms attached to a paper copy of the Prospectus.

Completed Application Forms, together with your cheque drawn on an Australian bank or a bank draft in Australian currency made payable to "Sun Resources NL" and marked "Not Negotiable", should be forwarded to:

Sun Resources N.L.  
PO Box 1786  
West Perth, Western Australia 6872

Applications must be for a minimum of 20,000 Shares and thereafter in multiples of 2,000 Shares.

The acceptance of applications and the allocation of New Shares under the Issue is at the discretion of the Company. The Company reserves the right to allocate a lesser number of New Shares than the number for which the applicant applies. If the number of New Shares allotted to an applicant is fewer than the number applied for, or if no allotment is made to that applicant, the surplus application moneys will be refunded without interest within 30 days after the close of the Issue.

Application moneys will be held by the Company in trust for applicants so long as those moneys or any part of them are liable to be repaid in accordance with this Prospectus.

Application moneys will only be released to the Company on allotment of the Shares offered by this Prospectus.

### **OFFICIAL QUOTATION OF NEW SECURITIES**

Application will be made for Official Quotation by ASX of the New Shares and Options the subject of this Prospectus within 7 days after the date of issue of this Prospectus. If approval is not granted by ASX before the expiration of three months after the date of issue of this Prospectus, the Company will not allot or issue any Shares and Options the subject of this Prospectus.

ASX takes no responsibility for the contents of this Prospectus.

### **DIVIDENDS**

The New Shares the subject of this Prospectus will rank *pari passu* in all respects with the Company's existing fully paid ordinary Shares on issue. It is not envisaged that dividends will be paid in the foreseeable future.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**UNDERWRITING**

The Issue is not underwritten. However, the Company will pay member organisations of ASX a commission equal to 5% of the amount payable in respect of any New Shares allotted pursuant to an application lodged by the member organisation.

**MINIMUM SUBSCRIPTION**

There is no minimum subscription to the Issue. If the issue is not fully subscribed, the Company intends to proceed with the allotment of those New Shares for which applications have been received.

**NON-RESIDENT INVESTORS**

It is the responsibility of investors who are not resident in Australia to obtain any necessary approval for the issue to them of New Shares pursuant to this Prospectus. Accordingly, investors resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to apply for New Shares.

This Prospectus does not constitute an invitation to subscribe for Shares in any place in which, or to any person to whom, it would not be lawful to make such an invitation.

**ALLOTMENT**

New Shares will be allotted and holding statements will be mailed to allottees no later than 7 days after acceptance of applications.

**RELATED PARTIES**

Since the Company has not sought the approval of its shareholders under Listing Rule 10.11, related parties to the Company will not be entitled to participate in the Issue.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**EFFECT OF THE ISSUE ON THE COMPANY**

**CAPITAL STRUCTURE**

The Issue will have an effect on the capital structure of the Company. The effect before share issue expenses (assuming that the Issue is fully subscribed) is summarised below.

<b>NUMBER</b>	<b>PRESENT ISSUED CAPITAL</b>	<b>\$</b>
148,755,785	Ordinary Shares fully paid	26,297,397

**SHARES THE SUBJECT OF THIS PROSPECTUS**

22,000,000	Ordinary Shares fully paid	2,200,000
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**ISSUED CAPITAL AFTER COMPLETION OF ISSUE**

170,755,785	Ordinary Shares fully paid	28,497,397
=====		=====

The Company has the following unlisted contributing ordinary Shares on issue:

- (a) 4,800,000 Shares issued at 25 cents and paid to 2.5 cents.

The Company has the following listed Options on issue:

- (a) 12,500,000 Options with and exercise price of 20 cents per option on or before 30 December 2008.

The Company has the following unlisted Options on issue:

- (a) 2,000,000 Options with and exercise price of 25 cents per option on or before 29 February 2008.  
(b) 2,000,000 Options with and exercise price of 35 cents per option on or before 30 April 2008.  
(c) 2,000,000 Options with and exercise price of 45 cents per option on or before 30 June 2008.  
(d) 1,500,000 Options with and exercise price of 25 cents per option on or before 30 June 2009.  
(e) 1,000,000 Options with and exercise price of 30 cents per option on or before 30 December 2009.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**EFFECT OF THE ISSUE ON THE COMPANY**

**PROFORMA BALANCE SHEET**

**Unaudited Proforma Balance Sheet of the Company and its controlled subsidiaries  
As at 30 June 2006**

The Issue will also have an effect on the Company's Balance Sheet. A copy of the audited consolidated Balance Sheet and the unaudited proforma consolidated Balance Sheet of the Company and its controlled subsidiaries, both as at 30 June 2006 (assuming that the Issue is fully subscribed and was completed on 30 June 2006), is set out below.

