

**ASX Announcement
10 August 2015**

SUNBIRD ANNOUNCES A\$6m FINANCING PACKAGE

- Sunbird completes A\$4m debt restructure including A\$1.5m of new cash
- 1 for 8 Rights Issue signalled to raise an additional A\$2m
- Board and management changes in line with company resourcing to be more focussed in South Africa
- JSE dual listing being planned
- Standard Bank and Webber Wentzel engaged to provide professional advisory services

The Directors of Sunbird Energy Limited (**SNY:ASX**) ("**Sunbird**") are pleased to provide the following update in relation to the Company's financing and associated restructuring activities.

Debt Restructure and New Financing Package

Sunbird is pleased to announce that it has successfully negotiated a A\$4 million debt reconstruction and financing package with Sunbird's single largest shareholder Umbono Capital ("**Umbono**") and a consortium of sophisticated South African investors already supporting the company. This new funding package consists of A\$2.5 million of refinanced current debt plus new cash for working capital of A\$1.5 million. The restructured and new debt will attract interest at 20% per annum and at the election of the lenders and subject to shareholder approval, part or all of the debt may be converted to equity prior to repayment. Full details relating to this financing package are contained in Appendix A to this announcement.

Proposed Sunbird Rights Issue

Sunbird confirms its intention to also undertake a 1 for 8 Rights Issue in order to allow all Sunbird shareholders the opportunity to participate in the financing of the Company priced consistent with the conversion pricing of the abovementioned debt financing. This Rights Issue will be subject to a further Company announcement to be provided to the market in due course.

Use of Funds – Development of the IGP

The further debt financing secured by the Company along with the proceeds of the proposed Rights Issue will be applied to the further development of the IGP and in particular critical near term milestones such as finalising the GSA with Eskom. The continuing commitment shown by existing South African shareholders of Sunbird also highlights the importance placed on the catalytic role that the IGP could play in South Africa's emerging gas economy, particularly given that the IGP is the largest proven gas reserve yet to be developed in country. As announced earlier in the year, Sunbird and its JV partner, National Oil Company PetroSA, signed a detailed gas sale agreement term sheet ("**GSA Term Sheet**") with Eskom for the supply of 30 billion cubic feet ("**Bcf**") of gas per year for up to 15 years to Ankerlig Power Station ("**Ankerlig**") and are now at an advanced stage of the GSA

negotiation to finalise a gas sales agreement (“GSA”). The supply of Ibhubesi gas to Ankerlig will allow Eskom to realise significant fuel cost savings, while providing a new, indigenous and cleaner burning energy supply to South Africa. The success of this development in providing a route to market for IGP’s existing 2P reserves of 540 Bcf (SNY 76%: 410 Bcf) will also encourage further exploration and development in the Orange Basin. Sunbird’s independent experts estimate that there is a further 7.8 Tcf (SNY 76%: 5.9 Tcf) of best estimate prospective gas resources in the Company’s 5,000 km² Production Right area.

Board Restructure

Sunbird’s rapid evolution from a purely upstream, junior exploration company to a gas project development company partnering with PetroSA and working in conjunction with South African state-owned utility Eskom as its customer, has necessitated a shift in the “centre of gravity” of activity from Australia to South Africa, where the IGP project is geographically located. To support this evolution, Sunbird anticipates building up a stronger management presence in South Africa while crucial experience and expertise will continue to be provided from Australia. This shift is also in line with austerity measures being introduced by the Company to minimise operating overhead while ensuring that limited Company resources are being primarily focussed on agreed value accretive project activities.

In line with this evolution, Sunbird announces the resignation from the Board of Sunbird of Managing Director Will Barker and Executive Director Andrew Leibovitch, both effective immediately. Their respective resignations from the Board of the Company also coincide with the conclusion of their executive consulting roles. Commenting on their departure to pursue other interests, Sunbird Executive Chairman, Kerwin Rana, said: “Will and Andrew were founding directors of Sunbird and their invaluable contribution to the establishment of the company and the advancement of the IGP opportunity will always be remembered and appreciated. The Board of Sunbird wishes them well in their future endeavours.”

Given the above resignations, and also the compliance requirement to have 2 Australian directors on the board, Sunbird announces the simultaneous appointment of Gabriel Chiappini to the Board of Sunbird as a non-executive director. Gabriel is a Chartered Accountant with over 20 years of experience as a finance and governance professional. He is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia). Gabriel’s professional foundation was laid with Ernst and Young (EY) and following EY, he moved onto various Chief Financial Officer roles in London and Perth. His strong commercial experience will be invaluable as Sunbird progresses the commercialisation of its project portfolio, particularly the IGP given the current GSA negotiation.

The reconstructed Board of Directors of Sunbird is now as follows:

Mr Kerwin Rana – Executive Chairman (interim Chief Executive)
Mr Dorian Wrigley – Non-Executive Director
Mr Gabriel Chiappini – Non-Executive Director
Mr Marcus Gracey – Executive Director

Management Restructure

Given the departure of the Company's Managing Director, Sunbird is now commencing an executive search process to identify a suitably experienced and qualified Chief Executive Officer with global oil and gas project delivery experience to be based in South Africa. This is an extremely important role and function for the Company and we will endeavour to keep the market informed of progress in this regard. While this search is being undertaken, Mr Kerwin Rana, the current Executive Chairman of the Company will act as the Company's interim Chief Executive.

