SUN RESOURCES NL

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Monday, 13 March 2006

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

Dear Sir/Ms,

**RE: DRILLING UPDATE EAGLE NORTH #1 – 1H HORIZONTAL WELL
SAN JOAQUIN BASIN, CALIFORNIA, USA**

Sun Resources NL ("Sun Resources") wishes to update shareholders on horizontal drilling operations on Eagle North #1-1H in the San Joaquin Basin, California, since the last announcement on Tuesday 7 March 2006.

Drilling resumed early in the weekend after some rig mechanical matters were resolved. Current operations at 0900 hours Perth WST Monday 13 March was drilling ahead with 5 7/8" bit with directional tool at 4,131 metres (13,552 feet) measured depth to make a radius drill curve to drill horizontally in the target Gatchell oil sands. Target should be intersected at 4,149 meters (13,611 feet) measured depth (4,132 metres {13,558 feet} true vertical depth).

A drill stem test will be called once the lateral has gone out to final measured depth in the top-middle of the lower Gatchell oil sand at 4,147 to 4,149 metres (13,606 to 13,612 feet) vertical depth.

A further update on the testing program will be given when relevant results come to hand.

Background

The inference from recent test on the target Gatchell oil sands in the vertical well bore of Eagle North #1 and the very small recovery of oil is that it is highly probable the oil bearing Gatchell sands have not been adequately brought into communication with the well bore by the perforations. This would be most likely due to the large washouts in the friable Gatchell oil sands observed on logs and the inability of the perforations to get past the cement to the Gatchell oil sands coupled with the fact that the Gatchell sands adjacent to cement have also been badly damaged as a result of the overbalanced mud conditions (5ppg (3500psi) flushing pressure) whilst drilling.

The Operator's recommendation to partners to assess the situation is the current operation; ie to drill a horizontal well towards Mary Bellocchi #1 and Eagle #1 to known and best logged pay in the top-middle section of the lower Gatchell oil sand at 4,147 to 4,149 metres and test. If the test is successful the horizontal would be completed for oil production.

Long term testing results should assist in determining the radius of drainage, any finite reservoir boundaries plus other necessary reservoir parameters required to assist in forward planning on the Eagle Oil Pool development. If the test of the lateral is successful the horizontal, completed along the pay for oil production, should have a 4 to 6 fold flow rate for oil and gas over a conventional vertical well such as Mary Bellocchi #1 which flowed at rates of up to 223 barrels of oil per day and 0.8 million cubic feet per day in 1986.

Participants' interests in the Eagle Oil Pool Development Project on completion of Eagle North #1 are:

# Sun Resources NL	**10.0%**
# Victoria Petroleum NL (Operator)	20.0%
# First Australian Resources Ltd	15.0%
# Lakes Oil NL	15.0%
Empyrean Energy PLC	38.5%
USA Private Interest	1.5%
	100.0%

ASX listed

Yours sincerely
SUN RESOURCES NL

Dr Brad L Farrell
MANAGING DIRECTOR

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

Information contained in this report was complied from information provided by Texas Crude Energy Inc by the Managing Director of Sun Resources NL, 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.