



ACN 21 150 956 773

Half-Year Financial Report

31 December 2014

Table of Contents

Corporate directory	3
Directors' report.....	4
Independence Declaration.....	6
Independent Auditor's Review Report	7
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated balance sheet.....	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Director's Declaration.....	22

Corporate directory

Directors	Mr Kerwin Rana <i>Executive Chairman</i>
	Mr William Barker <i>Managing Director</i>
	Mr Andrew Leibovitch <i>Executive Director</i>
	Mr Marcus Gracey <i>Non-Executive Director</i>
Company Secretary	Mr Mark Balfour (resigned 11 July 2014) Mr Richard Barker (appointed 11 July 2014)
Registered Office	Level 1, 50 Ord Street West Perth WA 6005 Tel: +618 9463 3260 Fax: +618 9463 6630
Share Register	Link Market Services Limited Ground Floor 178 St Georges Terrace Perth WA 6000 Tel (within Australia): 1300 554 474 Tel (outside Australia): +612 8280 7111
Stock Exchange Listings	Australian Securities Exchange (ASX: SNY)
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	Hardy Bowen Level 1, 28 Ord Street West Perth WA 6005
Website	www.sunbirdenergy.com

Directors' report

The Directors present their report together with the financial statements for the half-year period ending on 31 December 2014.

Directors

The names of the Directors of Sunbird Energy Ltd (hereafter "Sunbird" or "the company") throughout the reporting period and at the date of this report are:

Mr Kerwin Rana – *Executive Chairman*

Mr William Barker – *Managing Director*

Mr Andrew Leibovitch – *Executive Director*

Mr Marcus Gracey – *Non-Executive Director*

Results of Operations

The net loss from continuing operations for the half-year period to 31 December 2014 was \$3,140,271 (2013: \$5,872,163).

Review of Operations

Advancing Gas Sales Negotiations with Eskom for Supply

During the reporting period Sunbird and project partner PetroSA further advanced negotiations with Eskom for the sale of indigenous gas from the Ibhubesi Gas Project to Eskom's Ankerlig Power Station.

The parties have jointly developed a Gas Sales Agreement (GSA) Term Sheet, which follows the signing of a Memorandum of Understanding (MoU) with the South African power supplier in December 2013 and the establishment of a Working Committee to progress an integrated project development plan, resolve technical interfaces and advance commercial terms.

Ibhubesi Technical Design Program

Sunbird has completed a final draft of the Field Development Plan (FDP) and the Basis of Design (BoD) studies at Ibhubesi. The FDP and BoD studies define the final well designs, locations and scheduling, the preferred engineering designs of the gas processing facilities and sales pipeline size and route.

Regulatory & Environmental Approvals

During the reporting period the Final Scoping Report (FSR) for the Ibhubesi development concept, namely the offshore production facility, pipeline and onshore gas processing facility, was prepared and issued for public comment. This consultation period ended in September and the FSR was submitted to the Department of Environmental Affairs and approved in November 2014.

In May 2014 Sunbird and PetroSA formally applied for an extension of the Gas Market Development Phase which was due to expire in mid-October 2014. This application has been processed by the Petroleum Agency of South Africa (PASA), and in July 2014 PASA confirmed that the application had been forwarded to the Department of Mineral Resources with a recommendation to accept the requested 3 year extension. We now await Ministerial sign off.

Directors' report (continued)

Following engagement by Sunbird with PASA and the completion of a number of independent technical reports commissioned by Sunbird, in December 2014 PASA confirmed that Sunbird's Block 2A Abandonment Guarantee (a form of environmental bond) has been reduced to approximately US\$2,735,000. Sunbird is in late stage negotiations with a number of bond providers for the placement of this guarantee.

Mopane Project – Limpopo Province

Following the booking of a Contingent Resource of 644 BCF (at 2C) (SNY 74%: 476 BCF) in the eastern sector of the licence by MHA Petroleum Consultants, Sunbird has continued to plan a Pilot Production Program and seek the necessary regulatory approvals at Mopane.

