



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

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29 January 2009

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

Dear Sir/Madam

RE: QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2008

Please find attached above referenced quarterly report document.

Yours sincerely
SUN RESOURCES NL

A P Woods
COMPANY SECRETARY/DIRECTOR

Copy: ASX DD Directors CB/Xin File



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QUARTERLY REPORT FOR THE PERIOD **ENDING 31 DECEMBER 2008**

HIGHLIGHTS

- **USA** – The Meek Prospect exploration well (AHGU #1) is expected to spud in late January 2009. Site preparation commenced subsequent to the end of the quarter.
- **USA** – The F1 Prospect exploration well (JSGU #1) was completed as a gas producer.
- **USA** – The Lake Long #9 well is back on line after a successful work over.
- **Thailand** – Planning of a 2D seismic survey over L20/50 Concession progressing well.

Sun Resources NL (“Sun Resources”) is delivering on its strategy of building cash flow in the USA Onshore Gulf Coast and applying this cash flow to identify and participate in larger scale, high impact exploration and appraisal projects, particularly in SE Asia.

1 THAILAND EXPLORATION

L20/50 Block, Onshore Phitsanulok Basin (Sun Resources - 50%)

Update

The Operator continued with technical studies during the quarter and planning for a 2D seismic survey had commenced at the end of the quarter. This seismic survey is likely to focus on defining the Nong Bau-1 trap ahead of a decision to re-test that structure. The survey will also look to explore for new prospects, targeting the potential for volcanic reservoirs. Ministerial approval for the planned aeromagnetic survey was still outstanding at the end of the quarter.

Background

Sun Resources and Carnarvon Petroleum Ltd (“Carnarvon”) accepted the L20/50 block award from the Thai Government at the official signing ceremony in Bangkok on 21 January 2008 and Carnarvon, as Operator, commenced exploration activities on the concession. The block is to the south of and adjacent to the largest onshore oil and gas accumulation in onshore Thailand, the Sirikit Field, which to date has produced ~180 million barrels of oil equivalent (“mboe”). There is the possibility of near term production and cash flow on the block from a re-drill of an old shut in well (Nong Bua-1). Nong Bua-1 was drilled by Shell in the 1980’s with excellent oil shows and potential oil column. Initial analysis suggests this well may have flowed on pump. The production potential of this well was not appropriately assessed by Shell at the time, as it was fully committed to the development of the prolific Sirikit Field.

2 UNITED STATES OF AMERICA

A. OIL AND GAS DEVELOPMENT & PRODUCTION

The table below summarises Sun Resources’ actual net working interest (WI%) production for the quarter and compares it with the previous quarter. Oil and gas prices fell during the quarter; the average prices for the December quarter were US\$92.37 per barrel and US\$7.73 per 1,000 cubic feet respectively. There is generally a 60 day lag between production reporting and revenue receipts across the USA assets.

Revenue has dropped as a consequence of falling prices but also operationally, due largely to the Lake Long #9 well being offline since early July, plus a small natural decline during the quarter from other wells/fields. The JSGU#1 (F1) well should have a positive impact during the first quarter of 2009, after construction of the production facilities is completed. Production from Lake Long, which is back on line following a successful workover during the quarter, will also have a positive impact on first quarter 2009 production. A successful drilling outcome at the Meek prospect in the next quarter will also add production and importantly increase the Company’s US\$ revenue base.

Production (Sun WI%)	December ‘08 Quarter	September ‘08 Quarter	Variance (%)
Gas (mmcfg)	49.38	46.14	+7
Oil (bo)	718	1,017	-29
Revenue (US\$000’s)	228	627	-64

Units: mmcfg – million cubic feet gas; bo – barrels of oil

Lake Long, Louisiana, USA (Sun Resources - 10%)

The SL328 #9 well was shut in on July 5th after a production log identified a hole in casing below the level of the gas zone perforations. A work-over of this well was completed by late October and gas production resumed at an initial gross rate of 2.0mmscfd and 17bod. The production rate has climbed during the quarter, now close to pre-work-over levels of approximately 2.9mmscfd gas and 39bod. Production will continue to produce from 24 feet of net pay in the Middle Hollywood Sands. At a later date, after depletion of reserves in the Middle Hollywood, the 13 feet of net pay in the Upper Hollywood Sands will be completed through tubing for further production from this level. Gross reserves at both levels are approximately 3 billion cubic feet of gas equivalent (“bcfge”).

Project Margarita, Texas, USA (Sun Resources - 37.5%)

Amalgamated production from Agavero and Dona Carlota Gasfields, plus the Milagro Oilfield (as it is now entirely oil production) averaged 0.304 mmcfgd with 6 bod, ie 0.34 mmcfgde during the December 2008 quarter.

Flour Bluff Gas Field, Texas, USA (Sun Resources - 20.00 to 24.1667%)

Production from the Flour Bluff fields during the December 2008 quarter averaged 1.537 mmcfgd with 22 bod (1.669 mmcfgde). Work-over operations are currently underway on the D#24 and Smith#1 wells with the expectation of increased production rates into calendar 2009. A 3D seismic programme is being planned over the West Flour Bluff Gas Field which will detail current reserves and target additional reserves. Following the 3D seismic programme development drilling will commence to further increase production rates.

B OIL AND GAS EXPLORATION

Sun Resources will have a material equity position in the following exploration wells currently scheduled for the remainder of the 2009 financial year:

Project	Prospect	Interest	Potential	Comments
Viking	Meek	12.5%	18 bcfe	Middle Wilcox
Margarita	TB#18	37.5%	1.7bcfe	Frio Fm.
Redback	R-1.95	20.0%*	58 bcfe	Middle Vicksburg

* Subject in part to successful farm-out negotiations

Meek Prospect, Onshore Texas, USA (Sun Resources 12.5%)

Site preparations for drilling the Meek Prospect, as the Ammann Heirs #1 well, in Wharton County of Southern Texas commenced on January 5th 2009. The contracted drilling rig is scheduled to arrive on location in late January, or early February 2009 to commence drilling operations.

