



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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

Dear Sir/Ms,

RE: STATUS OF OPERATIONS, EAGLE NORTH 1, CALIFORNIA, USA

Sun Resources NL ("Sun Resources") wishes to update shareholders on the status of operations on Eagle North 1, San Joaquin Basin, California, USA.

Victoria Petroleum NL ("Victoria") as operator for the Eagle North-1 horizontal well on the Eagle Oil Pool Development Project in the San Joaquin Basin has advised that the deep workover rig has completed operations and is currently preparing to suspend Eagle North-1 for a future re-entry and side track to drill, complete and test the lower Gatchell oil sand zone.

Operations cleared the hole of production tubing to the production valve at 3,963 metres depth. Regrettably after considerable effort it has not been possible to pass through the production valve and retrieve it and the associated production plug and below it the tubing and tubing conveyed guns in the horizontal well bore to 4,281 metres depth and thence to clean out the well bore in preparation for the running of new casing perforating guns to perforate casing and test the as yet untested 72 metres of oil pay behind casing in the lower Mary Bellocchi Gatchell sand.

The joint venture partners have decided that the money spent continuing the work over with uncertain outcome (the production valve being too damaged now to retrieve with certainty) would best be spent on a future re-entry and side track from the current cased Eagle North-1 well bore to target the good oil shows seen in the 177 metres of horizontal well in the lower Gatchell sand; ie from 4,209 to 4,386 metres measured depth.

The Eagle Oil Pool remains a tantalising target as its potential has as yet not been downgraded from its original target potential of a mean of 13.5 million barrels of oil with 25 billion cubic feet of gas to the P₁₀ case of 34 million barrels of oil with 58 billion cubic feet of gas. There is the now established presence of oil in the target zone over a 177 metres of horizontal extent, coupled with the known ability to flow oil and gas to surface from this zone from the nearby Mary Bellocchi-1 vertical well (223 barrels of oil per day and 0.7 million cubic feet per day flow from a 12 metre interval of lower Mary Bellocchi sand which should be considerably enhanced by a flow from a 177 metre interval); and the current high oil price provide encouragement to continue to achieve a successful production well and eventually the development of the Eagle Oil Pool through a horizontal well development.

Planning has commenced for this future operation with the exact timing of the operation subject to the availability of the required deep drilling rig, equipment and personel. A new operator and partner will be sought for this project with the opportunity for an incoming partner to farmin to the interests currently held by some of the parties. At this stage Sun Resources requires a full independent evaluation of the proposed forward program and past operations before making a decision on whether it will continue at its current level of interest in the joint venture or farm down and be carried on a farmin on the further evaluation of the Eagle Oil Pool, which as outlined above still remains a tantalising target, but to date has been technically challenging.

Participants interests in the Eagle Oil Pool Development Project on completion of Eagle North #1 are:

# Sun Resources NL	10.0%
# Victoria Petroleum NL (Operator)	20.0%
# First Australian Resources Ltd	15.0%
# Lakes Oil NL	15.0%
Empyrean Energy PLC	38.5%
USA Private Interest	<u>1.5%</u>
	100.0%

ASX listed

Yours sincerely

SUN RESOURCES NL



Dr Brad L Farrell

EXECUTIVE CHAIRMAN

This report is lodged on the Company's website, www.sunres.com.au

Information contained in this report was sourced from information provided by the various project operators and compiled by Dr B. L. Farrell, PhD, MSc, BSc (Hons Eco.Geol), FAiMM, MICA, CPGeol, MIMM, MPESA, who has had 35 years experience in the practice of geology and more than 5 years experience in petroleum geology.