

SUNSET ENERGY LIMITED

ACN 123 591 382

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue on the basis of one (1) New Option for every two (2) Shares held by Shareholders at an issue price of \$0.015 per New Option, to raise up to approximately \$922,426 (**Entitlement Issue**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Event	Date
Lodgement of Prospectus with ASIC	5 July 2010
Notice to Shareholders	7 July 2010
Shares quoted on an 'ex" basis	12 July 2010
Record Date for determining Shareholder entitlements	16 July 2010
Opening Date and dispatch of Prospectus to Shareholders	20 July 2010
Closing Date of Offer	4 August 2010
Options quoted on a deferred settlement basis	5 August 2010
Notify ASX of under subscription	9 August 2010
Allotment and dispatch of holding statements	12 August 2010

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 5 July 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is the date that is 13 months after the date of this Prospectus (**Expiry Date**). No New Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The Offer to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the New Options is not New Zealand dollars. The value of the New Options will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the New Options to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.4, the Company will apply to the ASX for quotation of the New Options offered under this Prospectus. If quotation is granted, the New Options offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the New Options through that market, you will have to make arrangements for a participant in that market to sell the New Options on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Mr Michael Fry

Mr Paul Bilston

Mr David Prentice

Company Secretary

Mr Adrien Wing

Registered Office

Level 2, 79 Hay Street
Subiaco WA 6008

Telephone: (08) 9200 4472
Facsimile: (08) 9200 4476

Principal Place of Business

Level 2, 79 Hay Street
Subiaco WA 6008

General Enquiries

Telephone: (03) 9614 0600
Facsimile: (03) 9614 0550

Website

www.sunsetenergy.com.au

Share Registry*

Securities Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6008

Telephone: (08) 9315 2333

ASX Code

SEY

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, pursuant to a pro-rata non-renounceable entitlement issue, the Company offers for subscription one (1) New Option for every two (2) Shares held by Shareholders on the Record Date at an issue price of \$0.015 per New Option. Fractional entitlements will be rounded up to the nearest whole number.

The New Options issued will be exercisable at \$0.20 each on or before 30 June 2012.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of New Options to be issued pursuant to the Offer is approximately 61,495,038 New Options. The Offer will raise up to approximately \$922,426. The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 8,500,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

3.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.015 per New Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Sunset Energy Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

3.3 Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

If any Shortfall remains after Shareholders have taken up their Entitlements, the Directors reserve the right pursuant to Listing Rule 7.2 (exception 3) to place any Shortfall with parties selected by them. Accordingly, only Shareholders who are directed by the Company should complete a Shortfall Application Form.

The Directors reserve the right to allot an Applicant a lesser number of Shortfall Options than the number for which the Applicant may be invited to apply for on a Shortfall Application Form, or to reject an application, or to not proceed with placing the Shortfall.

Any Shortfall will be placed within 3 months of the Closing Date and will be issued on the same terms as are being offered to Shareholders pursuant to this Prospectus and the offer under this Prospectus for the Shortfall Options remains open until that date (unless the Directors resolve to close it earlier).

Do not apply for Shortfall Options unless you are directed to do so by the Directors. Shortfall Options will not be placed to the Directors or any related parties of the Directors.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any New Options offered pursuant to the Shortfall Offer shall be \$0.015 being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

3.4 Australian Securities Exchange Listing

Application for official quotation by ASX of the New Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any New Options and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.5 Allotment of New Options

New Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the New Options on the basis of a Shareholder's Entitlement. Where the number of New Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

3.6 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

3.7 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

3.8 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.9 Privacy Act

If you complete an application for New Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for New Options, the Company may not be able to accept or process your application.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$922,426 (before expenses). The proceeds of the Offer, are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$
Funding exploration and development activities on Maricopa and Triple Crown projects in USA	\$600,000
Funding exploration and development of Thelma and Cranemere projects in South Africa	\$50,000
Working Capital	\$247,416
Expenses of the Offer	\$25,010
Total	\$922,426

Notes:

1. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$897,416 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of New Options on issue to approximately 61,495,038 New Options following completion of the Offer;
- (c) increase the number of Options on issue from 8,500,000 to approximately 69,995,038 Options following completion of the Offer.

