



sunset energy Ltd

31 JULY 2009

ASX Companies Announcements Office
ASX online
ASX : SEY

FOURTH QUARTER ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

Maricopa

- Oil sales for the June Quarter of 3,044 barrels
- Wellington Maricopa #6 continued at good rates of oil and low rates of water.
- Wellington Maricopa #7 was re-entered during the quarter to isolate water production. Water production has remained high and a decision was made to shut in the well.
- Plans are progressing to drill follow up wells and increase the acreage position.

Silverthread

- A 495 foot oil column discovered in Nesbitt #5 has been confirmed by Schlumberger, currently evaluating plans for a testing operation to begin later this year

Sales Production

- Total of 3,044 barrels of oil sold at an average price of approximately US\$56 per barrel in the June Quarter
- Sunset's share of revenue from sales for the quarter was A\$82,000

DRILLING AND DEVELOPMENT PROGRAM

During the Quarter Sunset Energy Limited ("Sunset Energy" or "the Company") (ASX:SEY) continued with its joint venture and operating partner Solimar Energy Limited ("Solimar Energy") (ASX:SGY) to explore and develop its assets in California.

Maricopa Project: 50% Working Interest (San Joaquin Basin)

Production from the Wellington #6 well continued at good rates of oil and low rates of water. The good performance at this well is in contrast to the poor performance of the Wellington Maricopa # 7 well which has been problematic from the start. During the quarter Sunset Energy Limited re-entered the Wellington Maricopa # 7 well in an effort to isolate water production which appeared to be coming from the lower part of the open interval and allow the well to be placed back on commercial production.

Two attempts to isolate the water were undertaken with measurable improvement in performance after the second treatment and the well was estimated to be producing approximately 6 barrels of oil per day.

The well was closely monitored and placed back on commercial production. However, as further evaluation of the well's relative production of oil and water occurred the company concluded that the profitability of the well remained marginal and a decision was made to shut-in the well.

The joint venture partners have plans to drill follow up wells depending on prevailing oil prices. The wells at this project are relatively shallow and lower cost, making them more likely to be profitable, especially at current oil prices. The joint venture partners are also looking to increase their acreage position with the aim of building a small production hub at Maricopa.

Sunset Energy Limited has a 50% Working Interest. Solimar Energy holds a 50% Working Interest and is the operator.

The Silverthread Project: 18.5% - 20% Working Interest (Ventura Basin)

The joint venture partners are continuing to evaluate the report received from Schlumberger that confirmed that the Nesbitt #5 well had discovered a 495 foot oil column in a 640 foot oil saturated perforated interval.

Schlumberger made several recommendations to increase oil production from the well and the joint venture partners are investigating these development options for recovering what could potentially be significant volumes of oil in place.

Deer Creek Project: 50% Working Interest (San Joaquin Basin)

Final leasing is continuing and should soon put Sunset Energy Limited in a position to move into the well planning stage.

SALES PRODUCTION

During the June quarter 2009, a total of 3,044 barrels of oil were sold from the Maricopa Project, an increase of 12% on the previous quarter's production of 2,713. The average price of oil received from Kern Oil Refinery in the June quarter 2009 was about US\$56/bbl. The Company's share of revenue from sales for the quarter was A\$82,000.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'D. Prentice', with a large circular flourish at the end.

David Prentice
Director

Appendix 5B

Mining exploration entity quarterly report

Name of entity

SUNSET ENERGY LIMITED

ABN

45 123 591 382

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from sales	86	445
1.2 Payments for		
(a) exploration and evaluation	-	(1,471)
(b) development	-	-
(c) production	(82)	(399)
(d) administration	(129)	(472)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	-	-
Net Operating Cash Flows	(124)	(1,870)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(124)	(1,870)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(124)	(1,870)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	670
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Cost of share issue	(10)	(10)
	Net financing cash flows	(10)	660
	Net increase (decrease) in cash held	(134)	(1,210)
1.20	Cash at beginning of quarter/year to date	498	1,540
1.21	Exchange rate adjustments to item 1.20	9	43
1.22	Cash at end of quarter	373	373

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	60
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

A total of 566,700 ordinary shares were issued to Chess Capital Partners Pty Ltd in consideration for corporate services rendered.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	50
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	373	498
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	373	498

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	42,724,037	35,124,037		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	566,700	566,700	-	-
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	5,000,000	-	Exercise price \$0.20	Expiry Date 30/09/2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31 July 2009
(Company secretary)

Print name: Cecilia Chiu

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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