

ASX Announcement
9 September 2014

Sunbird Secures \$25m Capital Injection & Strategic Partner

- **\$25m capital injection at up to 79% premium on last traded share price**
- **Secures strategic Pan-African partner to help drive commercialisation of Ibhubesi**
- **Transformational financing demonstrates the value of Ibhubesi as the most advanced indigenous gas to power project in South Africa**

Southern African gas explorer and developer Sunbird Energy Ltd (ASX: **SNY**) (the Company) is pleased to announce that binding agreements have been executed in respect of a transaction which, once fully completed, will deliver over AUD\$25m (subject to exchange rates) into the Company at a weighted average premium of up to 79% on the last traded share price and secure a major strategic partner to help advance development of its Ibhubesi Gas Project in South Africa.

The transaction will see the Pan-African investment company, Vandalia Investments Limited (Vandalia), acquire a 43.9% interest in Sunbird via a two stage transaction involving two capital raisings at the equivalent weighted average price of approximately AUD\$0.34 per share and the acquisition and conversion of 47.75m existing AUD\$0.20 options. Overall, the transaction is priced at a premium of 79% to Sunbird's last traded share price.

The first stage of the investment, being the issue of 20,367,127 fully paid shares for an aggregate subscription amount of USD\$5,000,000, is due for completion in 10 business days and represents a premium of 39.5% to the Company's last traded share price. The second stage of the investment (which is subject to shareholder approval and execution of a Gas Sales Term Sheet with a potential customer) includes the issue of an additional 23,021,757 shares to Vandalia for an aggregate subscription amount of approximately USD\$9,350,000, and the purchase and conversion 47.75m options, which will result in the Company receiving approximately an additional US\$8,850,000 (subject to exchange rates).

A more detailed summary of the transaction is included as a schedule to this announcement.

Beyond the significant confidence expressed by Vandalia in the Company's prospects, as evidenced by the investment, this transaction delivers the funding required to advance the Ibhubesi Gas Project to commercialisation and provides Sunbird with a highly capable strategic shareholder with extensive industry experience in Africa.

Sunbird's Chairperson, Mr Kerwin Rana, said that, "Sunbird is pleased to welcome Vandalia as a strategic partner and major new shareholder. The investment by Vandalia demonstrates the value proposition of the Ibhubesi Gas Project as South Africa's largest undeveloped gas field and the advanced nature of our gas supply negotiations with potential customers."

Mr Rana added that, “This transformational financing deal ensures Sunbird is fully funded to advance Ibhubesi through FEED studies, commercial negotiations and regulatory approval to a final investment decision in 2015.”

Vandasia’s CEO, Dr. TJ Lupepe, said that, “Vandasia has secured this investment opportunity because it sees Sunbird as the most mature gas development project in South Africa, Africa’s most developed economy. The advanced stage of Sunbird’s gas sales negotiations with potential customers, provides near term access to the South African energy market which has depended largely on coal and oil based fuels.

Dr. Lupepe went on to add that “Vandasia is excited to support Sunbird in providing cheaper, cleaner gas to an energy constrained market and contributing positively to South Africa’s energy mix. Importantly, the Sunbird transaction can begin to shepherd in an era of migration to gas as a power source for Africa at large, proving both the technical and financial viability of the resource for generation input.”

Background on Vandasia

Vandasia is a specialist investment company established by a group of leading African industrialists with a focus on developing the vast gas resources in continental Africa. Vandasia is structured to make investments in upstream gas assets, LNG solutions and related infrastructure, as well as gas-to-power projects.

Vandasia believes natural gas development holds tremendous opportunity for Africa, and it can be a strong “prime mover” for broader economic and social development. Vandasia, a strong believer of the “Africa is Rising” story, is poised to become a leading African focused gas/gas related infrastructure investor.

Vandasia is an investment company comprising of leading businesspeople from two of Africa’s most robust economies, Nigeria and South Africa, with extensive experience in the delivery of major industrial projects and services covering the steel, telecommunications, construction and oil and gas industries. Vandasia’s founders include, amongst others, the principals of two highly successful African businesses, namely the WTES and the Mdali Group.

WTES Projects Limited (“WTES”)

WTES is a leading Nigerian investment company with diverse interests across frontier sectors in the Nigerian economy and is leading a group of Nigerian investors into the transaction. The WTES has over seven key subsidiaries in telecommunications, real estate, construction, oil and gas, power, steel and financial services.

WTES is an investor in the steel sector of Nigeria and most notably has built a USD\$285 million steel fabrication galvanizing facility, and a 350,000 tonne per annum structural steel rolling mill, the first of its kind in West Africa. It is also involved in the establishment of the first large-scale pipe mill in Sub-Saharan Africa for the oil and gas Industry.

Importantly, WTES and its investor group also have significant experience participating in large scale infrastructure projects in the energy, construction and real estate industries in Nigeria.