The objective of the Pilot Production Program is to determine gas flow rates and provide information on the commercial potential of the project. This will enable Sunbird to book gas reserves and accelerate the opportunity for development of power generation at Mopane for supply into the national power network.

CBM Relinquishments

Following the completion of technical studies covering geology, prospectivity and chance of commercial success, the decision was made to not renew two CBM licences (Somkhele and Ermelo) and to relinquish one CBM licence (Ermelo West). In December 2014 this process was initiated with the submission of an Application for Closure Certificate and supporting reports for each licence to the Petroleum Agency of South Africa (PASA).

Post balance date events

On 26 February 2015, the company secured a commitment from parties in South Africa in respect to debt funding (The New Loans) of A\$1,200,000 (subject to exchange rates), which has been received in full since 31 December 2014. The New Loans are for a period of 12 months, repayable on 26 February 2016 and attract interest of 20% per annum. At the election of the lenders, the outstanding amount of the loans may be converted from debt to equity in the Company.

On 18 January 2015, 62 million options with the exercise price of 20 cents lapsed upon expiry.

No other matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial periods which have not been disclosed publicly at the date of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of this report.

This report is made in accordance with a resolution of directors.



Will Barker

Managing Director

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF SUNBIRD ENERGY LTD

As lead auditor for the review of Sunbird Energy Ltd for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sunbird Energy Ltd and the entities it controlled during the period.



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sunbird Energy Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sunbird Energy Ltd, which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sunbird Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sunbird Energy Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sunbird Energy Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon further financing through capital raising, debt and asset transactions. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd



Brad McVeigh
Director

Perth, 13 March 2015

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2014

	Note	31-Dec-14 A\$	31-Dec-13 A\$
Interest revenue		19,623	28,496
Exploration expenses		(1,554,534)	(3,042,444)
Exploration costs recovery from JV partner		268,038	-
Corporate costs	3	(424,863)	(193,851)
Professional fees		(150,885)	(488,977)
Director fees		(72,000)	(99,932)
Share-based payment expense		(862,476)	(2,074,126)
Impairment expense		(34,461)	-
Finance costs		(328,713)	(1,329)
Loss before income tax		(3,140,271)	(5,872,163)
Income tax expense		-	-
Loss from continuing operations after income tax		(3,140,271)	(5,872,163)
<i>Loss for the year attributable to:</i>			
Members of the parent entity		(3,069,887)	(5,720,318)
Non-controlling interest		(70,384)	(151,845)
Total loss from continuing operations		(3,140,271)	(5,872,163)
<i>Other comprehensive income:</i>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation - members of the parent entity		132,920	14,433
Foreign currency translation - non-controlling interest		5,126	-
Total other comprehensive loss for the year		138,046	14,433
<i>Total comprehensive loss for the period attributable to:</i>			
Members of the parent entity		(2,936,967)	(5,705,885)
Non-controlling interest		(65,258)	(151,845)
Loss for the period attributable to owners of the parent		(3,002,225)	(5,857,730)
<i>Loss per share from continuing operation attributable to the ordinary equity holders of the Company</i>			
Basic and diluted loss per share (cents)	4	(2.4)	(5.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2014

	Note	31-Dec-14 A\$	30-Jun-14 A\$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	5	3,924,822	373,043
Trade and other receivable	6	321,997	867,839
Total current assets		4,246,819	1,240,882
<i>Non-current assets</i>			
Property, plant and equipment		41,733	56,577
Exploration and evaluation expenditure	7	3,862,684	3,754,489
Total non-current assets		3,904,417	3,811,066
Total assets		8,151,236	5,051,948
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payable		470,217	1,787,337
Borrowings	8	3,715,313	2,484,763
Finance lease obligation		5,874	5,234
Total current liabilities		4,191,404	4,277,334
<i>Non-current liabilities</i>			
Finance lease obligation		14,635	17,138
Total non-current liabilities		14,635	17,138
Total liabilities		4,206,039	4,294,472
Net assets		3,945,197	757,476
EQUITY			
Share capital	9	19,665,504	14,338,035
Reserves	10	5,764,346	4,768,949
Accumulated loss		(20,655,210)	(17,585,323)
Total equity attributable to owners of Sunbird Energy Limited		4,774,640	1,521,661
Non-controlling interest		(829,443)	(764,185)
Total equity		3,945,197	757,476

