

April 30, 2008

ASX Companies Announcements Office
ASX online
ASX : SEY

THIRD QUARTER ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2008

HIGHLIGHTS

- The Wellington Maricopa #6 well was successfully drilled to a total depth of 3,350 feet.
- Electric logs indicated a potential oil pay of approximately 130 feet in the primary Contact Sand objective and the well was prepared for production testing in April 2008.
- Successful testing will result in a follow-up well, Maricopa Wellington #7.
- Leasing continues at Deer Creek.

Maricopa Project: 50% (San Joaquin Basin)

During the quarter, drilling of the first well at the Maricopa Project, the Wellington Maricopa #6, was completed with the well reaching a total depth of 3,350 feet.

Electric logging indicated a potential oil pay of approximately 130 feet in the primary Contact Sand objective. Casing was run and the well is being completed in preparation for production equipment. The plan is to production test the well within April 2008 in order to ascertain the commercial significance of the pay zone.

Sunset Energy Limited (ASX: SEY) (Sunset Energy or the Company) is earning a 50% interest in the Maricopa Project with its joint venture partner Solimar Energy Limited (ASX: SGY) (Solimar Energy) which holds the other 50% interest and is operator of the joint venture.

The potential oil zone encountered in the well exceeded the joint venture partner's expectations, which is very pleasing giving that it is Sunset Energy's first well in the San Joaquin Basin in California. At this stage the oil pay is classed as "potential", until the oil zone has been successfully production tested. In the event of a successful production test, the well will be brought into commercial production as soon as possible.

A successful production test will result in a follow-up well being drilled as soon as a rig can be contracted at the Maricopa Wellington #7 location which has already been permitted. Additional follow-up locations have also been identified.

Deer Creek Project: 50% (San Joaquin Basin)

At Deer Creek, work continued on leasing. The Company is earning a 50% interest in this project with Solimar Energy which holds the other 50% interest and is operator. The joint venture is targeting to drill one well by the end of calendar 2008.

CORPORATE

Variation to Farmout Agreement signed with Sunset Energy

On the 13 February a variation to the Farmout Agreement signed with Solimar Energy (refer to the original ASX announcement on 21 August 2007) was made whereby the Company would pay 100% of the first US \$750,000 in costs to drill and complete two wells at the Maricopa Project. Any additional costs beyond the initial US \$750,000 to drill and complete the two wells will be paid 50% by Solimar Energy and 50% by Sunset Energy.

OVERVIEW

The Company has a very clear and simple focus to direct the recently raised funds to exploration and development of hydrocarbons in the San Joaquin Basin, in California USA.

The Company now has;

- A 50% Working Interest in two highly prospective projects located in the San Joaquin Basin in California USA.
- 25 million fully paid ordinary shares on issue.
- Cash of approximately AUD\$1.8 million.

Yours faithfully



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")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(94)	(193)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	52
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	-	-
Net Operating Cash Flows	(67)	(141)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(576)	(835)
(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	(576)	(835)
1.13 Total operating and investing cash flows (carried forward)	(643)	(976)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(643)	(976)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	3,060
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	-	(279)
	Net financing cash flows	(643)	2,781
	Net increase (decrease) in cash held	(643)	1,805
1.20	Cash at beginning of quarter/year to date	2,458	10
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,815	1,815

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	45
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

None

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	750
4.2 Development	100
Total	850

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	1,815	2,458
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,815	2,458

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	25,000,001	25,000,001		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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: 30 April 2008
(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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