

ASX Announcement
7 October 2014

Sunbird Completes \$5m Stage 1 Capital Raising

Southern African gas explorer and developer Sunbird Energy Ltd (ASX: **SNY**) is pleased to announce the completion of the Stage 1, USD\$5,000,000, Vandasias Transaction, previously announced on 9 September 2014.

The USD\$5,000,000 Stage 1 investment by the Pan-African investment company Vandasias Investments Limited (Vandasias) for subscription of 20,367,127 fully paid shares, equates to AUD\$0.277 per share which is a premium of 45.6% to the Company's closing share price on 8 September prior to announcement of the Transaction.

On completion of Stage 2 of the transaction, Sunbird will have received over AUD\$25,000,000 in capital (subject to exchange rates) and will secure a major strategic partner in Vandasias to help advance development of the Ibhubesi Gas Project in South Africa. Stage 2 of the investment, which is subject to shareholder approval and execution of a Gas Sales Term Sheet with a potential customer, is due for completion by 30 November 2014.

The Transaction involves two capital raisings at the equivalent weighted average price of approximately AUD\$0.37 per share (subject to exchange rates) and the acquisition and conversion of 47,750,000 existing AUD\$0.20 options, providing Vandasias a 43.9% interest in the Company. Overall, the transaction is priced at 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 Ibhubesi Gas Project to commercialisation and provides Sunbird with a highly capable strategic shareholder with extensive industry experience in Africa.

Sunbird is pleased to welcome Vandasias as a strategic partner and major new shareholder. The investment by Vandasias demonstrates the value proposition of the Ibhubesi Gas Project as South Africa's largest undeveloped gas field and the advanced nature of Sunbird's gas supply negotiations.

STAGE 1 TRANSACTION DETAILS

Dilution to existing shareholders as a result of the issue under Listing Rule 7.1 is 14.9% (17,448,750 shares), dilution to existing shareholders as a result of the issue under Listing Rule 7.1A is 2.51% (2,918,377 shares) and the total dilution to existing shareholders is 17.5% (20,367,127 shares).

The 2,918,377 shares issued under Listing Rule 7.1A were issued for cash consideration. The Company issued the shares as a placement under Listing Rule 7.1A to Vandasias as a placement was considered the most efficient mechanism for the Company to raise funds, attract a cornerstone investor and valued strategic partner to the Company.

No underwriting arrangements are in place for the issue of shares under Listing Rule 7.1A.

Fees payable to Musa Capital as Sunbird's corporate advisor amount to US\$250,000, and the issue of 1,500,000 performance rights subject to shareholder approval.

An Appendix 3B and Section 708A(5)(e) Notice are attached.

**** 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.

NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

Sunbird Energy Limited ("Company") has today issued 20,367,127 fully paid ordinary shares ("Shares") pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Act"). The Company advises that the Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, a sale of the Shares will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- 1) the Company issued the securities without disclosure to investors under Part 6D.2 of the Act;
- 2) as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- 3) as at the date of this notice, there is no information that is excluded information under section 708A(7) and (8) of the Act that has not already been disclosed to investors generally.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Sunbird Energy Limited

ABN

21 150 956 773

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Fully Paid Ordinary Shares
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	20,367,127
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	Fully Paid Ordinary Shares

+ See chapter 19 for defined terms.

4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	\$0.28
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	20,367,127 Fully Paid Ordinary Shares issued by the Company to sophisticated and professional investor pursuant to a private placement
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	25 November 2013
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	17,448,750
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	2,918,377
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	n/a
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	0 – capacity under Listing Rule 7.1 8,714,123 – capacity under Listing Rule 7.1A
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	7 October 2014
8	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number
		+Class
		136,692,127 Ordinary Shares

+ See chapter 19 for defined terms.

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in section 2 if applicable)

Number	⁺ Class
<u>Performance Rights</u>	
9,150,000	Vest on satisfaction of various performance milestones between 1 November 2013 and 1 May 2015
<u>Unlisted Options</u>	
5,000,000	Options ex 20c exp 19/01/15
53,000,000	Options ex 20c exp 19/01/15
4,000,000	Options ex 20c exp 19/01/15
4,000,000	Options ex 20c exp 19/01/16
4,000,000	Options ex 20c exp 19/01/17
5,000,000	Options ex 25c exp various dates
5,000,000	Options ex 30c exp various dates
5,000,000	Options ex 25c exp various dates
5,000,000	Options ex 30c exp various dates
1,000,000	Options ex 50c exp 22/5/2016
500,000	Options ex 20c exp 22/11/2015
1,000,000	Options ex 25c exp 31/12/2015
3,500,000	Options ex 25c exp 31/12/2015
1,500,000	Options ex 20c exp 31/12/2015
1,000,000	Options ex 50c exp 1/10/2016
The Company does not have a dividend policy	

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

n/a

12	Is the issue renounceable or non-renounceable?	n/a
13	Ratio in which the +securities will be offered	n/a
14	+Class of +securities to which the offer relates	n/a
15	+Record date to determine entitlements	n/a
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	n/a
17	Policy for deciding entitlements in relation to fractions	n/a
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	n/a
19	Closing date for receipt of acceptances or renunciations	n/a
20	Names of any underwriters	n/a
21	Amount of any underwriting fee or commission	n/a
22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	n/a
25	If the issue is contingent on +security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	n/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	n/a
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do +security holders sell their entitlements <i>in full</i> through a	n/a

+ See chapter 19 for defined terms.

	broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	n/a
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	n/a
33	⁺ Despatch date	n/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of securities for which ⁺ quotation is sought	NA
39	Class of ⁺ securities for which quotation is sought	NA

40	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	NA
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	NA

⁺ See chapter 19 for defined terms.

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class
NA	NA

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those ⁺securities should not be granted ⁺quotation.
- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
Company secretary

Date: 7 October 2014

Print name: Richard Barker
COMPANY SECRETARY

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	112,700,000
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	Nil 3,050,000 shares (issued 11 November 2013) 375,000 shares (issued 26 February 2014) 200,000 shares (issued 4 July 2014)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	116,325,000

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	17,448,750
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	17,448,750
“C”	17,448,750
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	17,448,750
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	17,448,750
Total [“A” x 0.15] – “C”	0 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	116,325,000
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	11,632,500
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	2,918,377
“E”	2,918,377

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	11,632,500
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	2,918,377
Total [“A” x 0.10] – “E”	8,714,123 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>