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the half year ended 31 December 2014

	Share capital A\$	Foreign currency translation reserve A\$	Share-based payment reserve A\$	Total reserves A\$	Accumulated loss A\$	Total attributable to equity holders of the group/ company A\$	Non- controlling interest A\$	Total equity A\$
Balance at 1 July 2013	14,263,035	83,820	643,203	727,023	(6,601,084)	8,388,974	(429,283)	7,959,691
Loss for the year	-	-	-	-	(5,720,318)	(5,720,318)	(151,845)	(5,872,163)
Foreign currency translation	-	14,433	-	14,433	-	14,433	-	14,433
Total comprehensive loss for the year	-	14,433	-	14,433	(5,720,318)	(5,705,885)	(151,845)	(5,857,730)
Share-based payments	-	-	2,074,126	2,074,126	-	2,074,126	-	2,074,126
Total distributions to owners of Company recognised directly in equity	-	-	2,074,126	2,074,126	-	2,074,126	-	2,074,126
Balance at 31 December 2013	14,263,035	98,253	2,717,329	2,815,582	(12,321,402)	4,757,215	(581,128)	4,176,087
Balance at 1 July 2014	14,338,035	33,146	4,735,803	4,768,949	(17,585,323)	1,521,661	(764,185)	757,476
Loss for the year	-	-	-	-	(3,069,887)	(3,069,887)	(70,384)	(3,140,271)
Foreign currency translation	-	132,920	-	132,920	-	132,920	5,126	138,046
Total comprehensive loss for the year	-	132,920	-	132,920	(3,069,887)	(2,936,967)	(65,258)	(3,002,225)
Issue of shares	5,638,522	-	-	-	-	5,638,522	-	5,638,522
Issuance costs	(311,053)	-	-	-	-	(311,053)	-	(311,053)
Share-based payments	-	-	862,477	862,477	-	862,477	-	862,477
Total distributions to owners of Company recognised directly in equity	5,327,469	-	862,477	862,477	-	6,189,946	-	6,189,946
Balance at 31 December 2014	19,665,504	166,066	5,598,280	5,764,346	(20,655,210)	4,774,640	(829,443)	3,945,197

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the half year ended 31 December 2014

	Note	31-Dec-14 A\$	31-Dec-13 A\$
<i>Cash flows from operating activities</i>			
Receipts from JV partners		678,103	-
Interest received		19,621	28,496
Payments to suppliers and employees		(837,811)	(553,784)
Exploration payments		(2,360,102)	(2,613,652)
Net cash used in operating activities		(2,500,189)	(3,138,940)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares/exercise of options		5,638,522	-
Share issue costs		(311,053)	-
Proceeds from interest-bearing loans net of raising cost		666,449	-
Finance lease payments		(3,994)	-
Net cash from financing activities		5,989,924	-
Total cash movement for the period		3,489,735	(3,138,940)
Cash at the beginning of the period/ year		373,043	3,714,244
Exchange rate adjustment		62,044	81
Total cash at end of the period	5	3,924,822	575,385

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Sunbird Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except as set out below.

a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

b) New standards issued but not yet adopted

There are no standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Going concern

The financial statements have been prepared on a going concern basis.

As at 31 December 2014 the consolidated entity had net assets of A\$3,945,197, which includes A\$3,924,822 in cash at bank, however it has a net current assets of \$55,415 due to borrowings maturing within the next 12 months. The company is continuing its work on securing further financing through capital raising, debt and asset transactions and is confident it can successfully manage its cash flow through debt funding until such a time that an equity investment is secured. In the event that the company does not achieve any of the additional financing referred to above, there is uncertainty whether the company will continue as a going concern in the future.

To finance its operating activities, the company secured further debt funding in addition to the existing Umbono Loan Facility.

