



sunset energy Ltd

19 May 2010

Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Cranemere Project Update

- Department of Mineral Resources (“DMR” or “the Department”) in South Africa advises the Company of deficiencies in the Environmental Management Plan for its Cranemere Application.
- Sunset set to lodge an appeal against the DMR decision to refuse the application.
- No competing application lodged.
- New larger application (~950,000 acre) set to be lodged at Cranemere.

On the 20th of April 2010, Sunset Energy Limited (“Sunset” or “the Company”) completed the acquisition of Bundu Gas & Oil (Pty) Ltd (“Bundu”) a company registered in South Africa. Bundu has an existing exploration right (Thelma1) and two existing exploration applications, Thelma 2 and Cranemere.

On Monday 17th May 2010, Sunset Energy was notified by letter from the DMR in South Africa that it had refused to grant the Cranemere Application, on the basis that the Environmental Management Plan (“EMP”) which was prepared to support the application was deficient in some areas. The Company, in consultation with its South African advisors, is preparing an appeal against the DMR’s decision. Sunset has 30 days to lodge the appeal.

The Company is advised that no competing application has been lodged.

Sunset believes the EMP does meet the requirements of the relevant Act (or that any alleged deficiencies can be easily remedied). In addition, the Company’s South African legal representatives have advised that the Company has valid grounds for an appeal. The Company is working with its advisors to prepare the appeal which it expects to lodge within the next 7 days. Sunset personnel are also meeting with the Department to discuss how best to address the concerns raised in their letter.

As previously advised, Sunset considers the area surrounding the Cranmere Application, an area in excess of 950 000 acres, to be highly prospective for shale gas, and was preparing an application to expand the original area applied for. Sunset has prepared and is intending to lodge a new application extending the area currently covered by the existing Cranmere Application. The Company also expects to be in a position to lodge this new application within the next 7 days. Importantly, the area will now also include the area the subject of the first smaller application.

Yours faithfully,



Paul Bilston
Managing Director

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