

**ASX Announcement**  
20 June 2014

## **Sunbird Completes Ibhubesi Gas Project Acquisition Offshore South Africa**

- Sunbird completes acquisition of 76% of Block 2A off-shore South Africa , including the Ibhubesi Gas Project
- Joint Venture partner PetroSA, South Africa's national oil company, holds the remaining 24%
- The Ibhubesi Gas Project is the largest undeveloped gas discovery in South Africa, 540 Bcf 2P (SNY 76%: 410 Bcf)
- Significant exploration upside with Best Estimate Prospective Resource of 7.8 Tcf (SNY 76%: 5.9 Tcf) in Block 2A
- Eskom Gas Sales MOU in place and negotiations continuing on formal Sales Agreement

**Southern Africa gas explorer and developer Sunbird Energy Ltd (ASX: SNY) is pleased to announce that all required South African Government approvals have now been received and that it has consequently finalised its acquisition of the Ibhubesi Gas Project (IGP) from Forest Oil Corporation.**

The approvals conclude the acquisition by Sunbird of a 76% interest in Production Right Block 2A, which covers a 5,000km<sup>2</sup> area within the Orange Basin and contains the IGP, South Africa's largest undeveloped gas discovery with 2P reserves of 540 Bcf (SNY 76%: 410 Bcf). The block is located 380km north west of Cape Town and 70 km off the coast of the Northern Cape Province.

Over US\$125m has been invested in the exploration and appraisal of Block 2A since 2000, with 7 of the 11 wells drilled to date discovering commercial volumes of gas. Beyond the existing discoveries, an independent assessment determined that the block contains a Best Estimate prospective gas resources of 7.8 Tcf (SNY 76%: 5.9 Tcf).

Having executed the IGP Sale and Purchase Agreement ("SPA") in December 2012, which provided Sunbird with control of the entities holding the IGP licence and operatorship of the licence, South African Government approvals were required in relation to two aspects of the transaction prior to completion. Those approvals were:

- Approval under section 11 of the South African *Mineral and Petroleum Resources Development Act 2002* for Sunbird to acquire its overall interest in Block 2A, which was received on 7<sup>th</sup> October 2013; and
- Verification of certain Exchange Control Approvals from the South African Government Treasury, which were received on 16<sup>th</sup> June 2014.

With all the conditions for the closure of the having been met the Forest Oil transaction has now been closed. Closure was also made with the release from escrow of a payment by Sunbird of US\$1.029m to Forest Oil as required under the terms of the SPA.

Conditional upon Sunbird achieving the following future project milestones and commercial development success in relation to the IGP, the further amounts listed below will become payable to the vendors under the SPA:

- On execution of a Gas Sales Agreement - US\$5m;
- On Final Investment Decision to develop a producing project, or First Gas Sales - US\$10m; and
- Sales Enhancement Fee equal to 1% of Sunbird's net gas sales revenues received in relation to Block 2A.

Sunbird Managing Director Will Barker said: "Completing the Forest Oil transaction delivers to Sunbird a highly valuable asset, with South Africa's largest proven gas field, at a time when emergency load shedding is again in the headlines in South Africa. The South African energy market is both highly constrained and high value, creating a unique opportunity for Sunbird as the most advanced project for the supply of energy for the domestic market. We look forward to progressing our gas sales negotiations with Eskom for the supply of gas to the existing Ankerlig Power station that is currently run on expensive diesel, and further exploring Block 2A's upside potential."

Sunbird continues to advance the Ibhubesi Gas Project, both technically and commercially with key upcoming milestones for the IGP including:

- Negotiations with Eskom of a Heads of Agreement for gas sales to the Ankerlig Power Plant;
- Completion for the Field Development Plan and Basis of Design;
- Commencement of the Front End Engineering Design (FEED) Studies;
- Progression of Environmental approvals; and
- Advancement of the Eskom Gas Sales Agreement.

#### Competent Person Statement

The reserves and resource estimates used in this announcement were compiled by Jeff Aldrich of MHA Petroleum Consultants LLC and are consistent with the definitions of proved, probable, and possible hydrocarbon reserves and resources that appear in the Australian Stock Exchange (ASX) Listing Rules. Mr Aldrich, who is not an employee of Sunbird, is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the reserves and resource figures in the form and context in which they appear in this announcement. Independent Reserves Report dated 11 June 2013, Prospective Resource Report dated 28 March 2013.

#### ASX Listing Rule 5.28

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**\*\* ENDS \*\***

**For further information please visit [www.sunbirdenergy.com](http://www.sunbirdenergy.com) or contact:**

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### **About Sunbird Energy Ltd**

Sunbird Energy Ltd is an ASX-listed (ASX:**SNY**) gas explorer and developer focused on southern Africa where limited domestic gas supply and growing energy needs have created significant opportunity for the development of large scale energy projects.

Having now received government approval for its acquisition of a 76% stake in the Ibhubesi Gas Project offshore of the west coast of South Africa and closed with Forest Oil on the acquisition transaction, Sunbird now has the right to operate and develop the Ibhubesi Gas Project, South Africa's largest undeveloped gas field.

The Ibhubesi Gas Project has multiple development opportunities to supply the high value South African energy market including ongoing gas sales negotiations with Eskom for the provision of gas to the existing Ankerlig Power Station, Independent Power Producers and major industrial users.

Sunbird also has a portfolio of five Coal Bed Methane (CBM) projects covering an extensive area (10,070 km<sup>2</sup>) of prospective coal basins in South Africa and Botswana.