
SUNBIRD ENERGY LIMITED
ACN 150 956 773

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Level 1, 50 Ord Street, West Perth, Western Australia on Friday 9 October 2015 at 3pm (WST)

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9463 3260

SUNBIRD ENERGY LIMITED

ACN 150 956 773

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of Sunbird Energy Limited ACN 150 956 773 (**Company**) will be held at Level 1, 50 Ord Street, West Perth Western Australia on Friday 9 October 2015 at 3pm (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday 7 October 2015 at 5:00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Approval of Umbono Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Umbono Secured Moneys to be converted into Shares (**Umbono Conversion Right**) in accordance with the terms and conditions of the Umbono Loan Deed and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Umbono and any associate of Umbono. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of Mackintosh Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Mackintosh Secured Moneys to be converted into Shares (**Mackintosh Conversion Right**) in accordance with the terms and conditions of the Mackintosh Loan Deed and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Allan Mackintosh and any associate of Allan Mackintosh. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Approval of Glover Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Glover Secured Moneys to be converted into Shares (**Glover Conversion Right**) in accordance with the terms and conditions of the Glover Loan Deed and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Brian Glover and any associate of Brian Glover. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of Cornish Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Cornish Secured Moneys to be converted into Shares (**Cornish Conversion Right**) in accordance with the terms and conditions of the Cornish Loan Deed and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Neville Cornish and any associate of Neville Cornish. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval of Future Loan Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Future Loan Secured Moneys to be converted into Shares (**Future Loan Conversion Right**) on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may be issued the Future Loan Conversion Right and a person who may benefit from the issue of the Future Loan Conversion Right, except a benefit that arises solely from that person being a holder of Shares, and any associates of those person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Approval of Umbono FS Conversion Right

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the Umbono FS Debt Fee to be converted into Shares (**Umbono FS Conversion Right**) in accordance with the terms and conditions of the Corporate Advisory Agreement and otherwise on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Umbono FS and any associate of Umbono FS. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Election of Gabriel Chiappini

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to article 6.2(c) of the Constitution and for all other purposes Gabriel Chiappini, Director, who was appointed as a casual vacancy on 6 August 2015, retires

and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."

8. Resolution 8 – Election of Dorian Wrigley

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to article 6.2(c) of the Constitution and for all other purposes Dorian Wrigley, Director, who was appointed as a casual vacancy on 12 May 2015, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum."

Dated 9 September 2015

BY ORDER OF THE BOARD



Richard Barker
Company Secretary

SUNBIRD ENERGY LIMITED

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, 50 Ord Street, West Perth Western Australia on Friday 9 October 2015 at 3pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Summary of Loans
Section 4	Overview of Umbono Convertible Loan
Section 5	Overview of Mackintosh Convertible Loan
Section 6	Overview of Glover Convertible Loan
Section 7	Overview of Cornish Convertible Loan
Section 8	Overview of Future Convertible Loan
Section 9	Overview of Corporate Advisory Agreement
Section 10	Summary of Shareholder dilution upon the exercise of the Conversion Rights
Section 11	Resolution 1 - Approval of Umbono Conversion Right
Section 12	Resolution 2 - Approval of Mackintosh Conversion Right
Section 13	Resolution 3 - Approval of Glover Conversion Right
Section 14	Resolution 4 - Approval of Cornish Conversion Right
Section 15	Resolution 5 - Approval of Future Conversion Right
Section 16	Resolution 6 - Approval of Umbono FS Conversion Right
Section 17	Resolution 7 - Election of Gabriel Chiappini
Section 18	Resolution 8 - Election of Dorian Wrigley
Schedule 1	Definitions

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 3pm (WST) on 7 October 2015, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Summary of Loans

3.1 Background

The Company is an ASX-listed gas explorer and developer focused on South Africa, where growing energy needs have created a significant opportunity for the development of large scale energy projects.

The Company holds a 76% interest in the Ibhubesi Gas Project which 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.