4.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 25 June 2010 and the unaudited Pro Forma Balance Sheet as at 25 June 2010 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all New Options pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet and Pro Forma Balance Sheet as at 25 June 2010
(unaudited)**

	25 June 2010	25 June 2010
	Actual	Pro-forma
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	351,776	1,249,192
Trade and other receivables	41,833	41,833
Other	50,116	50,116
TOTAL CURRENT ASSETS	443,725	1,341,141
NON-CURRENT ASSETS		
Plant and equipment	7,959	7,959
Exploration and evaluation costs	9,351,958	9,351,958
Production Assets	1,219,222	1,219,222
TOTAL NON-CURRENT ASSETS	10,579,139	10,579,139
TOTAL ASSETS	11,022,864	11,920,280
CURRENT LIABILITIES		
Trade and other payables	270,847	270,847
Provisions	23,039	23,039
TOTAL CURRENT LIABILITIES	293,886	293,886
NON-CURRENT LIABILITIES		
Provisions	22,362	22,362
TOTAL NON-CURRENT LIABILITIES	22,362	22,362
TOTAL LIABILITIES	316,248	316,248
NET ASSETS	10,706,616	11,604,032
EQUITY		
Issued capital	12,111,979	13,009,395
Reserves	288,443	288,443
Accumulated Losses	(1,693,806)	(1,693,806)
TOTAL EQUITY	10,706,616	11,604,032

4.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares

	Number
Shares on issue at date of Prospectus	122,990,075
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	122,990,075

Options

	Number
Unlisted exercisable at \$0.20 on or before 30 Sept 2010	5,000,000
Unlisted exercisable at \$0.10 on or before 30 June 2012	3,500,000
New Options (issued pursuant to the Offer)	
Quoted exercisable at \$0.20 on or before 30 June 2012	61,495,038
Total Options on issue after completion of the Offer¹	69,995,038

Notes

1 – The Company has agreed to issue to Paul Bilston 2,000,000 Director A Options and 2,000,000 Director B Options. The issue of these Options is subject to Shareholder Approval. The terms and conditions of these Options are outlined in Section 7.2.

5. RIGHTS ATTACHING TO NEW OPTIONS AND UNDERLYING SECURITIES

5.1 Rights Attaching to New Options

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the New Optionholder the right to subscribe for one Share. To obtain the right given by each New Option, the New Optionholder must exercise the New Options in accordance with the terms and conditions of the New Options.
- (b) The New Options will expire at 5.00pm (WST) on 30 June 2012 (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each New Option will be \$0.20 (**Exercise Price**).
- (d) The New Options held by each New Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) A New Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) The New Options are transferable.
- (i) All Shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the New Options on ASX.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of a New Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the New Options and New Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give New Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

- (m) A New Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Option can be exercised.

5.2 Rights Attaching to Shares (being the underlying securities)

The following is a summary of the more significant rights and liabilities attaching to Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) Notice of Meetings

Each Shareholder is entitled to receive notice of general meetings of the Company. Except in certain circumstances, Shareholders are entitled to be present in person, or by proxy, attorney or representative to speak or to vote at general meetings of the Company or to join in demanding a poll. Shareholders may requisition general meetings in accordance with the Corporations Act.

(b) Voting

At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held.

(c) Dividends

The Directors may from time to time authorise and pay dividends out of the profits of the Company. Dividends are payable in proportion to the number of Shares held by Shareholders.

(d) Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in a trustee on trust for Shareholders.

(e) Transfer of Shares

A Shareholder may transfer Shares by a written transfer or by a transfer effected under a computerised or electronic system recognised by the Listing Rules or by the Corporations Act. The Directors may refuse to register a transfer of Shares where the Listing Rules permit the Company to do so. On any refusal to register a transfer of Shares, the Company must give written notice to the transferee and the reasons for the refusal.

(f) Allotment of Shares

The Directors may, subject to the Constitution, allot new Shares with such terms and conditions as they think fit.

