



sunset energy Ltd

15 October 2010

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

Despatch of Letter to Shareholders and Notice of Annual General Meeting

Sunset Energy Limited (or "the Company") wishes to advise that it will be despatching its 2010 Notice of Annual General Meeting and proxy, along with a letter to shareholders providing an update on the Company's activities shortly.

A copy of the Company's 2010 Notice of Annual General Meeting and proxy, and letter to shareholders is attached.

For and on behalf of Sunset Energy Limited

Paul Bilston
Managing Director

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sunset energy Ltd

Dear Shareholder,

I am very excited to be writing my first letter to you as Managing Director of your Company having been appointed to the role in April 2010. The last 12 months has been a period of significant and exciting change for Sunset Energy in a number of different areas.

The changes commenced in December last year when Sunset entered into an agreement to acquire 100% of the shares of Bundu Gas & Oil Exploration (Pty) Ltd. Bundu holds 100% of exploration permits and applications covering approximately 3,200 square kilometres in South Africa.

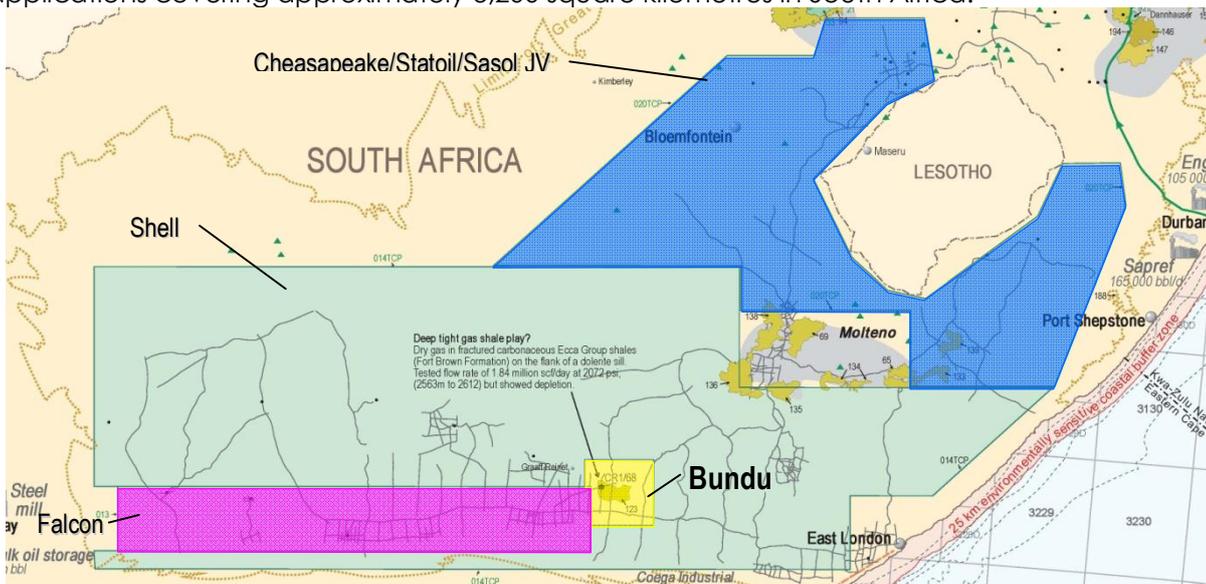


Figure 1 – Current Applications in the Southern Karoo Basin.



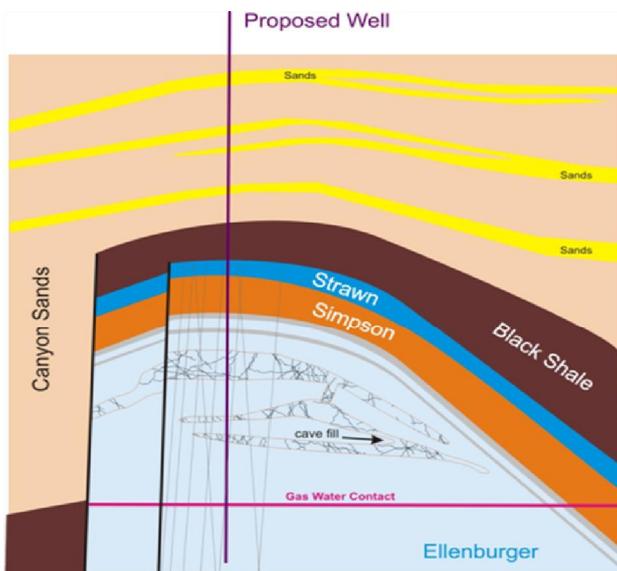
At this stage our core focus in South Africa has been the Cranmere Project, a significant shale gas prospect located in the Eastern Cape Province. The Cranmere Project area is centred around the CR/68 well that was drilled during 1968. This well was tested and produced a gas flow rate of up to eight million cubic feet of gas per day during drill stem testing from the Fort Brown shale which was approximately 5000 feet thick. Whilst this well was evaluated at that time as a small conventional reservoir and abandoned, viewing these results in light of the current success of the shale gas industry in the U.S. paints a very different picture. We believe this area has the potential to produce material quantities of shale gas which, as recently quoted by the Managing Director of Sasol Petroleum International would be a “game changer” in the broader South African Energy market. There continues to be significant interest in the Southern Karoo Basin from other major International Energy companies, including Falcon Oil and Gas, Shell, as well as Chesapeake, Statoil and Sasol.

