



**29 January 2010**

ASX Companies Announcements Office  
ASX online  
ASX : SEY

## **SECOND QUARTER ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2009**

### **HIGHLIGHTS**

#### **Maricopa**

- Oil sales for the December Quarter of 2,014 barrels
- Wellington Maricopa #6 continued at good rates of oil producing 25 bopd.

#### **Sales Production**

- Total of 2,014 barrels of oil sold at an average price of approximately US\$71 per barrel in the December 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)**

The Maricopa #6 well continued to steadily produce light oil throughout the quarter at an average rate of 25 bopd during the December quarter.

Plans for a water disposal system continue with Solimar Energy recently approaching nearby operators that are expected to participate in building the system with minimal costs to the joint venture partners as the coordinator of the project. The aim of this enhanced water disposal system is to support bringing back the Maricopa #7 well into production and to increase the economics of the Maricopa project generally.

Solimar Energy has also identified at least 3 other well locations that could be drilled to increase production.

Improved oil prices have had a beneficial effect on the project with average prices of approximately US\$71 being achieved in the December quarter.

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)**

Solimar Energy is continuing negotiation with Mirada Petroleum Inc and is hopeful that a settlement can be reached shortly which would provide the opportunity to re-enter, stimulate and re-test the oil zone penetrated in the Nesbitt #5 well.

## **SALES PRODUCTION**

During the December quarter 2009, a total of 2,014 barrels of oil were sold from the Maricopa Project. The average price of oil received from Kern Oil Refinery in the December quarter 2009 was about US\$71/bbl. The Company's share of revenue from sales for the quarter was A\$82,000.

## **CORPORATE**

On 22 December 2009, the Company announced that it has entered into a Share Sale Agreement with Bundu Gas and Oil Exploration (Pty) Ltd ("Bundu"), a company registered in South Africa to acquire all of the issued shares in the capital of Bundu. Bundu holds 100% interest in approximately 2,276 square kilometers of highly prospective projects in South Africa.

It is a condition of the Share Sale Agreement that the Company raises at least \$1 million as additional capital to be applied towards Bundu's work program for its South African project, Thelma Project. As a result, and subject to shareholder approval, the Company intends to undertake a placement of 10,000,000 shares at an issue price of \$0.12 per share to clients of Chess Capital Partners Pty Ltd and Melbourne Capital Ltd.

It is also a condition of the Share Sale Agreement that the Company appoints 2 nominated representatives of the shareholders of Bundu as board members. The Company has resolved to appoint Mr Paul Bilston as Managing Director of the Company, subject to settlement of the Share Sale Agreement.

**Yours faithfully**

A handwritten signature in blue ink, appearing to be 'D. Prentice', written over a faint circular stamp or watermark.

David Prentice  
**Executive Director**