New Loans of A\$1,200,000 (subject to exchange rates) committed to by parties in South Africa, has been received in full. These loans are for a period of approximately 12 months and repayable on 26 February 2016. Interest on the loans is 20% per annum. At the election of the lenders, the outstanding amount of the loans may be converted from debt to equity in the Company and, thereby, potentially avoid the necessity for the Company to repay the whole or part of the loans converted to equity.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

Going concern (continued)

On 9 March 2015 the Company entered in to a Trading Halt pending the release of an announcement regarding gas off-take with a South African customer. The Company then on 11 March 2015 entered in to a Voluntary Suspension pending the release of the same announcement.

The directors believe that the group will continue to be a going concern. As such, no adjustments have been made to this financial statement that may have been necessary should the group be unable to continue as a going concern.

Notes to the consolidated financial statements

2. Segment information

Description of segments

The Company's Board of Directors, who are collectively the "Chief Operating Decision Maker", receives financial information for two reportable segments being "Corporate" and "Exploration".

Segment information

	Exploration	Corporate	Eliminations	Consolidated
<i>For the half year ended</i>				
<i>31 December 2014</i>	A\$	A\$	A\$	A\$
Total segment revenue	-	19,623	-	19,623
Profit (loss) before income tax	(1,286,496)	(1,853,775)	-	(3,140,271)
<i>Segment Assets</i>				
Property, plant and equipment	26,609	15,124	-	41,733
Exploration and evaluation property	3,862,684	-	-	3,862,684
Other	486,530	3,760,288	-	4,246,818
Total Segment Assets	4,375,823	3,775,412	-	8,151,235
<i>Segment Liabilities</i>				
Other	227,328	3,978,711	-	4,206,039
Total Segment Liabilities	227,328	3,978,711	-	4,206,039
<i>For the half year ended</i>				
<i>31 December 2013</i>				
Total segment revenue	5,536	22,960	-	28,496
Profit (loss) before income tax	(3,036,908)	(2,835,255)	-	(5,872,163)
<i>Segment Assets</i>				
Property, plant and equipment	48,118	23,944	-	72,062
Exploration and evaluation property	2,413,634	-	-	2,413,634
Deposits for acquisitions of subsidiary	1,690,350	-	-	1,690,350
Other	562,134	5,734,156	(5,310,522)	985,768
Total Segment Assets	4,714,236	5,758,100	(5,310,522)	5,161,814
<i>Segment Liabilities</i>				
Other	4,300,926	685,864	(4,001,063)	985,727
Total Segment Liabilities	299,863	685,864	-	985,727

Notes to the consolidated financial statements

3. Corporate costs

	31-Dec-14	31-Dec-13
	A\$	A\$
Corporate compliance and communication costs	113,345	41,819
Office and other costs	100,644	98,817
Consultants	81,265	24,516
Occupancy	60,199	19,620
Travel	42,741	2,453
Insurance	20,498	4,270
Depreciation	6,171	2,356
	424,863	193,851

4. Loss per share

The calculation of basic loss per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of A\$3,069,877 (2013: A\$5,720,318) and a weighted average number of ordinary shares outstanding during the half year ended 31 December 2014 of 125,512,345 shares (2013: 112,700,000 shares) calculated as follows:

	31-Dec-14	31-Dec-13
	A\$	A\$
Loss attributable to ordinary shareholders		
Loss for the period	(3,069,887)	(5,720,318)
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	116,325,000	112,700,000
Effect of shares issued during the year	9,187,345	-
Weighted average number of ordinary shares at 31 December	125,512,345	112,700,000
Loss per share		
Basic and diluted loss per share (cents per share)	(2.4)	(5.1)

Diluted loss per share

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

5. Cash and cash equivalents

	31-Dec-14	30-Jun-14
	A\$	A\$
Cash on hand and at bank	2,751,954	123,700
Term deposits on call	1,172,868	249,343
	3,924,822	373,043

