



SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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Tuesday, 3 July 2007

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

RE: SHALLOW WELL PROGRAM UPDATE - PROJECT MARGARITA, SOUTH TEXAS

Sun Resources NL ("Sun") is pleased to advise the status of the current Phase 2 shallow drilling program on Project Margarita, South Texas, USA.

TESTING DONA CARLOTA PROSPECT

Interpretation of wire line logs indicated the target Frio 1.33 sand in Dona Carlota #1 had net gas pay of 5.6 metres in a gross gas zone of 13.9 metres with gas on rock and no water. **Gas pay was successfully perforated over a 5.48 metre interval from 1,426.5 metres and flowed at 1,024,000 scf per day with no water as predicted.** The well will now be tied into a nearby pipeline that crosses the lease to commence gas sales.

TESTING AGAVERO PROSPECT

Rain has delayed testing on Agavero #1. Interpretation of wire line logs has indicated the target Frio V sand has 5.5 metres of gross gas pay on rock with no water from 889.4 meters depth. The whole gross pay zone is planned to be perforated; 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. Testing and completions operations should be underway by the end of the week.

CLIMACO PROSPECT

A larger rig with depth capability to drill Climaco #1 has moved onto the location but rigging up to commence operations has been delayed by access problems caused by heavy rains. Operations should be underway towards the end of the week.

Background

The Climaco Prospect is the third 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 and completed for production |
| Dona Carlota | 0.62 | 1,524 | Drilled – Gas discovery tested, move to production |
| Climaco | 1.60 | 1,981 | Next Well |

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.