



SUN RESOURCES NL

ABN 69 009 196 810
(INCORPORATED IN WESTERN AUSTRALIA)

Unit 16, Subiaco Village,
531 Hay Street, SUBIACO WA 6008 Australia
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18 June 2008

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

Dear Sir

**RE: NOTICE OF GENERAL MEETING, FORM OF PROXY
& EXPLANATORY MEMORANDUM**

We advise that the Notice of General Meeting, Explanatory Memorandum and Proxy Forms for the General Meeting to be held on 18 July 2008 were dispatched to Shareholders today.

We attach herewith a copy of the Notice of General Meeting, Form of Proxy and Explanatory Memorandum.

Yours faithfully

A P Woods
Director/Company Secretary

COPY: ASX
ASIC
DD
Directors
CB/XL
Simon Watson
CVN File
Hartleys

SUN RESOURCES NL

ABN 69 009 196 810

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

Friday, 18 July 2008

Time of Meeting

11:00am

Place of Meeting

BDO Kendalls (WA)
Level 8
256 St Georges Terrace
Perth, Western Australia

Sun Resources NL

ABN 69 009 196 810

CORPORATE DIRECTORY

Directors	Dr Bradford Lawrence Farrell Mr Matthew Battrick Mr Alan Peter Woods Dr Wolf Gerhard Martinick Dr Philip Linsley
Secretary	Mr Alan Peter Woods
Auditors	BDO Kendalls (WA) Level 8 256 St Georges Terrace PERTH WA 6000
Legal Advisers	Simon Watson, LL.B., B.Ec. Barrister and Solicitor Level 1, 17 Ord Street WEST PERTH WA 6005
Legal Adviser to the Convertible Note Issue	Deacons Level 39, 108 St Georges Terrace PERTH WA 6000 Ph: (08) 9426 3222 Fx: (08) 9426 3444
Share Registry	Computershare Registry Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace PERTH WA 6000 Ph: (08) 9323 2000 Fx: (08) 9323 2033
Technical Office	Unit 16 Subiaco Village 531 Hay Street SUBIACO WA 6008
Registered Office	4 Bendsten Place BALCATTA WA 6021 Ph: (08) 9345 4100 Fx: (08) 9345 4541
ABN	69 009 196 810
Stock Exchange Code	SUR

NOTICE OF GENERAL MEETING

*The attached Annexure A "Explanatory Memorandum"
should be read in conjunction with this Notice of Meeting*

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders of Sun Resources NL ABN 69 009 196 810 ("**Company**") will be held at:

Venue: The office of BDO Kendalls (WA), Level 8, 256 St Georges Terrace, Perth,
Western Australia
Day and Date: Friday, 18 July 2008
Time: 11.00am W.S.T.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the proxy form are part of this Notice of Meeting.

BUSINESS OF THE MEETING

1. APPROVAL FOR PLACEMENT OF 7,272,800 UNSECURED CONVERTIBLE NOTES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of up to 7,272,800 Convertible Notes, on such terms and conditions and to the persons as set out in the Explanatory Memorandum."

Voting exclusion

The Company will disregard any votes cast on the resolution by:

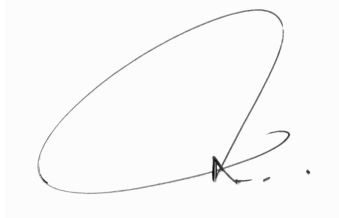
- (a) any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; or
- (b) an associate of any such person.

However the Company will not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated at Perth this 6 June 2008

By order of the board of Directors



Alan Peter Woods
Company Secretary

BACKGROUND INFORMATION

To assist you in deciding how to vote on the above Resolution, further details as background information to the Resolution are set out in the Explanatory Memorandum.

GLOSSARY

Words defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting unless the context requires otherwise. In the Notice of Meeting and this Explanatory Memorandum:

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691, or the Australian Securities Exchange currently operated by ASX Limited, as the case may require.

Convertible Notes or **Notes** means an unsecured convertible note issued by the Company and described in the Notice of Meeting and Explanatory Memorandum.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Company from time to time.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice of Meeting.

General Meeting means the general meeting of Shareholders convened by this Notice of Meeting to consider the placement of 7,272,800 unsecured Convertible Notes.

Listing Rules means the listing rules of the ASX.

Noteholder means a holder of Convertible Notes or Notes.

Notice of Meeting or **Notice** means this notice of general meeting.