	\$	\$	\$
	Audited	Effect of	Unaudited
	30 June	Current	30 June
	2006	Issue	2006
<b>CURRENT ASSETS</b>			
Cash and Cash equivalents	1,866,035	2,200,000	4,066,035
Receivables	134,915	-	134,915
Financial assets	427,000	-	427,000
<b>TOTAL CURRENT ASSETS</b>	<u>2,427,950</u>	<u>2,200,000</u>	<u>4,627,950</u>
<b>NON-CURRENT ASSETS</b>			
Receivables	-	-	-
Financial assets	-	-	-
Plant and equipment	24,667	-	24,667
Exploration expenditure	16,855,766	-	16,855,766
<b>TOTAL NON-CURRENT ASSETS</b>	<u>16,880,433</u>	<u>-</u>	<u>16,880,433</u>
<b>TOTAL ASSETS</b>	<u>19,308,383</u>	<u>2,200,000</u>	<u>21,508,383</u>
<b>CURRENT LIABILITES</b>			
Payables	22,905	135,280	158,185
<b>NON-CURRENT LIABILITIES</b>			
Payables	-	-	-
<b>TOTAL LIABILITES</b>	<u>22,905</u>	<u>135,280</u>	<u>158,185</u>
<b>NET ASSETS</b>	<u><b>19,285,478</b></u>	<u><b>2,064,720</b></u>	<u><b>21,350,198</b></u>
<b>EQUITY</b>			
Issued capital	25,819,806	2,064,720	27,884,526
Reserves	393,600	-	393,600
Accumulated losses	(6,927,928)	-	(6,927,928)
<b>TOTAL EQUITY</b>	<u><b>19,285,478</b></u>	<u><b>2,064,720</b></u>	<u><b>21,350,198</b></u>

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**EFFECT OF THE ISSUE ON THE COMPANY**

**STATEMENT OF FINANCIAL PERFORMANCE**

The Issue will have no immediate effect on the Company's Statement of Financial Performance other than the expenses of the Issue (see page 3 of this Prospectus) and interest earned on the funds represented by the application moneys pending their expenditure in the manner described on page 3 of this Prospectus.

**ADDITIONAL INFORMATION**

**RIGHTS ATTACHING TO THE SECURITIES TO BE ISSUED**

The New Shares the subject of this Prospectus will rank equally in all respects with the Company's fully paid ordinary Shares already on issue.

The following is a broad summary of the rights which attach to the Company's existing ordinary Shares.

(a) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at a general meeting every holder of ordinary Shares present in person or by proxy or being a corporation, by a representative duly authorised under the Corporations Act 2001, has one vote on a show of hands and one vote per share on a poll. A person who holds a share which is not fully paid is entitled to a fraction of a vote equal to the amount paid up divided by the issue price of the share.

(b) **Dividend Rights**

Subject to the rights of holders of Shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the numbers of Shares held by them respectively and are paid irrespective of the amount paid up or credited as paid up on those Shares.

(c) **Rights on Winding up**

Subject to the rights of holders of Shares issued upon special terms and conditions (at present there are none), holders of ordinary Shares will share in any surplus assets on a winding-up in proportion to the numbers of Shares held by them respectively, irrespective of the amount paid up or credited as paid up on those Shares at the commencement of the winding-up.

(d) **Transfer of Shares**

Subject to the Constitution of the Company, the Corporations Act 2001 and the SCH Business Rules and subject to any restrictions applicable to Shares which have been designated by the ASX as "restricted securities", ordinary Shares in the Company are freely transferable.

(e) **Future Increases in Capital**

The allotment and issue of any new Shares is under the control of the Directors. Subject to the restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of new Shares on such terms and conditions as they see fit.

(f) **Variation of Rights**

At present, the Company only has ordinary Shares on issue. If Shares of another class were issued, the rights and privileges attaching to ordinary Shares could be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary Shares. Such approval will be obtained if the holders of a three-quarter' majority in nominal amount of the issued ordinary Shares vote in favour of the alteration at that meeting or the written consent of the holders of at least a three-quarters' majority in nominal amount of the issued ordinary Shares.