We were disappointed to be notified in May that our initial application in this area had been rejected, however by leveraging of our connections in South Africa we were quickly able to make a new application over a significantly larger area. This application was accepted by the Petroleum Agency of South Africa (“PASA”) and we have recently completed and submitted an Environmental Management Plan for the application area.

Importantly just recently we finalised an agreement which allowed it to meet the requirement of the Broad Based Black Economic Empowerment Act 2003 (“BEE”) for all of its activities in South Africa. Under this act, Sunset is required to provide that 10% of its interests are owned by BEE compliant entities. I am very pleased that we were able to identify two exceptionally well regarded and connected partners Mr Donald Ncube

and Mr H Thompson to meet not only the requirements of the BEE Act but will also provide strong support for our activities through their extensive experience and contacts.

In the middle of June 2010 we added another very exciting exploration project to our portfolio when we entered into a Lease Purchase and Exploration Agreement ("Agreement") with a private exploration company based in Texas to acquire an 80% Working interest (100% before payout) in Leases and an Area of Mutual Interest ("AMI") covering the Triple Crown Prospect located in Edwards County, Texas.



The Triple Crown Prospect possesses three independent exploration opportunities across over 45,000 acres of leasehold. The first and primary opportunity is to explore for potentially huge gas production in the vertically fractured Ellenburger Dolomite trapped on 3 large-scale, anticlinal closures. The second opportunity consists of complementary exploration for multiple Lower Canyon Sand gas reservoirs deposited around and over the Ellenburger structures. The third is to develop an unconventional gas play within the prospect area.

Each of these opportunities is significant in its own right with each having the potential to deliver in excess of 1 TCF of gas. I can say categorically that the more work we do on this project the more we like it. Having a project of this scale and potential in a company of this size is quite remarkable.

Figure 2 - Triple Crown Play Concept

As I write this report, we are in the final stages of planning to spud our first well in the late October. The primary target of this well is the Ellenburger formation, however we also expect the well to intersect some of the canyon sand reservoirs as well as allowing us to evaluate the potential unconventional gas play in the project area. I am very excited about this project, looking forward to sharing with you the results of our first well in the coming weeks.

In early October we were very fortunate to persuade David Woodley to join the company and serve as the Chief Operating Officer. David Woodley has over 22 years experience in the oil and gas sector, gained in Australia, North America, United Kingdom and Europe and will be an invaluable resource as we move forward in evaluating all of our projects.

The board and I believe it is appropriate to change the name of the company to reflect these changes. At the AGM you will be asked to vote on a resolution to change the name of the company to **Challenger Energy Limited**. The HMS Challenger was the flagship of the Australia Station between 1866 & 1870, and undertook the first very successful global marine research expedition: the Challenger expedition.

I would like to thank you all for your support this year, and look forward to the next 12 months.

Yours faithfully,

For and on behalf of Sunset Energy Limited

Paul Bilston
Managing Director

SUNSET ENERGY LIMITED

ABN 98 008 624 691

NOTICE OF 2010 ANNUAL GENERAL MEETING

Notice is given that the 2010 Annual General Meeting of New Age Exploration Limited (the Company or "New Age Exploration") will be held at Executive Room 1, The Westin Melbourne, 205 Collins Street, Melbourne, VIC, 3000 at 10.00am on 30 November 2010.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of Annual General Meeting.

BUSINESS

2010 Annual Financial Statements

To lay before the Meeting the 2010 Annual Financial Statements of the Company comprising the Annual Financial Report, the Directors' Report and the Auditor's Report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

öThat the Company approve the adoption of the Remuneration Report for the year ended 30 June 2010ö.

