

30 April 2009

ASX Companies Announcements Office
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ASX : SEY

THIRD QUARTER ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2009

HIGHLIGHTS

Maricopa

- Oil sales for the March Quarter of 2,713 barrels
- Wellington Maricopa #4 (a pre-existing well) was re-entered and tested. A swab test failed to recover oil, the well was shut-in pending further evaluation
- Wellington Maricopa #7 was shut-in in January due to high water disposal costs
- Plans progressing for another well and improved water handling facilities

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 2,713 barrels of oil sold at an average price of approximately US\$38 per barrel in the March Quarter
- Sunset's share of revenue from sales for the quarter was A\$92,000

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)

On 10 March 2009 Sunset Energy announced that the testing of the Wellington Maricopa #4 well had commenced. The well is located to the west and up dip of both the Wellington Maricopa #6 and #7 wells.

The Wellington Maricopa #4 well was drilled in 1930 and produced oil from the Contact Sands until 1938. At that time the well was temporarily abandoned in the Contact Sands and recompleted to test the heavy oil sands further up the hole. However, the Contact Sands were never reopened after an unsuccessful test of the heavy oil sands.

The testing program involved re-entering and performing a workover procedure. The well was swab tested and failed to recover oil due to fluid leaking from other sections. The well has been shut-in pending further evaluation. The Wellington Maricopa #4 workover was an inexpensive test of a proven oil column without the need to drill a new well. However, with well costs having fallen sharply over past months future operations will most likely involve drilling a new well to access the known existing oil column. Sunset Energy (together with its joint venture partner Solimar Energy) has already drilled two successful wells in the project area and has several future wells planned including horizontal drilling.

During the quarter, a decision was taken to shut in the Wellington Maricopa #7 well due to the high water cut. The Company is now evaluating the installation of a water disposal line on the lease which would significantly reduce costs and allow this well to be put back into production. This initiative combined with additional wells on the property will add value to the project.

Sunset Energy has a 50% interest in the Maricopa Project. Solimar Energy also has a 50% interest and is operator of the project.

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

Sunset Energy and its joint venture partners have been evaluating the Nesbitt #5 well after production testing in 2008 yielded mixed results. The joint venture partners have been reviewing a report from Schlumberger Oilfield Services that confirmed that the Nesbitt #5 well had discovered a 495 foot oil column in a 640 foot oil saturated perforated interval. Schlumberger has made several recommendations to increase oil production from this well. The venture partners are investigating these development options for recovering what could potentially be significant volumes of oil in place.

Partners in the Silverthread Project (and their respective working interests) are:

Mirada Petroleum Inc. (Operator) and Partners:	63.0% to 60.0%
Solimar Energy Limited (ASX Code: SGY):	18.5% to 20.0%
Sunset Energy Limited:	18.5% to 20.0%

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

Leasing has continued over the prospect area and some critical leases have been secured. Final leasing is being secured which should soon put the joint venture partners in a position to move into the well planning stage.

SALES PRODUCTION

During the March quarter 2009, a total of 2,713 barrels of oil were sold from the Maricopa Project, a decrease of 20.1% on the previous quarter's production of 3,397 due to the decision to shut-in the Wellington Maricopa #7 well. The average price of oil received from Kern Oil Refinery in the March quarter 2009 was about US\$38/bbl. The Company's share of revenue from sales for the quarter was A\$92,000.

CORPORATE

On 3 December 2008, Sunset Energy announced a non-renounceable Rights Issue of New Shares at an issue price of \$0.05 per share on the basis of one share for every two held at the record date raising up to \$718,750 before costs. The Offer was subsequently completed on 6 March 2009, raising a total of \$670,336.80 from the issue of 13,407,336 shares pursuant to the Rights Issue Entitlement and subsequent Shortfall.

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 2009

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 sales	92	347
1.2 Payments for		
(a) exploration and evaluation	(180)	(1,471)
(b) development	-	-
(c) production	(126)	(309)
(d) administration	(148)	(349)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	-	-
Net Operating Cash Flows	(361)	(1,756)
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)	(361)	(1,756)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(361)	(1,756)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	670	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	-	-
	Net financing cash flows	670	670
	Net increase (decrease) in cash held	309	(1,086)
1.20	Cash at beginning of quarter/year to date	190	1,540
1.21	Exchange rate adjustments to item 1.20	(1)	44
1.22	Cash at end of quarter	498	498

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	64
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	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	498	190
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	498	190

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	42,157,337	34,557,337		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,407,336	13,407,336	\$0.05	\$0.05
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 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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