Mdali Group (“Mdali”)

Mdali, a South African Black Economic Empowerment investment company, led by Dr. Tembalikayise (“TJ”) Lupepe, is the South African partner to the Portuguese industrial conglomerate Mota-Engil Construction Group. Mdali also has three subsidiary companies with interests in power, copper tailings, retail shopping properties and middle-income housing throughout South Africa. Outside of Mdali, Dr. Lupepe played a leading role in the Bombela Consortium, the company responsible for the operation and construction of the Gautrain, Africa’s first airport to urban centre rail link that has been a widely successful infrastructure addition to the Johannesburg metropolitan areas.

Mdali has a long-term investment view and is establishing partnerships to maximize its opportunity to participate in significant infrastructure projects in Africa and specifically South Africa. Mdali has a keen understanding of the South Africa marketplace and seeks to invest in projects that are aligned with the country’s key strategic interests.

Musa Capital Advisors, a Johannesburg-based investment boutique, acted as financial advisor to the transaction, while Cedar Advisory Partners of Lagos acted on behalf of the WTES and its investors. DM5 Incorporated of Johannesburg and Price Sierakowski of Perth, both served as legal counsel to Vandasia, while Hardy Bowen of Perth represented Sunbird.

**** ENDS ****

For further information please visit 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.

Sunbird holds a 76% interest in Ibhubesi Gas Project (IGP) which is the largest undeveloped gas discovery in South Africa, 540 Bcf 2P (SNY 76%: 410 Bcf). The IGP is located within Production Right Block 2A, which covers a 5,000km² area within the Orange Basin. The block is located 380km north west of Cape Town and 70 km off the coast of the Northern Cape Province.

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 km²) of prospective coal basins in South Africa and Botswana and with a 644 Bcf 2C (SNY 74%: 477 Bcf) gas resource across its Mopane project in South Africa.

Schedule 1 - Summary of Transaction

The key terms of the transaction are as follows:

(a) Stage 1

The Company will issue Vandasia 20,367,127 fully paid shares for an aggregate subscription amount of USD\$5,000,000 (Tranche 1 Shares) pursuant to the terms of a share subscription agreement (Share Subscription Agreement). This equates to a price per share of approximately AUD\$0.265 based on current exchange rates, being a premium of 39.5% to the last traded share price on 8 September 2014.

The Tranche 1 Shares will be issued pursuant to the Company's current capacity under Listing Rule 7.1 and Listing Rule 7.1A.

Following issue of the Tranche 1 Shares, Vandasia will hold 14.9% of the Company's issued capital and will be entitled to nominate one director. Vandasia intends to nominate Mr. Niyi Oyedele to serve as its representative on the Sunbird board of directors.

In addition, Sunbird and Vandasia have agreed to develop a number of strategic partnering agreements covering:

- a) **joint operations** – to provide for the sharing of responsibilities in the exploration, development, production and commercialisation of Ibhubesi;
- b) **infrastructure supply** – to enable Vandasia to provide funded procurement solutions to Sunbird for long-term gas infrastructure; and
- c) **additional gas supply** – to provide additional gas supply options to supplement any demand in excess of the amount of gas available for supply from Ibhubesi or earlier than Ibhubesi can deliver first gas.

(b) Stage 2

Subject to meeting conditions precedents by no later than 30 November 2014, including execution of a Gas Sales Term Sheet with a potential customer and shareholder approval under item 7 of section 611 of the Corporations Act, the Company will issue 23,021,757 shares to Vandasia (Tranche 2 Shares) for an aggregate subscription amount of approximately USD\$9,350,000 pursuant to the terms of the Share Subscription Agreement.

Simultaneously with the issue of the Tranche 2 Shares, Vandasia will purchase and exercise 47,750,000 existing AUD\$0.20 options pursuant to the terms of an option sale agreement (Option Sale Agreement). The conversion of options will provide Sunbird with AUD\$9,550,000 in additional capital (subject to exchange rates) and will see Vandasia issued with a further 47,750,000 shares (Option Shares). The conversion of the options will be the subject of a separate shareholder resolution pursuant to item 7 of section 611 of the Corporations Act.

Overall, the total transaction is priced at an average weighted price of approximately AUD\$0.34 per share (subject to exchange rates), being a premium of 79% to Sunbird's last traded share price on 8 September 2014.

Upon Stage 2 completion, Vandasias will be entitled to nominate representation proportional to its shareholding to the Sunbird board of directors.

Following the issue of the Tranche 2 Shares and the Option Shares, it is likely that Vandasias will hold 43.9% of the Company's issued capital as follows:

Indicative Capital Structure Post Transaction

	Issued Shares		Options	Performance Rights
Current	116,325,000		100,500,000	9,150,000
On Completion of Tranche 1				
Existing Holders	116,325,000	85.1%	100,500,000	9,150,000
Vandasias	20,367,127	14.9%		
	136,692,127		100,500,000	9,150,000
On Completion of Tranche 2				
Existing Holders	116,325,000	56.1%	52,750,000	9,150,000
Vandasias	91,138,884	43.9%		
	207,463,884		52,750,000	9,150,000