

ASX Announcement

24 September 2014

Sunbird Receives Initial Capital

Southern African gas explorer and developer Sunbird Energy Ltd (ASX: **SNY**) (the Company) is pleased to announce it has received the first payment by Vandasias Investments Limited (Vandasias) totaling USD\$3 million as part of Stage 1 of the Vandasias Transaction, previously announced on 9 September 2014.

Completion of Stage 1 of the Transaction is due to take place later this week following the final payment of USD\$2 million from Vandasias. On receipt of cleared funds totaling USD\$5 million, Sunbird will issue 20,367,127 fully paid shares, providing Vandasias with 14.9% of the Company. The capital raising will be at an equivalent of approximately AUD\$0.274 per share and represents a premium of 44.3% to the Company's closing share price on 8 September prior to announcement of the Transaction.

Stage 2 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 Vandasias for an aggregate subscription amount of approximately USD\$9,350,000, and the purchase and conversion 47.75 million options, which will result in Sunbird receiving approximately an additional US\$8,850,000 (subject to exchange rates). Completion of the second stage is due by 30 November 2014 and will provide Vandasias up to a 43.9% interest in the Company.

Completion of the full Transaction will deliver Sunbird over AUD\$25m in capital at an weighted average price of approximately AUD\$0.34 per share (subject to exchange rates), representing a premium of approximately 80% to Sunbird's closing share price on 8 September prior to announcement of the Transaction.

The Transaction will deliver the funding required to advance the Ibhuesi Gas Project to commercialisation and provides Sunbird with a highly capable strategic shareholder with extensive industry experience in Africa.

The investment by Vandasias demonstrates the value proposition of the Ibhuesi Gas Project as South Africa's largest undeveloped gas field and the advanced nature of Sunbird's gas supply negotiations.

**** ENDS ****

For further information please visit www.sunbirdenergy.com or contact:

Will Barker	Managing Director, Sunbird Energy Ltd	Tel: +61 8 9463 3260
Kerwin Rana	Chairman, Sunbird Energy Ltd	Tel: +27 11 484 5005

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.