Notes to the consolidated financial statements

6. Trade and other receivable

	31-Dec-14	30-Jun-14
	A\$	A\$
Trade receivable	103,224	-
Deposits	23,054	23,054
GST and VAT receivable	126,343	323,455
Other receivables	69,376	521,330
	321,997	867,839

7. Exploration and evaluation property

	31-Dec-14	30-Jun-14
	A\$	A\$
<i>Carrying value of exploration and evaluation properties</i>		
Ibhubesi Gas Project (IGP)	3,862,684	3,754,489
	3,862,684	3,754,489
<i>Reconciliation of movement</i>		
<i>Carrying value at 1 July</i>	3,754,489	2,667,019
Transaction costs capitalised	-	178,455
Forest acquisition - Section 11 Approval	-	1,660,675
Impairment – Mozambique costs	(34,461)	(752,749)
Effect of foreign currency translation	142,656	1,089
<i>Carrying costs at the end of the period/year</i>	3,862,684	3,754,489

8. Borrowings

	31-Dec-14	30-Jun-14
	A\$	A\$
White Swan Loan Facility used	2,650,000	2,400,000
White Swan Facility - capitalised interest	367,865	84,763
Total borrowing under White Swan Loan Facility	3,017,865	2,484,763
Umbono Loan Facility used	652,544	-
Umbono Loan Facility - capitalised interest	44,904	-
Total borrowing under Umbono Loan Facility	697,448	-
	3,715,313	2,484,763
<i>Unused facilities available</i>		
White Swan Loan Facility	1,982,135	2,515,237
Umbono Loan Facility	1,802,552	-
	3,784,687	2,515,237

Notes to the consolidated financial statements

8. Borrowings (continued)

Umbono Loan Facility

On 10 August 2014, the consolidated entity arranged the Umbono Loan Facility of A\$2,500,000 with Umbono Capital Partners LLC. The loan agreement provides for the drawdown in tranches as the working capital requirements of the Company demand the use of such funds, and the aggregate loan drawn down in tranche payments is repayable within twelve (12) months of the first drawdown of funds. Interest on the amount of facility used is 20% per annum, calculated daily and payable monthly. Subject to shareholder approval, at the election of Umbono, the outstanding amount of the Facility may be converted from debt to equity in the Company and, thereby, potentially avoid the necessity for the Company to repay the whole or part of the Facility converted to equity, by alternate capital raisings or debt funding.

On 11 August 2014, the company made the first draw down of A\$400,000 under the facility and settled A\$252,544 of outstanding invoices owed to Umbono against the loan on 6 August 2014. The amount of interest accrued during the reporting period on the loan was A\$44,904.

As at 31 December, the total amount owed was A\$697,448, leaving \$A1,802,552 available under the Umbono loan facility. The loan is repayable on 10 August 2015.

There have been no changes to terms of the White Swan Loan Facility during the reporting period.

9. Contributed equity

		31-Dec-14 A\$	30-Jun-14 A\$
Shares on issue		21,166,247	15,527,725
Issuance costs		(1,500,743)	(1,189,690)
		19,665,504	14,338,035
<i>Reconciliation of movement in share capital</i>	Date	Number of shares	A\$
Balance at 1 July 2014		116,325,000	14,338,035
Issue of shares - Vandasias	9-Oct-14	20,367,127	5,638,522
Issuance costs		-	(311,053)
Balance at 31 December 2014		136,692,127	19,665,504
Balance at 1 July 2013		112,700,000	14,263,035
Shares issued upon exercise of options	11-Nov-13	3,050,000	-
Shares issued upon exercise of options	24-Feb-14	375,000	75,000
Shares issued upon exercise of options	30-Jun-14	200,000	-
Balance at 30 June 2014		116,325,000	14,338,035

Notes to the consolidated financial statements

10. Reserves

	31-Dec-14 A\$	30-Jun-14 A\$
Share-based payment reserve	5,598,280	4,735,803
Foreign currency translation reserve	166,066	33,146
	5,764,346	4,768,949

Reconciliation of movement in reserves

Share-based payments reserve

Balance at 1 July 2014	4,735,803	643,203
Equity settled share-based payment transactions	862,477	4,092,600
Balance at 31 December 2014	5,598,280	4,735,803

Foreign currency translation reserve

Balance at 1 July 2014	33,146	83,820
Effect of translation of foreign currency operation to group presentation currency	132,920	(50,674)
Balance at 31 December 2014	166,066	33,146
	5,764,346	4,768,949

11. Related party transactions

The group structure, including the parent entity and its directly and indirectly held subsidiaries has not changed during the six months ended on 31 December 2014.