The Company holds its interests in the Ibhubesi Gas Project through its wholly owned subsidiary Sunbird Ibhubesi. Sunbird Ibhubesi holds 53.2% of its interest in the Ibhubesi Gas Project through its wholly owned subsidiary Forest Exploration International (SA) (Proprietary) Limited and the other 22.8% through its other wholly owned subsidiary Anschutz. Anschutz's 22.8% interest in Ibhubesi Gas Project is held by its wholly owned subsidiary Anschutz SA.

In addition, the Company also has a portfolio of coal bed methane projects covering an extensive area of prospective coal basins in South Africa and a gas resource at its Mopane Project in South Africa.

3.2 Existing loans

The Company had existing loans with Umbono, Allan Mackintosh, Brian Glover and Neville Cornish. The existing loan with Umbono was due for repayment on 10 August 2015. The existing loans with Allan Mackintosh, Brian Glover and Neville Cornish were due for repayment in or about March 2016.

In August 2015, the Company and Sunbird Ibhubesi entered into loan deeds to refinance the existing loans with Umbono, Allan Mackintosh, Brian Glover and Neville Cornish on the terms and conditions summarised below.

3.3 Future loan

Within three months of the Meeting, the Company envisages that it will enter into the Future Convertible Loan on terms and conditions no worse than those summarised in Section 8.1.

3.4 Corporate Advisory Agreement

In February 2015, the Company and Umbono FS entered into the Corporate Advisory Agreement whereby Umbono FS agreed to provide capital raising and transaction advisory services to the Company in return for a fee upon the completion of an Identified Transaction.

4. Overview of Umbono Convertible Loan

On 7 August 2015, the Company, Sunbird Ibhubesi and Umbono agreed to refinance the Company's existing loan with Umbono, which had an outstanding amount of approximately A\$985,000, by providing the Company with a loan of up to US\$2,000,000 pursuant to the Umbono Loan Deed.

4.1 Key terms of Umbono Convertible Loan

The key terms of the Umbono Convertible Loan are:

- (a) On 10 August 2015, the Company made a first drawdown on the Umbono Convertible Loan of A\$985,000, being an amount equal to the outstanding balance of the existing loan with Umbono to repay the existing Umbono loan in full.
- (b) The Company may make further drawdowns under the Umbono Convertible Loan for additional amounts to be mutually agreed between Umbono and the Company, subject to all drawdowns under the Umbono Convertible Loan not exceeding US\$2,000,000.
- (c) The Umbono Convertible Loan is secured against up to 40% of the shares Sunbird Ibhubesi holds in Anschutz SA.
- (d) An interest rate of 20% per annum applies to all Umbono Secured Moneys under the Umbono Convertible Loan.
- (e) All Umbono Secured Moneys under the Umbono Convertible Loan must be repaid by the Repayment Date.
- (f) The Company can repay any or all of the Umbono Secured Moneys at any time prior to the Repayment Date.

- (g) Subject to Shareholder approval, the Company issues the Umbono Conversion Right to Umbono.

4.2 Umbono Conversion Right

Subject to Shareholder approval, the Umbono Convertible Loan grants Umbono the Umbono Conversion Right, being the right to convert all or part of the Umbono Secured Moneys into Shares, at any time prior to the Repayment Date at an issue price of:

- (a) if exercised within 20 Business Days of the Company completing a Capital Raising, the higher of:
 - (i) the subscription price per Share under the Capital Raising; and
 - (ii) A\$0.01 per share; and
- (b) otherwise, A\$0.12 per Share,

(Conversion Price).

4.3 Implications of exercise of Umbono Conversion Right

The number of Shares that may be issued upon the exercise of the Umbono Conversion Right is uncertain as it is dependent on numerous factors including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any additional drawdowns.
- (d) The amount and timing of any repayments.
- (e) The amount of any interest accrued.
- (f) The US\$ to A\$ exchange rate at the time of the conversion.

Accordingly, the below table shows 3 scenarios:

- (a) Scenario 1 — the Umbono Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Umbono Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Umbono Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) Umbono converts all of the US\$2,000,000 into Shares.
- (b) No interest is accrued.
- (c) The Company makes no repayments.

