



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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Tuesday, 6 March 2007

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

Dear Sir/Ms,

RE: Shallow Drilling Program Update Project Margarita

- 1) **El Viejito Flows Gas from Well Test**
- 2) **Dos Dedos #1 Reaches Total Depth**
- 3) **Milagro Well Test Timing**

1. El Viejito #1 Well

The flow test on the El Viejito #1 has been successful, with the well currently on a 24 hour test flow period (due to finish at approx. 5:00 PM WST March 6, 2007). The well has flowed at a rate up to 210 mscfd and is currently flowing at a stabilized rate of 175 mscfd, both flows were constrained at surface by the choke size while engineering data is obtained. Well flowing and bottom hole pressures are good and it is expected that the flow rate when in production can be increased from the current level.

Gas contracts and regulatory approvals for a gas sales line are currently being sought for the well.

2. Dos Dedos # 1 Well

The Dos Dedos well reached total depth on February 3, 2007 at approximately 9:30PM WST. Wireline logging operations have been conducted and the interpretation of this data indicates a total gas pay of 3.5 meters over 3 zones. This is within the range of expected pay predictions pre drill. The well has been completed with production casing in preparation for a flow test.

Dos Dedos is the third well in the Margarita Project shallow drilling program, all of which have encountered oil and or gas and all have been completed for flow testing. Drilling operations will take a break while the rig is contracted to another operator, a further release will be made when drilling operations on the remaining 3 wells in the shallow program recommence.

3. Milagro #1 well

Well flow testing is now anticipated to commence during the evening of Wednesday (WST) March 7, 2007.

Participants in the shallow gas program wells are:

Sun Resources NL [#]	20.00%
Victoria Petroleum NL [#]	20.00%
Empyrean Energy PLC [*]	44.00%
Wandoo Energy LLC ⁺	<u>16.00%</u>
	100.00%

[#] ASX listed

^{*} AIM listed

⁺ USA Private Interest

Yours sincerely

SUN RESOURCES NL



William Ashby

MANAGING DIRECTOR

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 project operator and compiled by Mr William J Ashby, BAppSc (Geophysics), Grad Dip (Geophysics), MAAPG, MSEG, MPESA, who has had 23 years experience in the practice of petroleum, geology and geophysics.