Prospectus means the Company's prospectus to be lodged with ASIC on or about Friday, 20 June 2008 for the issue of 3,000 Convertible Notes at an issue price of \$0.55 to raise up to \$1,650.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Sun and **Company** means Sun Resources NL (ABN 69 009 196 810).

Trust Deed means the unsecured convertible note trust deed between the Company and Australian Executor Trustees Limited dated 5 June 2008.

W.S.T. means Western Standard Time.

RECOMMENDATION

The Board believes that the above Resolution is in the best interests of the Shareholders and unanimously recommends that you vote in favour of the Resolution.

ENTITLEMENT TO ATTEND AND VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5.00pm W.S.T. on Wednesday, 16 July 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

ACTION TO BE TAKEN BY SHAREHOLDERS

Attached to this Notice is a Proxy form for use by Shareholders. All Shareholders are encouraged to attend the General Meeting, or alternatively, to complete, sign and return the attached Proxy form.

If any Shareholder requires copies of the Notice and Explanatory Memorandum, they should contact the Company at its registered office:

In person: 4 Bendsten Place
BALCATTA WA 6021

By mail: PO Box 332
GREENWOOD WA 6924

Telephone No: (08) 9345 4100
Facsimile No: (08) 9345 4541

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Sun Resources NL ("**Company**") in relation to the business to be conducted at the Company's General Meeting to be held on Friday, 18 July 2008 at 11.00am W.S.T. at the offices of BDO Kendalls (WA), Level 8, 256 St Georges Terrace, Perth, Western Australia.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote on the resolution.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

BUSINESS OF THE MEETING

This Explanatory Memorandum and all attachments are important documents. The Directors recommend that Shareholders read this Explanatory Memorandum carefully before deciding how to vote on the Resolution. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

RESOLUTION – APPROVAL OF PLACEMENT OF 7,272,800 UNSECURED CONVERTIBLE NOTES

The purpose of the Resolution is to seek approval of the Shareholders for an issue of up to 7,272,800 Convertible Notes. The Company proposes to raise up to A\$4,000,040 by the issue of these Convertible Notes.

The Company proposes to first issue up to 7,269,800 unsecured Convertible Notes to "sophisticated" investors and other "exempt" investors, then issue the remaining unsecured Convertible Notes pursuant to a Prospectus. The issue of unsecured Convertible Notes pursuant to the Prospectus will be predominantly made to clients of Hartleys Limited (ABN 33 104 195 057). The Company will not issue any of the Convertible Notes to its related parties.

The Prospectus is proposed to be lodged with ASIC on or about Friday, 20 June 2008 and will be available for inspection by Shareholders before the General Meeting.

It is anticipated that the funds raised from the issue of the Convertible Notes will be broadly applied in the following areas:

Exploration and development of L20/50, Thailand	\$2,000,000
Maintenance and expansion of projects in USA	\$1,250,000
General working capital and new project development	\$ 335,000
<u>Costs of issue</u>	<u>\$ 415,000</u>
Total	\$4,000,000

Listing Rule 7.1 provides that a listed company may not issue securities (including convertible notes) in any 12 month period which, when aggregated with the value of the other securities issued within that 12 month period, exceeds 15% of the value of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the company in general meeting is obtained.

The Company now seeks Shareholder approval for the purposes of Listing Rule 7.1. In accordance with the requirements of Listing Rule 7.3, the following information is provided to Shareholders:

- (a) the maximum total number of Convertible Notes which may be issued is 7,272,800;
- (b) the Convertible Notes will be issued no later than 3 months after the date of the General Meeting (or such later date as is permitted by ASX waiver or modification of the Listing Rules). It is likely that all of the Convertible Notes will be issued on the same day;
- (c) the Convertible Notes will be issued for fifty five cents (\$0.55) per Note;
- (d) the allottees of the Convertible Notes will be “sophisticated” investors and other “exempt” clients of Hartleys Limited;
- (e) the Convertible Notes will be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum; and
- (f) the funds raised by the issue will be applied in accordance with the proposed use of funds as set out above.

ANNEXURE A**TERMS AND CONDITIONS OF CONVERTIBLE NOTES**

Each Convertible Note entitles the Convertible Noteholder to acquire fully paid ordinary shares in the capital of the Company on the following terms and conditions.

The following is only a summary of the terms and conditions of the Convertible Notes. The full terms and conditions are contained in the Trust Deed.