- (d) The US\$ to A\$ exchange rate is US\$1:A\$1.35

Scenario	Number of Shares issued
Scenario 1	270,000,000
Scenario 2	33,750,000
Scenario 3	22,500,000

4.4 Shareholder Approval condition subsequent

It is a condition subsequent to the Umbono Conversion Loan that Shareholder approval is obtained in relation to the Umbono Conversion Right.

The failure of the Shareholders to approve the Umbono Conversion Right before 6 October 2015 (60 days after the execution of the Umbono Loan Deed) is an event of default giving Umbono the right to require the payment within 10 days of:

- (a) the Umbono Secured Moneys; and
- (b) a break fee of US\$100,000.

In the event that the Shareholders do not approve the issue of the Umbono Conversion Right (i.e approve Resolution 1) the Umbono Convertible Loan will remain as a non-convertible loan.

4.5 ASX Waiver

The Umbono Conversion Loan also requires that the Company apply to ASX for a waiver in respect of Listing Rule 10.1 for the granting of the security over 40% of the shares Sunbird Ibhubesi holds in Anschutz SA pursuant to the Umbono Loan Deed.

In accordance with Listing Rule 10.1, an entity must ensure that neither it, nor any of its child entities, among other things, disposes of a substantial asset to a substantial holder in the entity if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities in the entity, without shareholder approval.

An asset is "substantial" if its value, or the value of the consideration paid for it, is 5% or more of the equity interests of the entity as shown in the latest accounts given to ASX pursuant to the Listing Rules.

We understand that ASX considers that entering into a charge or other security by a listed entity constitutes a deemed disposal of the underlying assets by that entity for the purposes of Listing Rule 10.1.

The grant to Umbono, who holds more than 10% of the Shares in the Company, of security over 40% of the shares Sunbird Ibhubesi ultimately holds in Anschutz SA constituted a deemed disposal of the underlying assets of the Company for the purposes of Listing Rule 10.1.

On 1 September 2015, the Company applied to ASX for a waiver in respect of Listing Rule 10.1 to allow the Company to grant to Umbono security over 40% of the shares Sunbird Ibhubesi holds over Anschutz SA (**Waiver Application**). As at the date of this

Notice the Company has not received ASX's decision on the Waiver Application. The Company expects to receive ASX's decision on the Waiver Application by September 2015. There is no guarantee the waiver will be granted.

If ASX does not grant a waiver before 6 October 2015 (60 days after the execution of the Umbono Loan Deed) an event of default will arise under the Umbono Loan Deed giving Umbono the right to require the payment within 10 days of:

- (a) the Umbono Secured Moneys; and
- (b) a break fee of US\$100,000.

4.6 Events of default

The occurrence of an Event of Default gives Umbono the right to require the Company to repay the Umbono Secured Moneys within 21 days.

5. Overview of Mackintosh Convertible Loan

On 6 August 2015, the Company, Sunbird Ibhubesi and Allan Mackintosh agreed to refinance the Company's existing loan with Allan Mackintosh, which had an outstanding amount of approximately A\$500,000 by providing the Company with a loan of up to A\$1,000,000 pursuant to the Mackintosh Loan Deed.

5.1 Key terms of the Mackintosh Convertible Loan

The key terms of the Mackintosh Convertible Loan were:

- (a) On 10 August 2015, the Company made a first draw down on the Mackintosh Convertible Loan of A\$650,000, A\$500,000 of which was used to repay the existing Mackintosh loan in full.
- (b) The Company may make further drawdowns under the Mackintosh Convertible Loan for additional amounts of:
 - (i) A\$150,000; and
 - (ii) A\$200,000.
- (c) The Mackintosh Convertible Loan is secured against 15.58% of the shares Sunbird Ibhubesi ultimately holds in Anschutz SA.
- (d) An interest rate of 20% per annum applies to all the Mackintosh Secured Moneys.
- (e) All Mackintosh Secured Moneys under the Mackintosh Loan Deed must be repaid by the Repayment Date.
- (f) The Company can repay any or all of the Mackintosh Secured Moneys at any time prior to the Repayment Date.
- (g) Subject to Shareholder approval, the Company issues the Mackintosh Conversion Right to Allan Mackintosh.