The Options the subject of this Prospectus have the following terms and conditions

(a) **Terms and Conditions of Options**

Each option entitles the option holder to acquire one (1) fully paid ordinary share in the capital of the Company on the following terms and conditions:-

1. The option expires at 5.00pm on 30 December 2008.
2. The option may be transferred at any time before the Expiry Date.

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

3. If the option holder holds more than 1 option, all or any of the Options may be exercised in whole or in part from time to time by notice in writing to the Company received before the Expiry Date.
4. The exercise price for the option is 20 cents.
5. The Shares issued upon exercise of the Options:-
  - (a) will rank equally with existing ordinary fully paid Shares; and
  - (b) will (unless the Options are designated as restricted securities at the time) be eligible for listing on the official list of the Australian Stock Exchange.
6. The Company will apply for official quotation by the ASX of the Options.
7. There is no inherent right in the option to participate in any new issue of securities which may be offered to shareholders of the Company from time to time before the exercise of the option.
8. The Company will notify option holders of the proposed issue at least 7 business days before the books closing date. This will give the option holders an opportunity to exercise their Options before the book's closing date of any such new issue.
9. In the event of any re-organisation of the capital of the Company, the number of Options or the exercise price of the option or both shall be reorganised in accordance with the Listing Rules.

### **CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION**

The Company is a “disclosing entity” for the purposes of section 111AC of the Corporations Act 2001. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Having taken such precautions and made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the 12 months immediately prior to the issue of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arose for the purpose of ASX making that information available to the stock market conducted by ASX.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the currency of this Prospectus:

- (a) the annual financial report for the financial year of the Company ended 30 June 2006 (being the last annual financial report for the financial year to be lodged with the ASIC in relation to the Company before the issue of this Prospectus); and
- (b) all documents used to notify the ASX of information relating to the Company under the provisions of the Listing Rules of ASX since lodgement of the annual financial report referred to in paragraph above, being the following documents:

1	11 October 2006	Sun Resources Roadshow Update On Forthcoming Projects

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers would reasonably require for the purpose of making an informed assessment of;

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
- (b) the rights and liabilities attaching to the Shares comprised in the Issue.

**SUN RESOURCES N.L.**  
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This Prospectus contains details specific to the Issue. If investors require any further information in relation to the Company, the directors recommend that they take advantage of the ability to inspect or obtain copies of the documents referred to above.

**DIRECTORS' INTERESTS**

- (a) Other than as set out below or elsewhere in this Prospectus, no:
- (i) Director or proposed Director;
  - (ii) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
  - (iii) promoter of the Company; or
  - (iv) financial services licensee named in the Prospectus as a financial services licensee involved in the Issue,

holds, or held at any time during the last two years, any interest in the Issue, in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue. No amounts have been paid or agreed to be paid, and no benefit has been given or agreed to be given, to any Director or proposed Director, either to induce him to become, or to qualify him as, a director of the Company, or for services provided by any of the persons referred to in (i), (ii), (iii) or (iv) above in connection with the Issue or the formation or promotion of the Company.

(b) **DIRECTORS' INTERESTS IN SECURITIES**

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

	<b>Fully Paid Ordinary Shares</b>	<b>Unlisted Contributing Shares</b>	<b>Unlisted Options</b>
Dr BL Farrell	19,525,255	1,200,000	-
Mr WJ Ashby	-	-	1,500,000
Mr AP Woods	6,459,526	1,200,000	-
Dr P Linsley	1,220,902	1,200,000	-
Dr WG Martinick	10,984,139	1,200,000	-

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(c) **DIRECTORS' REMUNERATION**

Details of remuneration paid to directors by the Company during the period of two years ending on the date of this Prospectus are as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Dr BL Farrell *	337,852	239,236
Mr WJ Ashby	-	-
Mr AP Woods *	188,400	58,500
Dr P Linsley *	140,243	15,620
Dr WG Martinick *	128,400	-

\* Each director paid a call of \$30,000 to unlisted contributing Shares that were valued by Stanton Partners Corporate Pty Ltd on 16 September 2005 at \$98,400 using the "binomial valuation model", as stated on page 27 of the Company's Annual Report 2006.

**OTHER INTERESTS**

Simon Watson will be paid a fee of approximately \$5,000 (plus GST) for the provision of advice in relation to this Prospectus.