6. RISK FACTORS

6.1 Introduction

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Risks Specific to the Company

Reliance on Key Personnel

The success of the Company in part will depend on the ability of the Directors, management team and other executive personnel (employed by the Company or its business partners) to develop the Company's project portfolio and enhance project value. Should one or more of the key personnel cease to be involved, for whatever reason, then the capability of the Company may be expected to be impaired pending a suitable replacement being identified and retained by the Company or its business partners.

Contractual Risk

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party, and the ability of the Company to achieve its objectives will depend on the performance by each of the parties of their respective obligations under these agreements. If a party defaults in the performance of their obligations it may adversely affect the Company or its projects. In the event of dispute, there can be no guarantee that seeking enforcement or of compensation under such agreements will provide an efficient or satisfactory outcome.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

6.3 Risks Associated with operating in South Africa

Black Economic Empowerment

The Company must comply and remain compliant with the black economic empowerment (**BEE**) participation requirements in order to retain its prospecting and mining rights. Any failure by the Company to satisfy and to continue to satisfy the black economic empowerment requirements could jeopardise the prospecting rights held by the Company and impede the Company's ability to acquire, develop or maintain any additional mining or prospecting rights.

The framework, targets and timetable for the entry of historically disadvantaged South Africans into the mining industry, and allow such South Africans to benefit from the exploitation of mining and mineral resources in South Africa. Any amendments to the legislation relating to the BEE requirements for the grant or retention of mining rights may result in increased costs for the Company and/or increased BEE requirements for its shareholders.

Political Risk

The Company is conducting some of its activities in South Africa. The Directors believe that the Government of South Africa support the development of natural resources by foreign investors. However, there is no assurance that future political and economic conditions in South Africa will not result in the Government of South Africa adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy may result in legislative changes affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return on capital all of which may affect the Company's ability to develop its projects.

HIV AIDS

South Africa has one of the highest HIV infection rates in the world. The exact impact of increased mortality rates due to HIV/AIDS deaths on the cost of doing business in South Africa and the potential growth in the economy is unclear at this time although employee related costs in South Africa could increase as a result of the HIV/AIDS epidemic. The Company's results may be adversely affected by the loss of productivity and increased costs arising from any effect of HIV/AIDS on the Company's workforce.

Labour Risk

The Company's South African operations may be adversely affected by labour disputes or changes in South African labour laws. In South Africa a number of trade unions have close links to various political parties and have had a significant influence as vehicles for social and political reform and in the collective bargaining process. Since 1995 South Africa has enacted various labour laws that enhance the rights of employees, which may impose costs on the Company. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt operations and affect the profitability of the South African projects.

Electricity Supply

The major producer and distributor of electricity in South Africa is the state owned utility Eskom which provides over 95% of the country's energy usage. During 2008 South Africa has experienced load shedding and rolling blackouts due to the shortage of electricity generating capacity. Eskom's current reserve margin is between 5% and 10% whilst an acceptable margin would be 15% to 20%. Although the situation appears to have stabilised, major new generation capacity is needed. The price of electricity in South Africa is low compared to other countries. However such prices will need to increase substantially in order to fund the capacity of development projects. Power rationing, increased prices and availability of electricity all pose potential risks to the viability and profit margins of the projects.

6.4 Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk and as such, activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

6.5 Oil and Gas Price Volatility

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of

alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

6.6 Hydrocarbon Reserves and Resource Estimates

Hydrocarbon reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.

6.7 General Economic and Political Risks

Changes in the general economic and political climate in South Africa, the United States of America, Australia and on a global basis that could impact on economic growth, the oil and gas prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any oil and gas activity that may be conducted by the Company.

6.8 Oil Reserves and Commercial Oil Flow

Oil reserves are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, oil reserves are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial oil flow plans which may, in turn, adversely affect the Company's operations.

6.9 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to hydrocarbon production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, or the Euro whereas the income and expenditure of the Company are and will be taken into account in Australian currency, US Dollars or the South African Rand, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar or the Euro, the South African Rand and the Australian dollar as determined in international markets. Similarly, a major risk is a decreasing value of the Australian dollar vis-a-vis input costs. Typically, oil and gas input costs are denominated in US dollars.