5.2 Mackintosh Conversion Right

Subject to Shareholder approval, the Mackintosh Convertible Loan grants Allan Mackintosh the Mackintosh Conversion Right, being the right to convert all or part of the Mackintosh Secured Moneys into Shares at any time prior to the Repayment Date at the Conversion Price.

5.3 Implications of exercise of Mackintosh Conversion Right

The number of Shares that may be issued upon the exercise of the Mackintosh Conversion Right is uncertain as it is dependent on numerous factors including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any additional drawdowns.
- (d) The amount and timing of any repayments.
- (e) The amount of interest accrued.

Accordingly, the table below shows 3 scenarios:

- (a) Scenario 1 — the Mackintosh Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Mackintosh Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Mackintosh Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) Allan Mackintosh converts all of the A\$1,000,000 into Shares.
- (b) No interest is accrued.
- (c) The Company makes no repayments.

Scenario	Number of Shares issued
Scenario 1	100,000,000
Scenario 2	12,500,000
Scenario 3	8,333,333

5.4 Shareholder Approval condition precedent

It is a condition precedent to further drawdowns beyond the first drawdown described in Section 5.1(a) that the Mackintosh Conversion Right is approved by Shareholders.

The failure of the Shareholders to approve the Mackintosh Conversion Right before 5 October 2015 (60 days after the execution of the Mackintosh Loan Deed) is an event of default giving Mackintosh the right to require the payment within 10 days of:

- (a) the Mackintosh Secured Moneys; and
- (b) a break fee of US\$100,000.

In the event that the Shareholders do not approve the issue of the Mackintosh Conversion Right (i.e approve Resolution 2) the Mackintosh Convertible Loan will remain as a non-convertible loan.

5.5 Events of default

The occurrence of an Event of Default gives Allan Mackintosh the right to require the Company to repay the Mackintosh Secured Moneys within 21 days.

6. Overview of Glover Convertible Loan

On 6 August 2015, the Company, Sunbird Ibhubesi and Brian Glover agreed to refinance the Company's existing loan with Brian Glover, which had an outstanding amount of approximately A\$328,000 by providing the Company with a loan for that amount plus an additional ZAR3,000,000 pursuant to the Glover Loan Deed.

6.1 Key terms of the Glover Convertible Loan

The key terms of the Glover Convertible Loan were:

- (a) On 10 August 2015, the Company made a first draw down on the Glover Convertible Loan of:
 - (i) A\$328,000 which was used to repay the existing Glover loan in full; and
 - (ii) an additional ZAR1,000,000.
- (b) The Company may make two further drawdowns under the Glover Convertible Loan of ZAR1,000,000 each.
- (c) The Glover Convertible Loan is secured against 11.86% of the shares Sunbird Ibhubesi ultimately holds in Anschutz SA.
- (d) An interest rate of 20% per annum applies to all the Glover Secured Moneys.
- (e) All Glover Secured Moneys under the Glover Loan Deed must be repaid by the Repayment Date.
- (f) The Company can repay any or all of the Glover Secured Moneys at any time prior to the Repayment Date.
- (g) Subject to Shareholder approval, the Company issues the Glover Conversion Right to Brian Glover.

6.2 Glover Conversion Right

Subject to Shareholder approval, the Glover Convertible Loan grants Brian Glover the Glover Conversion Right, being the right to convert all or part of the Glover Secured Moneys into Shares at any time prior to the Repayment Date at the Conversion Price.

6.3 Implications of exercise of Glover Conversion Right

The number of Shares that may be issued upon the exercise of the Glover Conversion Right is uncertain as it is dependent on numerous variable including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any additional drawdowns.
- (d) The amount and timing of any repayments.
- (e) The amount of interest accrued.
- (f) The ZAR to A\$ exchange rate at the time of the conversion.