**CONSENTS**

The following parties have given their written consent to being named in this Prospectus but have not made any statement that is included in this Prospectus or on which a statement included in this Prospectus is based, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

Simon Watson - Solicitor  
Computershare Investor Services Pty Ltd - Share Registry  
APSL Pty Ltd – Corporate Managers  
BDO – Auditors

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**GLOSSARY**

In this Prospectus, the following terms and abbreviations have the following meanings, unless otherwise stated or the context otherwise requires:

**Application Form** means the application form attached to and forming part of this Prospectus and “application” and “applicant” have corresponding meanings:

**ASIC** means Australian Securities and Investments Commission;

**ASX** means Australian Stock Exchange Limited (ACN 008 624 691);

**Company or Sun Resources** means Sun Resources NL (ACN 009 196 810);

**Directors** means the directors of the Company;

**Issue** means the offer and issue of New Shares pursuant to this Prospectus;

**Listing Rules** means the Official Listing Rules of ASX, as amended from time to time;

**New Shares** means the Shares offered pursuant to this Prospectus;

**Options** means the Options offered pursuant to this Prospectus;

**Prospectus** means this prospectus together with any replacement or supplementary prospectus; and

**Shares** means fully paid ordinary Shares in the Company.

**DIRECTORS' CONSENTS**

In accordance with Section 720 of the Corporations Act 2001, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Dated 17 October 2006



.....  
Signed for and on behalf of  
Sun Resources NL  
By AP Woods, Company Secretary/Director

**SUN RESOURCES N.L.**  
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**PROSPECTUS**

**APPLICATION FORM**  
(Instructions on reverse of this form)

TO: The Directors  
Sun Resources N.L.  
PO Box 1786  
WEST PERTH WA 6872

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TELEPHONE No: \_\_\_\_\_

APPLICATION:

Number of Shares Applied For: \_\_\_\_\_ fully paid ordinary Shares and  
\_\_\_\_\_ Options expiring 30 December 2008 with an exercise price of 20  
cents each, in Sun Resources NL (the Company) on the basis of one (1) free Option for  
every two (2) Shares subscribed for \$ \_\_\_\_\_ being application and allotment  
for payment at the rate of 10 cents per share.

Note: Applications must be for a minimum of 20,000 Shares and thereafter in multiples of 2,000 Shares.

I/We enclose herewith my/our cheque for the amount shown above being full payment at the rate of 10 cents per share.

I/We hereby authorise you to place my/our names on the register of members of the Company as the holder of the Shares and Options allotted to me/us in respect of this application, and I/We agree to be bound by the Constitution of Sun Resources N.L.

CHESS Details:	SBN / IPN	HIN
-------------------	-----------	-----

I/We agree to accept any number of Shares and Options equal to or less than the number applied for.

Complete all sections of the Application Form and return together with your cheque drawn on an Australian bank or bank draft in Australian currency made payable to “ Sun Resources NL” and crossed “Not Negotiable” to:

Sun Resources N.L.  
PO Box 1786  
WEST PERTH WA 6872

Lodge your Application Form as soon as possible.

**NOTE: RETURN OF THIS APPLICATION FORM WITH YOUR CHEQUE OR BANK DRAFT FOR THE APPLICATION MONIES WILL CONSTITUTE YOUR OFFER TO SUBSCRIBE FOR SHARES AND OPTIONS IN THE COMPANY. NO SIGNATURE IS REQUIRED. YOU SHOULD READ THE PROSPECTUS BEFORE COMPLETING THIS APPLICATION FORM.**

**SUN RESOURCES N.L.**  
A.C.N. 009 196 810  
**PROSPECTUS**

**INSTRUCTIONS**

The Company participates in CHESSE, the Clearing House Electronic Sub register System operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX. If you are already a participant in CHESSE, you may complete the boxes marked “CHESSE details” by entering your Sponsoring Broker Number (“SBN”) or forward the Application Form to your sponsoring broker for completion prior to lodgement. Otherwise leave this section blank and on allotment you will be sponsored by the Company and be allotted a Holder Identification Number (HIN) and be advised of the Issuer Participant Number (IPN).

As required by the Corporations Act 2001, this Application Form must not be handed on to any person unless attached to or accompanied by a paper copy of this Prospectus.

**SUN RESOURCES N.L.**  
A.C.N. 009 196 810  
**PROSPECTUS**

**APPLICATION FORM**  
(Instructions on reverse of this form)

TO: The Directors  
Sun Resources N.L.  
PO Box 1786  
WEST PERTH WA 6872

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

TELEPHONE No: \_\_\_\_\_

APPLICATION:

Number of Shares Applied For: \_\_\_\_\_ fully paid ordinary Shares and  
\_\_\_\_\_ Options expiring 30 December 2008 with an exercise price of 20  
cents each, in Sun Resources NL (the Company) on the basis of one (1) free Option for  
every two (2) Shares subscribed for \$ \_\_\_\_\_ being application and allotment  
for payment at the rate of 10 cents per share.

