



sunset energy Ltd

24 November 2010

Manager Announcements
Company Announcements Office
Australian Securities Exchange
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Operations Recommence at Triple Crown Prospect, TX - Updated

The Company advises that the announcement made with Australian Securities Exchange this morning incorporates a typographical error on the last paragraph of the first page, whereby the facility is denoted to be payable on "1 July 2010". The last sentence of that paragraph should read " *The facility is a direct, un-secured and un-subordinated obligation of the Company, with interest accruing at the rate of 10% per annum, calculated daily, compounded monthly, capitalised and payable on 1 July 2011.*"

An updated announcement regarding the recommencement at Triple Crown project is attached.

Yours faithfully,

For and on behalf of Sunset Energy Limited

Paul Bilston
Managing Director



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Operations Recommence at Triple Crown Prospect, TX

The Directors of Sunset Energy Limited (“Sunset Energy” or “the Company”) are pleased to announce that drilling operations at the Company’s Triple Crown Prospect in Texas have recommenced.

In conjunction with the Operator, Sunset has evaluated options of sidetracking out of the existing hole or skidding the rig and drilling a new hole. As a result of these discussions, Sunset has agreed that the best option is to skid the rig sideways and start a new hole.

Drilling operations will now be converted from “Air Drilling” to “Mud Drilling” at least until a new surface casing string can be set, which is planned to be set at a depth of at least 2,500 ft. This string will isolate the fresh water aquifer that was intersected at a depth of ~ 1500 ft and which caused hole instability whilst drilling with air. The use of a “Mud” System will provide much better hole stability and should allow surface casing to be set to the required depth.

Once this has been set, the rig will be converted back to “Air Drilling” to minimise the impact on the formation. Drilling will then continue to total depth when the hole will be logged and suspended pending further operations.

The Triple Crown Prospect possesses three independent exploration opportunities across over 45,000 acres of leasehold. The first and primary opportunity is to explore for potentially huge gas production in the vertically fractured Ellenburger Dolomite trapped on 3 large-scale, anticlinal closures. The second opportunity consists of complementary exploration for multiple Lower Canyon Sand gas reservoirs deposited around and over the Ellenburger structures. The third opportunity is to develop an unconventional gas play within the prospect area.

Each of these opportunities is significant in its own right, with each having the potential to deliver in excess of 1 TCF of gas. Whilst the current drilling issues are obviously disappointing, none of them impact on the value of the opportunity currently under evaluation. Success in proving any of the three opportunities under evaluation is expected to provide material upside for the Company.

In addition, the Directors are pleased to announce that the Company has reached agreement to put in place a financing facility of up to A\$1.4 million to provide additional working capital to fund the drilling and testing operations of the initial well at the Triple Crown Prospect. Each of the participants in the financing facility will be issued 10 listed options (with an exercise price of 20c and an expiry date of 30 June 2012) for every \$1.00 dollar advanced under the facility. The facility is a direct, un-secured and un-subordinated obligation of the Company, with interest accruing at the rate of 10% per annum, calculated daily, compounded monthly, capitalised and payable on 1 July 2011.

The Board of Sunset Energy has also resolved to seek shareholder approval at an extraordinary general meeting of shareholders (to be convened as soon as possible) to have the full amount payable under the financing facility satisfied through the issue of new equity.

The Company looks forward to providing further updates as to the progress of drilling and testing operations at Triple Crown as results come to hand.

Yours faithfully,
For and on behalf of Sunset Energy Limited

A handwritten signature in blue ink, appearing to read "Paul Bilston".

Paul Bilston
Managing Director