Accordingly, the below table shows 3 scenarios:

- (a) Scenario 1 — the Glover Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Glover Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Glover Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) The Company draws down the A\$328,000 and ZAR3,000,000.
- (b) Brian Glover converts all of the A\$328,000 and ZAR3,000,000 into Shares.
- (c) No interest is accrued.
- (d) The Company makes no repayments.
- (e) The ZAR to A\$ exchange rate is ZAR1:A\$0.107

Scenario	Number of Shares issued
Scenario 1	64,900,000
Scenario 2	8,112,000
Scenario 3	5,408,333

6.4 Shareholder Approval condition precedent

It is a condition precedent to further drawdowns beyond the first drawdown described in Section 6.1(a) that the Glover Conversion Right is approved by Shareholders.

The failure of the Shareholders to approve the Glover Conversion Right before 5 October 2015 (60 days after the execution of the Glover Loan Deed) is an event of default giving Brian Glover the right to require the payment within 10 days of:

- (a) the Glover Secured Moneys; and
- (b) a break fee of US\$100,000.

In the event that the Shareholders do not approve the issue of the Glover Conversion Right (i.e approve Resolution 3) the Glover Convertible Loan will remain as a non-convertible loan.

6.5 Events of default

The occurrence of an Event of Default gives Brian Glover the right to require the Company to repay the Glover Secured Moneys within 21 days.

7. Overview of Cornish Convertible Loan

On 6 August 2015, the Company, Sunbird Ibhubesi and Neville Cornish agreed to refinance the Company's existing loan with Neville Cornish, which had an outstanding amount of approximately A\$430,000 by providing the Company with a loan for that amount plus an additional ZAR7,000,000 pursuant to the Cornish Loan Deed.

7.1 Key terms of the Cornish Convertible Loan

The key terms of the Cornish Convertible Loan were:

- (a) On 10 August 2015, the Company made a first draw down on the Cornish Convertible Loan of:
 - (i) A\$430,000 which was used to repay the existing Cornish loan in full; and
 - (ii) an additional ZAR2,000,000.
- (b) The Company may make further drawdowns under the Mackintosh Convertible Loan for additional amounts of:
 - (i) ZAR2,000,000; and
 - (ii) ZAR3,000,000.
- (c) The Cornish Convertible Loan is secured against 18.42% of the shares Sunbird Ibhubesi ultimately holds in Anschutz SA.
- (d) An interest rate of 20% per annum applies to all the Cornish Secured Moneys.
- (e) All Cornish Secured Moneys under the Cornish Loan Deed must be repaid by the Repayment Date.
- (f) The Company can repay any or all of the Cornish Secured Moneys at any time prior to the Repayment Date.

- (g) Subject to Shareholder approval, the Company issues the Cornish Conversion Right to Neville Cornish.

7.2 Cornish Conversion Right

Subject to Shareholder approval, the Cornish Convertible Loan grants Neville Cornish the Cornish Conversion Right, being the right to convert all or part of the Cornish Secured Moneys into Shares at any time prior to the Repayment Date at the Conversion Price.

7.3 Implications of exercise of Cornish Conversion Right

The number of Shares that may be issued upon the exercise of the Cornish Conversion Right is uncertain as it is dependent on numerous variable including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any additional drawdowns.
- (d) The amount and timing of any repayments.
- (e) The amount of interest accrued.
- (f) The ZAR to A\$ exchange rate at the time of the conversion.

Accordingly, the below table shows 3 scenarios:

- (a) Scenario 1 — the Cornish Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Cornish Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Cornish Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) The Company draws down the A\$430,000 and ZAR7,000,000.
- (b) Neville Cornish converts all of the A\$430,000 and ZAR7,000,000 into Shares.
- (c) No interest is accrued.
- (d) The Company makes no repayments.
- (e) The ZAR to A\$ exchange rate is ZAR1:A\$0.107

Scenario	Number of Shares issued
Scenario 1	117,900,000
Scenario 2	14,737,500
Scenario 3	9,825,000

7.4 Shareholder Approval condition precedent

It is a condition precedent to further drawdowns beyond the first drawdown described in Section 7.1(a) that the Cornish Conversion Right is approved by Shareholders.

The failure of the Shareholders to approve the Cornish Conversion Right before 5 October 2015 (60 days after the execution of the Cornish Loan Deed) is an event of default giving Neville Cornish the right to require the payment within 10 days of:

- (a) the Cornish Secured Moneys; and
- (b) a break fee of US\$100,000.

