
SUNSET ENERGY LIMITED

ABN 45 123 591 382

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00 am WST
DATE: Friday, 7 November 2008
PLACE: Level 2
79 Hay Street
Subiaco WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9200 4472.

CONTENTS

| | |
|---|----|
| Notice of Annual General Meeting (setting out the proposed resolutions) | 3 |
| Explanatory Statement (explaining the proposed resolutions) | 6 |
| Glossary | 10 |
| Proxy Form | |

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Sunset Energy Limited which this Notice of Meeting relates to will be held at 11:00am WST on Friday, 7 November 2008 at Level 2, 79 Hay Street, Subiaco, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Sunset Energy Limited, PO Box 1424, West Perth, Western Australia 6872; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 9200 4476.

so that it is received not later than 11:00am WST on Wednesday, 5 November 2008.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Sunset Energy Limited will be held at Level 2, 79 Hay Street, Western Australia, Subiaco at 11:00am WST on Friday, 7 November 2008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at the close of business on Wednesday, 5 November 2008.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2008, together with the directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report (Non-binding)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report.”

Short Explanation: The Corporations Act provides that by a resolution that the remuneration report be adopted and must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Michael Fry

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Mr Michael Fry, being a Director, retires by rotation in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director.”

NOTICE OF ANNUAL GENERAL MEETING

Resolution 3 - Ratification and Approval of Previous Allotment and Issue of Shares

To consider and, if thought fit, to pass, with or without modification, the following **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the ordinary shareholders of the Company approve and ratify the prior allotment and issue by the Company of 3,750,000 Shares on the terms and conditions and in the manner described in the Explanatory Memorandum that accompanies this Notice of Meeting".

Voting Exclusion

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person.

However, the Company need not disregard a vote if:

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

Resolution 4 – Approval to the Future Placement of Shares

To consider and, if thought fit, to pass, with or without modification, the following **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot up to 4,000,000 Shares at an issue price of 20 cents each and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed and any associate of those persons. However the Company need not disregard a vote if:

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

NOTICE OF ANNUAL GENERAL MEETING

DATED: 6 OCTOBER 2008

BY ORDER OF THE BOARD



**CECILIA CHIU
COMPANY SECRETARY
SUNSET ENERGY LIMITED**

Voting Exclusion Note

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Attendance and Voting Eligibility

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that Shares held at 5:00pm WST on Wednesday, 5 November 2008 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time.

For personal use only

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at the Level 2, 79 Hay Street, Subiaco, Western Australia at 11:00am WST on Friday, 7 November 2008.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2. RESOLUTION 2 – RE-ELECTION OF MR MICHAEL FRY

Clause 11.3 of the Constitution provides that, at the annual general meeting in every year one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director), must retire from office. A retiring Director is eligible for re-election. The Directors to retire at any annual general meeting must be those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

Mr Michael Fry retires and seeks re-election in accordance with clause 11.3 of the Constitution. Details regarding Mr Michael Fry are set out in the Company's 2008 Annual Report.

EXPLANATORY STATEMENT

3. RESOLUTION 3 – APPROVAL AND RATIFICATION OF PRIOR ALLOTMENT AND ISSUE OF SHARES

As announced on 16 May 2008, the Company agreed to place 12,500,000 Shares at \$0.20 each to raise \$750,000 (before costs). The placement occurred and the Shares were issued and allotted on 16 June 2008.

Resolution 3 seeks Shareholder approval for and ratification of the prior allotment and issue of 3,750,000 Shares for the purposes of ASX Listing Rule 7.4 and all other purposes.

3.1 Approvals Required

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by the Company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further equity securities up to that limit.

Resolution 3 proposes the ratification and approval of the allotment and issue of Shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

3.2 Further Information

ASX Listing Rule 7.5 requires the following information be given to Shareholders:

- (a) The number of shares issued pursuant to the Placement was 3,750,000 Shares;
- (b) The issue price of the Shares allotted and issued was 20 cents each
- (c) The Shares were issued and allotted on 16 June 2008
- (d) The Shares issued rank equally in all respects with the existing Shares on issue.
- (e) The Shares were issued to Asian and Australian based institutional and professional investors, that are not related parties of the Company, as determined by the Board of Directors.
- (f) The funds will be used for working capital and to fund the Company's ongoing oil and gas exploration and development activities at the Maricopa and Silverthread projects in the San Joaquin Basin in California.

3.3 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

EXPLANATORY STATEMENT

4. RESOLUTION 4 – APPROVAL TO THE FUTURE PLACEMENT OF SHARES

Resolution 4 seeks Shareholder approval of the issue of 4,000,000 Shares on the terms set out below.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4 to allow Shareholders to assess the proposed facility for the future issue of up to 4,000,000 Shares:

- a) the maximum number of securities to be issued pursuant to the Placement is 4,000,000 Shares;
- b) the Shares the subject of Resolution 4 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- c) the issue price of the Shares proposed to be allotted and issued will be 20 cents each;
- d) the allottees in respect of Resolution 4 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue. The allottees will not be related parties of the Company;
- e) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- f) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting.
- g) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 4, for exploration and development at the Company's projects in California and working capital.

4.1 Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

EXPLANATORY STATEMENT

The Company has the following securities on issue:

Ordinary Shares

28,750,001 fully paid ordinary shares.

Options

5,000,000 options exercisable at 20 cents on or before 30 September 2010.

If resolution 4 is approved and the Placement Shares are issued, the Company will have the following securities on issue:

Ordinary Shares

Up to 32,750,001 fully paid ordinary shares.

Options

The number of options on issue will not change.

For personal use only

GLOSSARY

2008 Annual Report means the Company's annual report for the year ended 30 June 2008, which can be downloaded from the Company's website at www.sunsetenergy.com.au

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the official Listing Rules of ASX.

Board means the Board of Directors of the Company.

Company or **Sunset** means Sunset Energy Limited (ABN 45 123 591 382).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement to this Notice.

Meeting means the meeting convened by the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2008 Annual Report.

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

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

SUNSET ENERGY LIMITED
ABN 45 123 591 382

Instructions for Completing 'Appointment of Proxy' Form

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - Directors of the company;
 - a Director and a company secretary of the company; or
 - for a proprietary company that has a sole Director who is also the sole company secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - a) send the proxy form by post to Sunset Energy Limited, PO Box 1424, West Perth, Western Australia 6872; or
 - b) send the proxy form by facsimile to the Company on facsimile number (08) 9200 4476,

so that it is received not later than 11:00am WST on Wednesday, 5 November 2008.

Proxy forms received later than this time will be invalid.

For personal use only