SUN RESOURCES NL

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(INCORPORATED IN WESTERN AUSTRALIA)

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Thursday, 27 April 2006

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

Dear Sir/Ms,

RE: DRILLING UPDATE EAGLE NORTH #1 – 2H HORIZONTAL WELL SAN JOAQUIN BASIN, CALIFORNIA, USA

Sun Resources NL ("Sun Resources") wishes to update shareholders on horizontal drilling operations in the target Gatchell oil sands on Eagle North #1 in the San Joaquin Basin, California, since the last announcement on Tuesday 18 April 2006.

Current operations at 0900 hours Perth WST, Thursday 27 April, was raising drilling mud weight to counter and balance inflow of oil into the well bore after a flow check to drill ahead from current depth of 4,303 metres (14,132 feet) measured depth to complete the 320 metres horizontal well bore in the target sands.

Delays were experienced in progress of the horizontal well during the week (MWD and associated survey problems of the well bore path) which necessitated recommencement of the horizontal well at casing point at 4,285 metres (14,058 feet) measured depth. The well bore is currently at an angle of 0.3 degrees from horizontal and some 6 metres of good oil show sands in the reservoir have been encountered to date from new start point 4,297 metres (14,097 feet) measured depth within the target. The increase in drilling rate from 8 to 70 ft per hour from this point indicates a good friable, porous reservoir sand.

The best inferred pay of the target Gatchell oil sands is being drilled in balance with a KCL-Clarazin mud system in a 3 3/4" horizontal hole to 4,600 metres (15,090 feet) measured depth and a drill stem test through 2 7/8" slotted production liner will be carried out on the pay zone over the 320 metre horizontal lateral. Final end point of the well is planned to be within 30 metres of the Mary Bellochhi #1 oil well which produced on test at rates of up to 223 barrels of oil per day and 0.8 million cubic feet per day in 1986. A further update on the 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 true vertical depth 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.