Resolution 2 – Re-Election of Director - Mr David Prentice

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

öThat Mr David Prentice, a Director who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.ö

Resolution 3 - Change of Company Name

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

öThat the name of the Company be changed to Challenger Energy Limited.ö

By the order of the Board

Adrien Wing
Company Secretary

Dated: 15 October 2010

The accompanying Explanatory Memorandum and the Proxy and Voting Instructions form part of this Notice of Meeting.

SUNSET ENERGY LIMITED

ABN 98 008 624 691

("the Company")

2010 ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Company's Notice of the 2010 Annual General Meeting to be held at Executive Room 1, The Westin Melbourne, 205 Collins Street, Melbourne, VIC, 3000 at 10.00am on 30 November 2010. The Notice of 2010 Annual General Meeting incorporates, and should be read together with, this Memorandum.

2010 Annual Financial Statements

The 2010 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2010 will be laid before the meeting. There is no requirement for shareholders to approve the Annual Financial Statements. However, shareholders will have the opportunity to ask questions about or make comments on the 2010 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2010 Annual Financial Statements.

The Company's 2010 Annual Financial Statements are set out in the Company's 2010 Annual Report which can be obtained from the Company's website, www.sunsetenergy.com.au or upon request to the Secretary at the Company's registered office, Level 17, 500 Collins Street, Melbourne, Victoria, 3000 (telephone (03) 9614 0600).

Resolution 1 – Adoption of Remuneration Report

The Company is required, pursuant to the Corporations Act 2001, to propose a non-binding resolution regarding the Remuneration Report, which forms part of the Director's Report in the Annual Financial Statements. The vote is advisory only and does not bind the Directors or the Company. The Remuneration Report sets out the Company's remuneration arrangements for directors.

Shareholders attending the 2010 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report.

Resolution 2 – Re-Election of Director - Mr David Prentice

Pursuant to the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each Annual General Meeting. The Company has three directors, one of whom is the Managing Director. Accordingly, one director is required to retire by rotation at the 2010 Annual General Meeting.

Additionally, under ASX Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment, or three years whichever is longer. A director who retires in accordance with these provisions is eligible for re-election.

Accordingly, Mr David Prentice retires by rotation and, being eligible, offers himself for re-election.

The non-candidate directors unanimously support the re-election of Mr David Prentice.

Resolution 3 - Change of Company Name to Challenger Energy Limited

Shareholder approval is sought for the proposed change of the Company's name from Sunset Energy Limited to Challenger Energy Limited. A change of company name requires a special resolution under the Corporations Act, which must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

SUNSET ENERGY LIMITED

ABN 98 008 624 691

(the Company)

PROXY FORM

If you do not wish to direct your proxy how to vote, please place a mark in the box

I/We _____

of _____

being a member(s) of Sunset Energy Limited

and entitled to _____ shares appoint:

Name of Proxy: _____

Address of Proxy: _____

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends voting undirected proxies in favour of the resolutions in which he is permitted to vote.

or in his/her absence, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the 2010 Annual General Meeting of the Company to be held at the Executive Room 1, The Westin Melbourne, 205 Collins Street, Melbourne, VIC, 3000 at 10.00am on 30 November 2010 and at any adjournment of that meeting.

If two proxies are appointed, complete the following sentence:

This proxy is authorised to exercise _____ votes/ _____ % of my/our total voting rights.

Proxy Instructions

To instruct your proxy how to vote, insert ~~X~~ in the appropriate column against each resolution set out below. If you do not instruct your proxy how to vote on a resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We direct my/our proxy to vote as indicated below:

		For	Against	Abstain
Resolution 1.	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.	Re-Election of Director of Mr David Prentice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Change the Company Name to Challenger Energy Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a person:</p> <p>_____ (Signature)</p> <p>_____ Name (print)</p> <p>Date: ____/____/____</p>	<p>If a company:</p> <p>EXECUTED by: _____ Name of company (print)</p> <p>in accordance with the Corporations Act</p> <p>_____ (Signature)</p> <p>_____ (Signature)</p> <p>Date: ____/____/____</p>
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

(a) Level 17, 500 Collins Street, Melbourne, Victoria, 3000; or

(b) by facsimile on 03 9614 0550

by 10.00am on 28th November 2010, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the Power of Attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the Power of Attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the registered office of the Company on (03) 9614 0550 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by

the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

Special Resolution

Resolution 3 is proposed as a Special Resolution. To be passed, at least 75% of the votes cast on the resolution by shareholders

Voting Entitlement

The Company has determined in accordance with the Corporations Act 2001, that for the purpose of voting at the 2010 Annual General Meeting, shares will be taken to be held by those who hold them at 7:00pm (Melbourne, Victoria time) on 26th November 2010.

On a poll, members have one vote for every fully paid ordinary share held.
