



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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Tuesday, 15 May 2007

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

Dear Sir/Ms,

**RE: EARLY DRILLING PROPOSED FOR PROJECT REDBACK, A NEW JOINT VENTURE,
ONSHORE GULF COAST, SOUTH TEXAS, USA**

Following the successful outcome of the start of the initial ongoing drilling program on the Margarita Project area, onshore Gulf Coast, South Texas, USA, Sun Resources NL ("Sun Resources") has further strengthened its exploration activities through a further joint venture with Wandoo Energy LLC ("Wandoo").

The new joint venture, called "**Redback**", is on a 393 km² 3D seismic data base covering a small portion of a highly productive, onshore Gulf Coast, oil and gas trend in South Texas. This regional trend to date has produced some 1.2 billion barrels of oil and 6 trillion cubic feet of gas from near surface to 10,000 feet depth.

The objective of the joint venture is to target the very under explored prospective stratigraphy below 10,000 feet depth in the Redback 3D seismic data base. A pilot "skimming" program on the Redback 3D seismic data, in part funded by Sun Resources, has already recognised at least 7 good prospects in the 12,000 to 15,000 feet depth range with accompanying seismic attributes thought to reflect the presence of significant hydrocarbons. A number of these prospects have multiple targets with high upside potential for both gas and oil as accompanying condensate. One in particular has an upside to 116 billion cubic feet of gas with 6 million barrels of oil (ie up to 152 billion cubic feet of gas equivalent). On trend of the Redback area are production analogues of the recognised prospects from the target depth stratigraphy. Individual wells from these analogues have produced up to 10 billion cubic feet of gas plus 250,000 barrels of oil at high initial daily well production rates of up to 10 million cubic feet of gas with 300 barrels of oil.

Interests in the Joint Venture are Sun Resources 37.5%, Victoria Petroleum NL ("Victoria") 37.5% and Wandoo 25%. The basic terms of the Joint Venture are Sun Resources and Victoria will fund a six months evaluation of the seismic data at an all up cost of US\$360,000 for a first right of refusal to earn a 75% Working Interest in any individual prospects generated within the Redback area by drilling a well on individual prospects on a non promoted "ground floor" basis. With respect to completing successful wells, Sun Resources and Victoria will only carry part of Wandoo's 25% Working Interest (ie a 10% Working Interest) in the first well on any prospect to completion.

The joint venture aims to fast track Project Redback to drilling a high graded prospect in late December quarter 2007. The joint venture will expose Sun Resources to a choice of quality drillable prospects of various risked size potential on a ground floor basis. The Company will mitigate drilling risk and offset the cost of any drilling by farming portion of its current 37.5% Working Interest in individual prospects to a 20.0% Working Interest level.

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.