In the event that the Shareholders do not approve the issue of the Cornish Conversion Right (i.e approve Resolution 4) the Cornish Convertible Loan will remain as a non-convertible loan.

7.5 Events of default

The occurrence of an Event of Default gives Neville Cornish the right to require the Company to repay the Cornish Secured Moneys within 21 days.

8. Overview of Future Convertible Loan

The Company may enter into a Future Convertible Loan for an amount of up to US\$2,000,000 (**Future Loan Amount**) within 3 months of the Meeting.

8.1 Key terms of the Future Convertible Loan

If the Company enters into a Future Convertible Loan, the key terms will be:

- (a) The Company may draw down the Future Loan Amount in a number of separate drawdowns.
- (b) The Future Convertible Loan will be secured against a specified percentage of the shares Sunbird Ibhubesi ultimately holds in Anschutz SA.
- (c) An interest rate of no more than 20% per annum will apply to all the Future Loan Secured Moneys.
- (d) All Future Loan Secured Moneys under the Future Convertible Loan must be repaid by no earlier than the Repayment Date.
- (e) The Company can repay any or all of the Future Loan Secured Moneys at any time prior to the Repayment Date.
- (f) No events of default that are more restrictive than the Events of Default.
- (g) The occurrence of an Event of Default gives Future Financier the right to require the Company to repay the Future Loan Secured Moneys within 21 days.

8.2 Future Loan Conversion Right

Subject to Shareholder approval, the Future Convertible Loan grants the Future Financier the Future Loan Conversion Right, being the right to convert all or part of the

Future Loan Secured Moneys into Shares at any time prior to the Repayment Date at the Conversion Price.

8.3 Implications of exercise of Future Loan Conversion Right

The number of Shares that may be issued upon the exercise of the Future Loan Conversion Right is uncertain as it is dependent on numerous variable including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any additional drawdowns.
- (d) The amount and timing of any repayments.
- (e) The amount of interest accrued.

Accordingly, the below table shows 3 scenarios:

- (a) Scenario 1 — the Future Loan Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Future Loan Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Future Loan Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) The Company draws down the US\$2,000,000.
- (b) Future Financier converts all of the US\$2,000,000 into Shares.
- (c) No interest is accrued.
- (d) The Company makes no repayments.

The US\$ to A\$ exchange rate is US\$1:A\$1.35

Scenario	Number of Shares issued
Scenario 1	270,000,000
Scenario 2	33,750,000
Scenario 3	22,500,000

9. Overview of Corporate Advisory Agreement

9.1 General

In February 2015, the Company and Umbono FS entered into the Corporate Advisory Agreement whereby Umbono FS agreed to provide capital raising and transaction advisory services to the Company in return for a fee upon the completion of an Identified Transaction.

9.2 Key Terms of the Corporate Advisory Agreement

The key terms of the Corporate Advisory Agreement were:

- (a) The agreement terminates on 9 February 2016 or as otherwise agreed in writing.
- (b) Umbono FS is to provide the Company with capital raising and transaction advisory services.
- (c) No on-going corporate advisory fee is payable.
- (d) A fee of 5% of the total debt facility drawn down through an Identified Transaction is payable to Umbono FS by the Company. This fee is a debt owed to Umbono FS by the Company that is payable on the same terms (such as interest, capitalisation and conversion) as the debt in the Identified Transaction.

9.3 Umbono FS Conversion Right

The Company and Umbono FS agreed on 7 August 2015 that the Loan Deeds are Identified Transactions. Accordingly, a fee of 5% is payable under the Corporate Advisory Agreement on the total amounts drawn down under the Loan Deeds (**Umbono FS Debt Fee**). Based on the terms of the Loan Deeds:

- (a) the fee accrues interest at a rate of 20% per annum; and
- (b) subject to Shareholder approval, the Corporate Advisory Agreement grants Umbono FS the Umbono FS Conversion Right, being the right to convert all or part of the Umbono FS Debt Fee into Shares at any time prior to the Repayment Date at the Conversion Price.

