



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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

RE: DRILLING UPDATE - PROJECT MARGARITA, TEXAS (20.00% INTEREST)

Sun Resources NL ("Sun") is pleased to advise the status of Agavero #1 and Dona Carlota #1, two of the three wells in the current Phase 2 shallow drilling program on Project Margarita, South Texas, USA.

1 AGAVERO PROSPECT

The Agavero #1 well has reached total depth of 1,341 metres (3,500 feet) after intersecting the target Frio V sand. Wire line electric logs have been run and petrophysical analysis suggests 5.5 metres (18 feet) of gross gas pay on rock with no water from 889.4 meters (2,918 feet) depth.

The Operator has recommended perforation of the whole gross pay zone; the upper 4.0 metre laminated sand first to evaluate its reserve potential and then adding perforations to the base 1.5 metre sand interval to evaluate overall reserve potential.

Current activity is completion of running casing to carry out testing back to back with Dona Carlota.

Background

The Agavero Prospect is the second of the three prospects being drilled in the Phase 2 shallow drilling program on Project Margarita that are analogues of historic prolific Frio and Vicksburg sands production in the project area at <2,000 meters depth. The prospects with mean potential target outcomes, final well depths and current status are summarised below.

Prospect	Potential Reserves Mean BCF	Total Well Depth Metres	Status
Agavero	0.70	1,341	Drilled – Gas discovery to be tested
Dona Carlota	0.62	1,524	Drilled – Gas discovery to be tested
Climaco	1.60	1,981	Next Well

2 DONA CARLOTA PROSPECT

Testing operations on Dona Carlota #1 should be underway in the next few days. Wet weather and local flooding during the week has denied access to the well site. Interpretation of wire line logs indicate the target Frio 1.33 sand in Dona Carlota #1 has a gross gas zone of 13.9 metres and net gas pay of 5.6 metres over the interval 1,423.2 to 1,437.1 metres with gas on rock and no water.

As with the successful initial three wells program, tie in of a commercial discovery at Dona Carlota and Agavero will be rapid as the respective leases are each crossed by a gas pipeline with access rights and available capacity to tie into.

2.

Participants' interests in the final 3 wells of the Margarita shallow gas program are;

	<u>% Interest</u>
# 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 (farminee); + USA Private Investors

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 project operator and compiled by Dr B. L. Farrell, PhD, MSc, BSc (Hons Eco.Geol), FAIMM, MICA, CPGeol, MIMM, MPESA, who has had 37 years experience in the practice of geology and more than 5 years experience in petroleum geology.