- Face Value: \$0.55 per Convertible Note.
- Interest Rate: 12% per annum fixed payable in cash quarterly in arrears.
- Conversion: Each Convertible Note will convert to 5 fully paid ordinary share in the Company (subject to the conversion price re-set). The Convertible Notes can be converted at any time between the date of issue and the maturity date. The applicable Conversion Price will be the Conversion Price as at the most recent Re-set Date.
- Conversion Price Re-Set If the volume weighted average share price ("VWAP") for 30 consecutive trading days immediately preceding the end of the relevant Re-Set Date period is lower than the Conversion Price (or Re-Set Conversion Price) on the relevant Re-Set Date the Conversion Price will be adjusted upwards or downwards to be equal to 125% of the VWAP (rounded to the nearest \$0.005) for the period of 30 consecutive trading days immediately preceding each Re-Set Date ("Conversion Price Re-Set").
- Re-Set adjustment thresholds Any re-set adjustments of the Conversion Price pursuant to the re-set provision is limited to a maximum conversion price of \$0.11 per share (1 note converts into 5 shares) and a minimum conversion price of \$0.06 per share (1 note converts into 9.16 shares). The maximum number of shares that 1 Note can be converted into is 9.16 shares.
- Security: Unsecured.
- Term Redemption date 30 June 2011.
- Guarantee from Subsidiary A corporate guarantee has been provided by the Company's wholly owned US subsidiary which owns the producing gas fields, East and West Flour Bluff and Pita Island in Texas, USA (**Guarantee**). Under the terms of the Guarantee, the guarantor has agreed to guarantee the Company's obligations in respect of Trust Deed up to a limit of AUD\$4,000,040.
- Noteholder Redemption Assuming no conversion, the convertible note holders can elect to redeem the full face value of the convertible note if the Issuer raises any new secured or unsecured debt greater than \$250,000 before redemption date, and in other limited circumstances described in the complete terms & conditions of the Convertible Notes as set out in the Trust Deed.
- Quotation The Company has agreed to lodge a disclosure document and apply to the Australian Securities Exchange ("**ASX**") for official quotation of the Convertible Notes. The Company will also apply for official quotation of any shares issued upon conversion of the Convertible Notes in accordance with the terms and conditions.
- Shares to rank equally All shares issued upon conversion of the Convertible Notes will rank pari passu with the existing fully paid ordinary shares of Sun Resources NL.

Sun Resources NL

ABN 69 009 196 810

Proxy Form

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a Shareholder/s of Sun Resources NL and entitled to attend and vote hereby appoint

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The Chair
of the General Meeting
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person **is someone other than** the Chair of the General Meeting.

or failing the person named, or if no person is named, the Chair of the General Meeting, as my/our proxy to attend and act generally at the General Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Members of Sun Resources NL to be held at the office of BDO Kendalls (WA), Level 8, 256 St Georges Terrace, Perth, Western Australia, on Friday, 18 July 2008 at 11.00am W.S.T. and at any adjournment of that meeting.

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IMPORTANT

If the Chair of the General Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chair of the General Meeting may exercise your proxy even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair of the General Meeting will not cast your votes on the resolution and your votes will not be counted in computing the required majority if a poll is called on the resolution. The Chair of the General Meeting intends to vote undirected proxies in favour of the resolution.

Voting directions to your proxy – please mark ☒ to indicate your directions

Ordinary Business

For Against Abstain*

1 Approve the issue of Convertible Notes

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*If you mark the Abstain box for the resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%

DATED the day of 2008

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

How to complete this Proxy Form

1 Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a proxy

If you wish to appoint the Chair of the General Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chair of the General Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the General Meeting, the Chair of the General Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

3 Votes on the resolution

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the resolution, your proxy may vote as he or she chooses. If you mark more than one box on the resolution your vote on that resolution will be invalid.

4 Appointment of a second proxy

You are entitled to appoint up to two persons as proxies to attend the General Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on (08) 9345 4100 or you may photocopy this form. To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint holding:	where the holding is in more than one name, all of the Shareholders should sign.
Power of attorney:	to sign under power of attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.
Companies:	where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

6 Lodgement of a Proxy

This Proxy Form (and any power of attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the General Meeting. i.e. no later than 11:00am W.S.T. on Wednesday, 16 July 2008. Any Proxy Form received after that time will not be valid for the scheduled General Meeting.

This Proxy Form (and any power of attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at 4 Bendsten Place, Balcatta, WA, 6021 or sent by facsimile to the registered office on (08) 9345 4541.