Loan to	Loan from	31-Dec-14 A\$
Pretzavest 37 Pty Ltd	Sunbird Energy Ltd	3,429,273.00
Forest Exploration (SA) Pty Ltd	Sunbird Energy Ltd	4,595,384.63
Anschutz Overseas (SA) Pty Ltd	Forest Exploration (SA) Pty Ltd	1,158,501.83
Forest Exploration (SA) Pty Ltd	Pretzavest 37 Pty Ltd	72,392.41

Key management personnel

The following persons were directors and key management personnel of Sunbird Energy Ltd during the reporting period:

(i) <i>Executive Chairman</i>	Mr K Rana
(ii) <i>Executive directors</i>	Mr W Barker, <i>Managing Director</i> Mr A Leibovitch, <i>Executive Director</i>
(iii) <i>Non-executive director</i>	Mr M Gracey
(iv) <i>Key management personnel</i>	Mr N Rayner, <i>Technical Director</i> Mr M Balfour, <i>Company Secretary</i> (resigned 11 July 2014) Mr Richard Barker, <i>Company Secretary</i> (appointed 11 July 2014) Ms C Mackay, <i>Chief Financial Officer</i> (resigned 12 September 2014)

There were no other persons, beside the Directors and Executive Management, identified as key management personnel of the Company during the reporting period.

Notes to the consolidated financial statements

11. Related party transactions (continued)

Executive and consulting fees were paid to the following entities related to key management personnel:

Related entity	Key management person
Millenium Falcon Pty Ltd	Marcus Gracey
Ballymoyer Pty Ltd	William Barker
Crest Corporation Pty Ltd	Andrew Leibovitch
Khanyile Consulting Limited	Kerwin Rana
Barston Corporation Pty Ltd	Richard Barker
Rayner Consultants Pty Ltd	Nathan Rayner

12. Fair value of financial instruments

	Carrying amount A\$	Fair amount A\$
As at 31 December 2014		
Current Assets		
Trade and other receivable	321,997	321,997
Current Liabilities		
Trade and other payable	470,217	470,217
Borrowings	3,715,313	3,715,313
	4,185,530	4,185,530

13. Commitments

There were no commitments in the parent entity or the group at 31 December 2014.

14. Contingencies

The group had contingent liabilities at 31 December 2014 of A\$176,361 (R1,670,087) (30 June 2014: A\$167,343 (R1,670,087)) in respect to the restoration and rehabilitation bond held by Petroleum Agency South Africa (PASA).

In addition, the group also has contingent liabilities pursuant to the acquisition of the Ibhubesi project, as disclosed in the annual report for 30 June 2014.

15. Dividends

No dividends were paid by the Group during the half year ended 31 December 2014 (2013: nil).

Notes to the consolidated financial statements

16. Events occurring after the reporting period

Debt funding: on 26 February 2015, the company secured a commitment from parties in South Africa in respect to debt funding (The New Loans) of A\$1,200,000 (subject to exchange rates), which has been received in full since 31 December 2014. The New Loans are for a period of 12 months, repayable on 26 February 2016 and attract interest of 20% per annum. At the election of the lenders, the outstanding amount of the loans may be converted from debt to equity in the Company.

Sunbird unlisted options: 62 million options with the exercise price of 20 cents expired on 18 January 2015.

Except for the matters disclosed above, no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations, results or state of affairs of the group in future financial periods which have not been disclosed publicly at the date of this report.

Notes to the consolidated financial statements

Director's Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date and
- (b) There are reasonable grounds to believe that Sunbird Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Will Barker

Managing Director

Perth

13 March 2015