

**ASX Announcement**

31 July 2015

**June 2015 Quarterly Report**

Southern African gas explorer and developer Sunbird Energy Ltd (**ASX: SNY**) is pleased to provide an update on its activities for the quarter ending 31 June 2015.

**Progressing Fully Termed Gas Sales Agreement with Eskom**

As previously reported on 18 March 2015, Sunbird was pleased to announce that the Ibhubesi Gas Project (IGP) joint venture, comprising Sunbird (76%) and PetroSA (24%) - South Africa's National Oil Company - had entered into a Gas Sales Agreement (GSA) Term Sheet with Eskom Holdings (SOC) Ltd (Eskom) for the supply of gas to the Ankerlig Power Station.

The GSA Term Sheet is a culmination of two years of work between the technical, commercial and legal teams of the respective parties and sets the key commercial terms and processes for the finalisation of a binding GSA during the course of 2015. The GSA Term Sheet includes provisions for the supply of 30 billion cubic feet (Bcf) of gas per year for up to 15 years to the Ankerlig Power Station about 40km north of Cape Town.

Working Groups have now been established and advisors appointed by the JV Partners (Sunbird and PetroSA) and Eskom. The respective parties are now working together on progressing the GSA negotiations, detailed engineering studies and approvals to enable the conclusion of a fully termed GSA on an aggressive timetable targeting finalisation before yearend.

A key aspect of the approvals on the critical path for the development of the Ibhubesi Gas Project is the Environmental Impact Assessment and Report. This continued to progress well during the quarter with specialised studies and initial reports nearing completion and with final submission anticipated in Q3/Q4 of 2015.

**Appointment of Mr Dorian Wrigley as a Non-executive Director**

Sunbird Energy Limited (ASX: SNY) (Sunbird) advises that Mr Dorian Wrigley was appointed to the Sunbird Board. Mr Wrigley will be a non-executive Director with his appointment effective from 12 May 2015. Mr Wrigley was nominated for appointment by Sunbird's largest shareholder, Salt Mineral Investments Limited (Salt).

Mr Wrigley is a professional engineer registered with the Engineering Council of South Africa. He holds a BSc Engineering degree from the University of Cape Town, an MSc Engineering degree from the University of the Witwatersrand and a Graduate Diploma in Utility Management from Samford University in the US.

In 1998, Mr Wrigley, is a founding shareholder of Umbono Capital Partners (Pty) Ltd (Umbono), a black empowered South African Investment Bank focused on natural resources. Umbono develops and manages junior mining and energy companies with a focus on the development of a project from

concept through to bankable feasibility. He currently serves as the Managing Director of Umbono responsible for its African and European business interests. Umbono Capital Partners (Pty) Ltd, Umbono Capital Partners LLC and Mr Wrigley also have a relevant interest in the Sunbird shares held by Salt.

Before forming Umbono, Mr Wrigley worked as an engineer for Eskom (The state owned power company) and then as an investment banker and strategy consultant for the Monitor Company (now owned by Deloitte).

Mr Wrigley has previously served on the board of Village Main Reef, a mining company listed on the Johannesburg Stock Exchange.

### **Expiration of Performance Rights**

On 1 May 2015 8,150,000 performance rights held by Sunbird staff and Directors expired.

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

**For further information please visit [www.sunbirdenergy.com](http://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 owns a 76% operating interest in the Ibhubesi Gas Project offshore of the west coast of South Africa.

The Ibhubesi Gas Project, South Africa's largest undeveloped gas field, has multiple development opportunities including gas-fired power projects to supply the high value South African energy market. Sunbird's joint venture partner in the project is PetroSA (24%), the national oil company of South Africa.

Sunbird also has a portfolio of Coal Bed Methane (CBM) projects covering an extensive area in prospective coal basins across South Africa. Sunbird is conducting a phased exploration program to define the resource base and demonstrate the commercial potential of its portfolio.

## **About the Ibhubesi Gas Project**

The IGP is South Africa's largest undeveloped gas field, with 1P reserves of 210 BCF (SNY 76%: 159 BCF) and 2P reserves of 540 BCF (SNY 76%: 410 BCF). The Project is located 380km north of Cape Town in Block 2A, which is a Production Right that covers 5,000 km<sup>2</sup>.

The IGP is situated in the offshore Orange Basin, approximately 70 km off the coast in water depths of 250 metres.

The IGP is covered by 1,770 km<sup>2</sup> of 3D seismic and many thousands of kilometres of 2D seismic. Over US\$125 million (R1.2 billion) has been spent on exploration and appraisal of the project since 2000.

The successful development of the IGP would see the replacement of diesel as the current feed stock at the Ankerlig Power Station and thereby assisting in meeting the Country's growing energy needs, improving its energy security, creating a new industry and local jobs. The IGP provides numerous additional benefits:

- The IGP is a Strategic Infrastructure Project (SIP5) under the Presidential Infrastructure Coordination Commission;
- The IGP will establish the first critical pipeline infrastructure in the Orange Basin providing a route to market and encouraging further exploration and development;
- Will provide significant revenue to the government in the form of royalties, corporate and payroll taxes and state participation;
- Direct and indirect job creation during construction and production phases leading to the development of local skills and enterprise;
- Significant Black Economic Empowerment (BEE) interest and state participation(PetroSA 24%) in the Project ;

- Balance of Trade benefits from the replacement of imported diesel, which is indexed to \$US and the oil price, with a domestic gas source; and
- Reduction in greenhouse gas and CO<sub>2</sub> emissions via the utilisation of gas.