Background

The Meek Prospect targets 16 bcfg with 269,000 bo (18 bcfge) in stacked, highly productive, Middle Wilcox (Meek) sands. Nearby production wells in Meek sands are good analogues and have produced similar order of reserves to that being targeted by Sun Resources at the Meek Prospect in 4 to 5 year production periods. The Meek Prospect is relatively low risk because it has been keyed off an adjacent Meek producing field by using good 3D seismic. Seismic attributes indicate the presence of hydrocarbons conforming to the prospect structure. This high potential opportunity also

allows Sun Resources to develop a relationship with the farmor's (Mueller Exploration Inc) prospect generator, Viking International Inc, who has a very successful business model, similar to Wandoo Energy Inc. The prospect is now fully farmed out and approved, with a drilling rig contracted.

Project Margarita, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

Shallow Wells Programme

The JSGU #1 well at the F1 prospect was successfully tested and completed during the quarter after it encountered strong oil and gas shows in the primary target Frio Formation. A testing rig carried out an extensive testing program and completed the well for gas production from the Frio Formation at a gross rate of approximately 200mcf/d. Very small amounts of H₂S gas were recorded shortly after the well was opened to sales and was shut in to install scrubbing equipment to manage and mitigate the presence of the gas. At the end of the quarter the equipment had been sourced and was being installed to complete the well as a producer.

The TB #18 prospect is still the subject of a leasing process.

Deep Wells Programme

The Cazadores Prospect (20 to 60 bcf) is the most advanced prospect with the joint venture currently generating farm-in interest for possible drilling in the second half of 2009.

Background

The Margarita Project is a joint venture with Wandoo Energy Inc on a 3D seismic area in Southern Texas. Shallow and deep oil and gas prospects have been generated from a detailed interpretation of the 3D data.

The program to date has concentrated on a "Shallow Wells programme" of testing small volume, lower risk Frio and Vicksburg oil and gas prospects and has been extremely successful with ensuing oil and gas production from the Milagro, Agavero and Dona Carlota and JSGU#1 fields. Future drilling activity will focus on the high value prospects of the "Deep Wells Programme" as only a few shallow prospects remain in the current inventory for drilling, eg the TB #18 prospect.

Subject to farm-out by Sun Resources, the "Deep Wells Programme" will test a number of deeper, larger volume, but higher risk, Wilcox prospects in the deep gas prospect inventory having potential un-risked recoverable volumes of 15 to 200 billion cubic feet of gas ("bcfg"), refer table below. The Cazadores Prospect (20 to 60 bcf) is the most advanced prospect with the joint venture currently generating farm-in interest for drilling.

Prospect	Gross Potential	Comments
Cazadores	20 to 61 bcf	Upper Wilcox
W2A	100 to 200 bcf	Wilcox
W2B	16 to 32 bcf	Wilcox
W3	15 to 38 bcf	Wilcox
Agave	67 to 208 bcf	Cook Mountain
CM1	5 to 8 bcf	Cook Mountain
CM2	4 to 9 bcf	Cook Mountain

Project Redback, Onshore, South Texas, USA (Sun Resources - 20% to 37.5%)

The top-ranked prospect (R-1.95) in the prospect inventory has now been leased for possible drilling in the first half of 2009. The prospect is currently generating farm-in interest as it has multiple targets in the productive Vicksburg Sands with high upside potential for both gas and oil as accompanying condensate (ie up to 58 bcfge). Sun Resources expects to farm down from its current 37.5% WI to retain a 20% WI in the prospect.

Background

Project Redback is a joint venture with Wandoo Energy Inc on a 3D seismic area in Southern Texas. Shallow and deep oil and gas prospects have been generated from a detailed interpretation of the 3D data. On trend to the Redback area are production analogues of the recognised prospects from the same targeted stratigraphic level. Individual wells from these analogues have produced at high initial daily well production rates of 3 to 4 mmcfgd with 100 to 140 bod.

3 MALTA EXPLORATION

Offshore, Southern Mediterranean Sea (Sun Resources 20%)

This high impact project is still awaiting settlement of border issues between Malta, Tunisia and Libya. It was farmed out to Anadarko International Energy Company ("Anadarko") three years ago. Renewed exploration of the area will be discussed with the government of Malta in the coming quarter.

4 AUSTRALIA EXPLORATION

WA-254-P, Offshore Carnarvon Basin, W. Australia (Sun Resources 7.86% to 9.25%)

The Operator of WA-254-P, Apache Northwest, continues to evaluate the exploration potential of the permit from reprocessed and new 3D seismic data. Sun Resources and two other joint venture parties continue an active divestment process of their combined 24.8% to 29.8% working interest in the permit which contains the Sage-1 oil discovery.

5. MINERAL EXPLORATION/INVESTMENT

No activity for the Quarter. The Joint Venture on the Butterfly gold tenement in the North Coolgardie Mineral Field, Western Australia in which the Company has a 5% NPI interest remains current.

BY ORDER OF THE BOARD



M A BATTRICK
MANAGING DIRECTOR

This report is lodged on the Company's website, www.sunres.com.au.

Information contained in this report was sourced from the Operators of various Joint Ventures in which the Company has interests and was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has had 27 years experience in the practice of geology and more than 5 years experience in petroleum geology.