6.10 Environmental Risks

The Company will be subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in South Africa and the United States of America. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

6.11 Competition

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

6.12 Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

6.13 Insurance

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

6.14 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify oil reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

6.15 General Securities Risks

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's

exploration, development and production activities, as well as on its ability to fund those activities.

Share Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.16 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

While the Directors recommend the Offer, potential investors should consider that the investment in the Company is speculative and should consult their professional advisers, make their own assessment of the likely risks and determine whether an investment in Sunset Energy Limited is appropriate for their circumstances.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2009 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the

year ended 31 December 2009 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2009 audited financial statements:

Date	Description of Announcement
30/09/2009	Annual Report to Shareholders
23/10/2009	Escrow Release
30/10/2009	Quarterly Activities Report
30/10/2009	Quarterly Cashflow Report
30/10/2009	Notice of General Meeting/Proxy Form
30/10/2009	2009 Annual Report
20/11/2009	Appendix 3B
30/11/2009	Results of Meeting
09/12/2009	Change of Director's Interest Notice x 3
18/12/2009	Trading Halt
22/12/2009	Significant Purchase of Oil and Gas Assets in South Africa
12/01/2010	Notice of Extraordinary General Meeting/Proxy Form
29/01/2010	Second Quarterly Activities Report
29/01/2010	Second Quarterly Cashflow Report
11/02/2010	Results of Meeting and MD Appointment Approval
18/02/2010	\$1.2 million Placement Finalised
25/02/2010	Appendix 3B – Placement
25/02/2010	Notice Under Section 708A

26/02/2010	Change in substantial holding
26/02/2010	Change in substantial holding
26/02/2010	Ceasing to be a substantial holder
16/03/2010	Half Year Accounts
16/03/2010	Extension of Share Sale Agreement Settlement
31/03/2010	Settlement of Share Sale Agreement
20/04/2010	Settlement Completed and New Board Appointment
20/04/2010	Investor Presentation
23/04/2010	Initial Director's Interest Notice
27/04/2010	Becoming a substantial holder
28/04/2010	Appendix 3B
29/04/2010	Becoming a substantial holder
29/04/2010	Ceasing to be a substantial holder
30/04/2010	Third Quarter Activities and Cashflow Report
17/05/2010	Trading Halt
17/05/2010	Request for Trading Halt
19/05/2010	Cranemere Project Update
25/05/2010	Change of Director's Interest Notice
01/06/2010	Resignation of Director
01/06/2010	Final Director's Interest Notice
04/06/2010	New Larger Cranemere Application Accepted
15/06/2010	Trading Halt
17/06/2010	Acquisition of Material Gas Exploration Project in Texas
23/06/2010	Appendix 3Y Change in Directors' Interest
30/06/2010	Project Update and Private Placement Completion
30/06/2010	S708A Notice and Appendix 3B
01/07/2010	Change of Company Secretary

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.sunsetenergy.com.au.

7.2 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

7.2.1 Executive Services Agreement

The Company has entered into an executive services agreement with Mr Paul Bilston under which Mr Bilston will serve the Company as Managing Director.

Mr Bilston will be employed for a term of 3 years commencing on 22 February 2010. The term may be extended for a further term on agreement between the Company and Mr Bilston.

The agreement provides that Mr Bilston will be paid a salary of \$200,000 per year (**Salary**). It is a term of his Executive Services Agreement that in the event the fully diluted market capitalisation of the Company exceeds \$25,000,000 for two consecutive months, Mr Bilston's Salary will be increased to \$300,000.

In addition to the remuneration outlined above, and subject to Shareholder approval, Mr Bilston will be granted 2,000,000 Director A Options and 2,000,000 Director B Options as an incentive to provide ongoing service and commitment to the Company.

Each Director A Option will give Mr Bilston the right to subscribe for one Share. The Director A Options are exercisable before 5.00pm on 28 February 2013, provided that the fully diluted market capitalisation of the Company has exceeded \$30 million for 2 consecutive months. The amount payable on exercise of each Director A Option will be \$0.25. Any Director A Option not exercised before the expiry date will automatically lapse.