Note: Applications must be for a minimum of 20,000 Shares and thereafter in multiples of 2,000 Shares.

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CHESS  
Details:

SBN / IPN	HIN
-----------	-----

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**SUN RESOURCES N.L.**  
A.C.N. 009 196 810  
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As required by the Corporations Act 2001, this Application Form must not be handed on to any person unless attached to or accompanied by a paper copy of this Prospectus.

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SUN RESOURCES NL

ABN

69 009 196 810

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

1	+Class of +securities issued or to be issued	ORDINARY SHARES LISTED OPTIONS
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	22,000,000 – ORDINARY NEW SHARES 11,000,000 – LISTED OPTIONS 1,500,000 – LISTED OPTIONS ISSUED TO DIRECTOR (PREVIOUSLY UNLISTED OPTIONS).
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	10 CENTS PER NEW SHARE EXERCISABLE @ 20 CENTS EXPIRING ON OR BEFORE 30 DECEMBER 2008.

+ See chapter 19 for defined terms.

4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

YES, FOR SHARES ONLY

5 Issue price or consideration

10 CENTS PER NEW SHARE

OPTIONS ARE FREE

6 Purpose of the issue  
(If issued as consideration for the acquisition of assets, clearly identify those assets)

A) TO RAISE FUNDS FOR THE EXPLORATION AND DEVELOPMENT OF HYDROCARBON INTERESTS LOCATED IN SOUTH TEXAS IN THE UNITED STATES OF AMERICA, NAMELY PROJECT MARGARITA AND THE FLOUR BLUFF GAS PROJECT IN WHICH THE COMPANY AND /OR ITS CONTROLLED ENTITIES HOLD INTERESTS;

B) FUNDS WILL ALSO BE USED FOR EXPENSES OF THE ISSUE FOR THE PERIOD FROM 1 NOVEMBER 2006 TO 31 MARCH 2007, PROVIDING ADDITIONAL WORKING CAPITAL AND MEETING ADMINISTRATION COSTS FOR THESE VENTURES.

7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates

27 OCTOBER 2006

	Number	<sup>+</sup> Class
8 Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the securities in clause 2 if applicable)	170,755,785	ORDINARY SHARES
	22,000,000	ORDINARY SHARES

<sup>+</sup> See chapter 19 for defined terms.

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	4,800,000	25 CENT UNLISTED CONTRIBUTING SHARES PARTLY PAID TO 2.5 CENTS.
		10,000,000	LISTED OPTIONS AT 20 CENTS EACH EXPIRING ON OR BEFORE 30 DECEMBER 2008.
		2,000,000	UNLISTED OPTIONS AT 25 CENTS EACH EXPIRING 29 FEBRUARY 2008.
		2,000,000	UNLISTED OPTIONS AT 35 CENTS EACH EXPIRING 30 APRIL 2008.
		2,000,000	UNLISTED OPTIONS AT 45 CENTS EACH EXPIRING 30 JUNE 2008.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NO CHANGE	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	NA/
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a	N/A

+ See chapter 19 for defined terms.

- broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

38 Number of securities for which  
+quotation is sought

N/A
-----

39 Class of +securities for which  
quotation is sought

N/A
-----

40 Do the +securities rank equally in all  
respects from the date of allotment  
with an existing +class of quoted  
+securities?

If the additional securities do not  
rank equally, please state:

- the date from which they do
- the extent to which they  
participate for the next dividend,  
(in the case of a trust,  
distribution) or interest payment
- the extent to which they do not  
rank equally, other than in  
relation to the next dividend,  
distribution or interest payment

N/A
-----

41 Reason for request for quotation  
now

Example: In the case of restricted securities, end of  
restriction period

(if issued upon conversion of  
another security, clearly identify that  
other security)

N/A
-----

42 Number and +class of all +securities  
quoted on ASX (including the  
securities in clause 38)

Number	+Class
N/A	

+ See chapter 19 for defined terms.

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

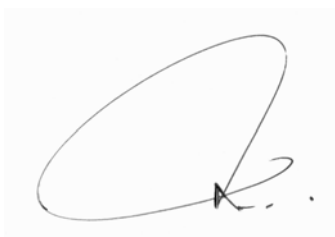
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 17 October 2006  
(Director/Company secretary)

Print name: ..ALAN PETER WOODS..

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+ See chapter 19 for defined terms.