### **Qualified Petroleum Evaluator**

The reserves and resource estimates used in this announcement were compiled by Tim Hower (Registered Professional Engineer (Colorado #9597), and member of the Society of Petroleum Engineers) and Jeffrey B. Aldrich a Certified Petroleum Geologist, #3791, by the American Association of Petroleum Geologists (AAPG) and member of the Society of Petroleum Engineers (SPE). Both Mr Hower and Mr Aldrich are of MHA Petroleum Consultants LLC. The definitions of proved, probable, and possible hydrocarbon reserves and resources are consistent with those as they appear in the ASX Listing Rules. Mr Hower and Mr Aldrich are qualified in accordance with the requirements of ASX listing rule 5.42 and has consented to the use of the reserves and resource figures in the form and context in which they appear in this announcement.

### **ASX Listing Rule 5.43 Statement**

Sunbird Energy Ltd declares that the reserves and resource estimates used in this announcement were announced by Sunbird Energy Ltd to the Australian Securities Exchange (ASX) on 4 June 2013 (Original Ibhuesi Reserves Announcement), 11 March 2014 (Original Prospective Resource Announcement) and on 9 October 2013 (Original CBM Resources Announcement) and is not aware of any new information or data that materially affects the information provided in the Original Announcements and confirms that all the material assumptions and technical parameters underpinning the estimates in the Original Announcements continue to apply and have not materially changed.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

**SUNBIRD ENERGY LIMITED**

ABN

**21 150 956 773**

Quarter ended ("current quarter")

**30 June 2015**

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(618)	(3,555)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(208)	(1,275)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	43
1.5	Interest and other costs of finance paid	(1)	(483)
1.6	Income taxes paid	-	-
1.7	Other (recovery of costs from JV partner)	162	1,001
		<b>(658)</b>	<b>(4,269)</b>
<b>Net Operating Cash Flows</b>			
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(8)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		<b>(2)</b>	<b>(8)</b>
<b>Net investing cash flows</b>			
1.13	Total operating and investing cash flows (carried forward)	<b>(660)</b>	<b>(4,277)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(660)	(4,277)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,327
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	1,925
1.17	Repayment of borrowings	(3)	(2,658)
1.18	Dividends paid	-	-
1.19	Other (funds received previously for shares issued in the current quarter reclassified to proceeds from issue of shares)	-	-
	<b>Net financing cash flows</b>	(3)	4,594
	<b>Net increase (decrease) in cash held</b>	(663)	317
1.20	Cash at beginning of quarter/year to date	1,353	373
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>690</b>	<b>690</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	203
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors including directors' and executives' fees.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the current quarter the company settled outstanding invoices to Umbono Capital Partners LLC against the loan under the Umbono Loan Facility, thus decreasing the outstanding trade payables and increasing the loan balance by A\$187,481.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,660	2,098
3.2 Credit standby arrangements	-	-

### **Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>600</b>

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	419	217
5.2 Deposits at call	271	1,136
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>690</b>	<b>1,353</b>

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+ See chapter 19 for defined terms.

## Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	Nil	Nil	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	
7.3	<b>+Ordinary securities</b>	138,592,127	138,592,127	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 2,300,000 (b) Nil	(a) 2,300,000 (b) Nil	
7.5	<b>+Convertible debt securities</b> (description)	Nil	Nil	

+ See chapter 19 for defined terms.



**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	<b>Performance Rights</b>	<b>Total Number</b>	<b>Number Quoted</b>	<b>Issue Price per security (see Note 3) (cents)</b>	
	<b>Total on issue</b>	1,000,000	Nil	Nil	
		500,000	Nil		
	<b>SNYPR4</b>	100,000	Nil		
	<b>SNYPR6</b>	400,000	Nil		
7.8	Changes during quarter (a) Increase through issues (b) Decreases through securities matured, converted.	Nil 8,150,000	Nil Nil		
7.9	<b>Options</b>	<b>Number</b>	<b>Number Quoted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	SNY04	4,000,000	Nil	20 cents	19-Jan-16
	SNY05	4,000,000	Nil	20 cents	19-Jan-17
	SNYOIP1	5,000,000	Nil	25 cents	Various
	SNYOIP2	5,000,000	Nil	30 cents	Various
	SNYONV1	5,000,000	Nil	25 cents	Various
	SNYONV2	5,000,000	Nil	30 cents	Various
	SNY06	1,000,000	Nil	50 cents	21-May-16
	SNYOP6	500,000	Nil	25 cents	31-Dec-15
	SNYOP7	500,000	Nil	30 cents	31-Dec-15
	SNYOR3	250,000	Nil	20 cents	31-Dec-15
	SNYOR4	1,000,000	Nil	25 cents	31-Dec-15
	SNYOR5	3,000,000	Nil	50 cents	01-Oct-16
7.10	Issued during quarter				
		Nil	Nil		

+ See chapter 19 for defined terms.

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7.11	Exercised during quarter	Nil			
7.12	Expired during quarter	Nil	Nil		
7.13	Debenture (totals only)	Nil			
7.14	Unsecured Notes (totals only)	Nil			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: 31/7/2015

Print name: Richard Barker

## Notes

- 1        The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2        The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3        **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4        The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5        **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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