



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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Thursday, 22 February 2007

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

Dear Sir/Ms,

**RE: MILAGRO #1 REACHES TOTAL DEPTH AND POTENTIAL OIL PAY
ENCOUNTERED - SHALLOW PROGRAM PROJECT MARGARITA, USA**

Sun Resources NL ("Sun Resources") advises that the Milagro # 1 well, the second in the shallow drilling program, reached TD and wireline logging operations commenced at approx. 9:00 PM WST February 20, 2007.

Wireline log operations, including sidewall cores were conducted over a period of 20 hours. Initial interpretation indicates there is potential oil pay of 4.3 meters (14 feet) within the target sands. Preparations will commence immediately for the well to be cased with 4 ½ inch production liner using the current rig in anticipation for completion and production testing. An update will be provided as the timing for the production test becomes certain.

El Viejito #1 Well

El Viejito #1, the 1st well in the Margarita shallow drilling program, is waiting on testing equipment to arrive at the well site.

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.