Founding Non-Executive and Independent Director Marcus Gracey, has also agreed to step in to the Company as an Executive Director for a short period to provide support and stability to the executive function of the Company, particularly while the Company transitions many of its functions to South Africa. Mr Gracey will assist with change management, corporate logistics and with the execution of near term strategic objectives during this critical period for the Company.

With the momentum building around the IGP development and the maturation of the GSA negotiation with Eskom, Sunbird is also pleased to announce the appointment of Nathan Rayner as Chief Operating Officer of the Company. Nathan has been with Sunbird for just over two years and has a proven track record of delivery in the oil and gas sector having been the former Chief Operating Officer of ASX-listed Dart Energy and holding senior technical roles at Origin Energy Limited, Addax Petroleum Corporation Limited and Arrow Energy Limited. Nathan holds a masters degree in Petroleum Engineering from the University of NSW and a Graduate Certificate in Business Administration from Queensland University of Technology.

JSE Listing

Consistent with the Company's South African operational focus and the transitioning of the majority of its resource base to South Africa, the Company signals its intention to activate a process to dual list the shares of the Company on the Johannesburg Stock Exchange (JSE). A relatively new process to undertake this listing will ensure that this process once commenced, should be completed in a relatively short period of time and with minimal spend. The Company has received significant enquiries in South Africa from South African investors who would like to invest in the Company however to date the Company's ASX listing does not provide a readily available platform for this to take place. The Company will provide a separate and further Company announcement in relation to this process once commenced.

Forward Path - Building on strong partnerships

Sunbird understands that the success of the IGP is directly linked to the strength of its key partnerships and in this regard the Company remains grateful for the important role that PetroSA continues to play as a 24% shareholder in the IGP and for the experience they deliver to the project. Sunbird is also pleased to announce the appointment of Webber Wentzel as legal advisors on the GSA negotiation and the finalisation of financial advisory roles for Standard Bank, Cygnet Capital and Musa Capita. All of these important relationships are geared towards further strengthening the company through ensuring it has access to the best technical, financial and strategic partnerships in order to

continue to ensure the successful delivery of the IGP and the ultimate realisation of shareholder value. The Company anticipates releasing a more detailed forward plan to update the market on the anticipated milestones for the IGP.

Update on Glendal Power & Industries Proposal

The Company refers to the recently announced indicative, non-binding proposal received from Glendal Power & Industries (“**Glendal Power**”), and confirms that it is continuing to engage with Glendal Power and its advisors to clarify its intentions moving forward and we will keep the market updated in this regard.

Shareholders should note that this did not constitute an announcement or public proposal by Sunbird or Glendal Power that Glendal Power will be making or proposing a takeover bid for Sunbird and there is no guarantee that a takeover bid or any other proposal will be made or proposed. Further, if a takeover bid is made or proposed, there is no guarantee that it will be at a price of \$0.18 per share.

**** ENDS ****

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

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“Appendix A” Further Details of Sunbird Financing

The loans referred to in the announcement including the A\$2.5 million of refinanced loans and A\$1.5 million of new loans are repayable at the earlier of 31 December 2016 or the Final Investment Decision (“**FID**”) on Sunbird’s flagship Ibhubesi Gas Project (“**IGP**”) development. The new capital of A\$1.5 million may be drawn down in 3 tranches, with the second and third tranches subject to shareholder approval for conversion having been received.

The refinanced loans are convertible, in whole or part, during the period of the loan at the election of the lenders at a rate of A\$0.12 per share, or any lower price at which the company raises equity during the loan period, with a minimum floor conversion price of A\$0.01. The four separate loans of which the refinanced loans comprise are each subject to a break fee of \$100,000 should share holder approval of conversion not be received.

The Company expects to repay the loan amounts drawn down within the loan period by the application of funds procured from alternate debt or equity or debt/equity raising strategies that will

be available to the Company within that period. The Loan Facility agreement provides that upon such repayment of the Loan Facility, the Security shall be discharged and released.

The restructured loans are secured against Sunbird's interest in the shares of its wholly owned subsidiary, Sunbird Energy (Ibhubesi) Pty Ltd, which holds an indirect participating interest of 22.8% in the South African Block 2A Production Right which incorporates the Ibhubesi Gas Project.

As Umbono is a related party within the definitions of the Corporations Act and the ASX Listing Rules, the Company would ordinarily require the approval of its shareholders to the Loan Facility under Chapter 2E of the Corporations Act and ASX Listing Rule 10.1. Pursuant to an exception under Section 210 of the Corporations Act, such shareholder approval is not required as the financial benefit to the related party is upon terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length. In addition, the Company will seek a grant of waiver of Listing Rule 10.1 from ASX to enter into the Loan Facility with Umbono without shareholder approval.

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 opportunities for the development of large scale energy projects.

Sunbird owns a 76% interest in the Ibhubesi Gas Project offshore of the west coast of South Africa. Sunbird is developing and will operate the Ibhubesi Gas Project, South Africa's largest undeveloped gas field.

The Ibhubesi Gas Project 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 km².

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 km² of 3D seismic and many thousands of km 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 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;
- Substantial direct and indirect job creation during construction and production phases leading to the development of local skills and enterprise;
- 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 CO₂ emissions via the utilisation of gas.