Each Director B Option will give Mr Bilston the right to subscribe for one Share. The Director B Options are exercisable before 5.00pm on 28 February 2015, provided that the fully diluted market capitalisation of the Company has exceeded \$45 million for 2 consecutive months. The amount payable on exercise of each Director B Option will be \$0.35. Any Director B Option not exercised before the expiry date will automatically lapse.

In the event Mr Bilston's Executive Service Agreement is terminated within 2 years of commencement, the Director A Options and Director B Options which have not become exercisable automatically lapse.

The agreement may be terminated by the Company by giving Mr Bilston:

- (a) 3 months written notice and making payment of 3 months' salary after the expiry of the 6 months notice period;
- (b) not less than 1 months written notice if Mr Bilston becomes incapacitated or of unsound mind;
- (c) 1 months written notice if Mr Bilston:

- (i) commits any serious or persistent breach of the agreement and fails to remedy those breaches within 14 days; or
- (ii) commits any gross misconduct.

If Mr Bilston is convicted of a major criminal offence the Company may terminate the agreement immediately without the requirement to pay any salary other than that accrued.

Mr Bilston may terminate the agreement:

- (a) if the Company, at any time, commits any serious or persistent breach of the agreement and fails to remedy that breach within 28 days; or
- (b) by giving 3 months written notice to the Company.

The agreement contains other terms and conditions customary for an agreement of this nature.

7.3 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement	Remuneration (\$)
Michael Fry	1,350,000	1,500,000	675,000	\$60,000
Paul Bilston ^{2 and 3}	3,880,268	-	1,940,134	\$200,000
David Prentice	2,250	5,500,000	1,125	\$130,800

Notes:

1. Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.
2. Details of the Director A Options and Director B Options proposed to be issued to Mr Bilston are outlined in Section 7.2 above.

3. In addition to the remuneration outlined above, it is a term of his Executive Services Agreement that in the event the fully diluted market capitalisation of the Company exceeds \$25,000,000 for two consecutive months, Mr Bilston will be entitled to a salary of \$300,000 from the Company. A summary of the Executive Service Agreement between the Company and Mr Paul Bilston is outlined in Section 7.2 above.
4. Contracted annual directors' fees for the financial year ended 30 June 2010 inclusive of superannuation, excluding intrinsic option valuation.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$169,900 in the year ended 30 June 2008 and \$223,500 for the year ended 30 June 2009. In addition to the above, the Directors have been paid fees totalling \$300,855 (inclusive of superannuation) from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

7.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

7.5 Legal Proceedings

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2068
ASX fees	10,000
Legal expenses	10,000
Printing and other expenses	<u>2,942</u>
Total	25,010

7.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.165 on 12 April 2010

Lowest: \$0.085 on 16 June 2010

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.084 on 2 July 2010.

7.8 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. AUTHORITY OF DIRECTORS

8.1 Directors' Consent

Each of the Directors of Sunset Energy Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 5 July 2010

A handwritten signature in blue ink, appearing to be 'David Prentice', written over a circular stamp or seal.

**Signed for and on behalf of
Sunset Energy Limited
David Prentice
Executive Director**

9. DEFINITIONS

Applicant means a Shareholder who applies for Securities pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHES.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 4 August 2010 (unless extended).

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

Constitution means the Company's Constitution as at the date of this Prospectus.

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

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Issue means the issue of New Options offered by this Prospectus.

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

Offer means the offer pursuant to the Prospectus on the basis of one (1) New Option for every two (2) Shares held by a Shareholder on the Record Date at an issue price of \$0.015 per New Option, to raise up to approximately \$922,426.

Official List means the official list of ASX.

New Option means a New Option issued pursuant to the Offer and on the terms and conditions set out in Section 5.1.

Option means an option to acquire a Share (and includes a New Option).

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 16 July 2010.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities means Shares and Options.

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

Shareholder means a shareholder of the Company.

Shortfall means those Securities under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer means those New Options under the Offer not applied for by Shareholders under their Entitlement.

WST means Western Standard Time.