



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
Telephone: 61 8 9481 3638
Facsimile: 61 8 9481 3528

Thursday, 30 August 2007

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

Dear Sir/Ms,

RE: EXCELLENT INITIAL RESULTS FROM FLOUR BLUFF FIELD WELLS WORKOVER PROGRAM, ONSHORE GULF COAST, SOUTH TEXAS, USA

As advised in the June 2007 quarterly report, the operator of the Flour Bluff Gas Fields, Gulf Coast South Texas, commenced a workover program mid June quarter on East Flour Bluff Field wells, D-18, D-19 and D-24, and now whilst equipment is at site, on the Smith #1 well in the West Flour Bluff Field.

The aim of the program is to arrest declining production and bring daily production to above 3,000,000 scfd from the current 1,600,000 scfd level by carrying out completions on up hole reserves behind pipe in the wells with immediate delivery of ensuing production to the gas processing plant for sales.

These workovers are the result of Sun Resources' active lobbying of the Operator and were considered and approved at a technical meeting in Houston in early February 2007.

RESULTS TO DATE

- The J-64 sand in the D-24 well was completed and resulted in a final stabilised daily gas flow of 635,000 scf with 26 boc (791,000 scfe gas) and 8 bw to the gas processing plant for sales. The forward plan is to clean up and stabilise the current 791,000 scfe gas flow for 3 months before fracing to enhance flow from the J-64 zone and to commingle gas production with the presently shut in J-90 sand gas. J-64 sand has 3.68 bcf and 92,000 bo proved reserves.
- The J-02 sand in the D-13 well was completed and is currently flowing at 1,211,000 scf of gas per day with ~16 boc (1,307,000 scfe gas) and 1bw to the gas processing plant for sales. The J-02 is estimated to have 0.5 bcf of reserves.
- Workover operations are current on D-19 and will commence on Smith #1 in the next 1-2 weeks. Results will be advised on completion of workovers on these wells.

Yours sincerely
SUN RESOURCES NL

Dr Brad L Farrell
EXECUTIVE CHAIRMAN

BACKGROUND TO WORKOVER PROGRAM

D-24 Workover (24.167% Interest)

The first workover was carried out on the D-24 well on the J-64 sand. The J-64 sand has 3.68 bcf and 92,000 bo proved reserves assigned to it in the last independent Ryder Scott reserve report update. The wet J-77 sand below the J-64 sand was isolated from the J-64 sand and producing J-90 sand as current production has been significantly suppressed by "wet" production from the J-77 sand. The J-64 sand was then perforated which resulted in a final stabilised daily gas flow of 635,000 scf with 26 boc (791,000 scfe gas) and 8 bw on 10/64" choke at 1,137 psig FTP. All test gas was flowed to the processing plant for sales.

The forward plan is to clean up and stabilise the current 791,000 scfe gas flow for 3 months before fracing and flowing the J-64 zone after which a plug will be pulled to commingle gas with the presently shut in J-90 sand gas. This final operation may result in production of 1.5 to 2,000,000 scfe of gas per day from the well.

D-13 Workover (25.367% Interest)

EFB D-13 production from the I-88 sands has died and the well production tubing has corroded, hence the workover. The tubing was pulled and a pulse neutron log was run to determine if remaining upper zones in the well were worth completing. Three immediate prospective intervals, the J-02, I-94, and Upper I-80 (all part of the Deep Consolidated East Flour Bluff field pay) were indicated that merited flow testing. A packer was run and a casing leak indicated from the neutron log was found and sealed off before a cement bond log was run to verify bonding across the first three prospective intervals before commencing perforating. The bond appeared satisfactory and the J-02 was successfully perforated and tested. This zone is currently flowing at 1,211,000 scf of gas per day with ~16 boc (1,307,000 scfe gas) and 1bw on 8/64" choke at 3,255 psig FTP to the gas processing plant for sales. The J-02 is estimated to have 0.5 bcf of reserves. The I-94 and Upper I-80 sand will now remain behind pipe for 2-3 years until the J-02 is produced. These two zones will then be perforated and production commingled.

D-19 Workover (24.167% Interest)

D-19 lies in the lagoon and has two production strings D and F. As current production has declined in both production strings a local barge workover unit is currently conducting the workover on both production strings which have small proved reserves behind pipe (D-19D - 0.31 bcf in the 1,980' sand and 2,250' sand; D-19F - 0.44 bcf in the 2,280' sand and 2,300' sand).

Smith #1 Workover (20.00% Interest)

The J-17 producing sand in this well has reached its economic life and the remaining prospective level, the J-02 sand, is to be perforated, tested and produced. The Smith #1 well is an offset well to the Petty #2 well which is still producing in excess of 300,000 scf of gas per day from the J-17 sand and will continue to do so until 2011. The J-02 in this well has 0.9 bcf of reserves but a major workover will be required to test and produce the J-02 in this well in 2011 because of poor cement bonding over this productive interval. As the J-02 in Smith #1 is lower structurally than the nearby Petty #2 and has a similar log response, it is planned to perforate and test this zone in Smith #1 and subsequently produce the majority of the assigned Petty #2 reserves from this well. This operation will commence in the next 2 weeks.

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 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.