9.4 Implications of exercise of Umbono FS Conversion Right

The number of Shares that may be issued upon the exercise of the Umbono FS Conversion Right is uncertain as it is dependent on numerous variable including:

- (a) The timing of the conversion.
- (b) The amount converted.
- (c) The amount and timing of any drawdowns under the Loan Deeds.
- (d) The amount and timing of any payments by the Company to satisfy the Umbono FS Debt Fee.
- (e) The amount of interest accrued.

- (f) The ZAR to A\$ exchange rate at the time of the conversion.
- (g) The US\$ to A\$ exchange rate at the time of the conversion.

Accordingly, the below table shows 3 scenarios:

- (a) Scenario 1 — the Umbono FS Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) Scenario 2 — the Umbono FS Conversion Right is exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of more than A\$0.01. By way of example only, an issue price of A\$0.08 is used in the table.
- (c) Scenario 3 — the Umbono FS Conversion Right is not exercised within 20 Business Days of the Company completing a Capital Raising.

The table assumes that:

- (a) The Company draws down the total approximately A\$4,845,000 (subject to exchange rates) under the Loan Deeds, equating to a Umbono FS Debt Fee payable to Umbono FS of A\$242,250
- (b) Umbono FS converts all of the Umbono FS Debt Fee into Shares.
- (c) No interest is accrued.
- (d) The Company makes no payments to satisfy the Umbono FS Debt Fee.
- (e) The ZAR to A\$ exchange rate is ZAR1:A\$0.107.
- (f) The US\$ to A\$ exchange rate is US\$1:A\$1.35.

Scenario	Number of Shares issued
Scenario 1	24,225,000
Scenario 2	3,028,125
Scenario 3	2,018,750

10. Summary of Conversion Rights

The dilution of the Shareholders that may occur upon the exercise of some or all of the Conversion Rights is dependent on numerous variables including:

- (a) The timing of the exercise of the Conversion Rights.
- (b) The amount converted under the Conversion Rights.
- (c) The amount and timing of any drawdowns under the Loan Deeds.
- (d) The amount of interest accrued under the Loan Deeds.
- (e) The ZAR to A\$ exchange rate at the time of the conversion.

- (f) The US\$ to A\$ exchange rate at the time of the conversion.

The below table shows the maximum possible dilution of Shareholders upon the exercise of all the Conversions Rights based on the following assumptions:

- (a) The Conversion Rights are exercised within 20 Business Days of the Company completing a Capital Raising with an issue price of less than A\$0.01.
- (b) The Company draws down the total amount under each Loan Deed.
- (c) The Company converts all of the Debts into Shares.
- (d) No interest is accrued.
- (e) The Company makes no payments to satisfy the Debts.
- (f) The ZAR to A\$ exchange rate is ZAR1:A\$0.107.
- (g) The US\$ to A\$ exchange rate is US\$1:A\$1.35

	Total number of Shares issued	Total number of Shares on issue	Percentage of new Shares issued
Shares on issue as at date of this Notice	-	138,592,127	-
Exercise of Umbono Conversion Right	270,000,000	408,592,127	66.08%
Exercise of Mackintosh Conversion Right	100,000,000	508,592,127	19.66%
Exercise of Glover Conversion Right	64,900,000	573,492,127	11.32%
Exercise of Cornish Conversion Right	117,900,000	691,392,127	17.05%
Exercise of Future Loan Conversion Right	270,000,000	961,392,127	28.08%
Exercise of Umbono FS Conversion Right	24,225,000	985,617,127	2.46%
Total number of Shares issued on exercise of all Conversion Rights	847,025,000	985,617,127	85.94%

11. Resolution 1 - Approval of Umbono Conversion Right

11.1 General

Resolution 1 seeks Shareholder approval for the issue of the Umbono Conversion Right.

The Board believes that Resolution 1 is in the best interests of the Company and its Shareholders.

Resolution 1 is an ordinary resolution.

11.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Umbono Conversion Right to Umbono which permits Umbono to convert all or some of the Umbono Secured Moneys into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

11.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Umbono Conversion Right to Umbono:

- (a) the maximum number of Shares to be issued to Umbono will be determined by the following formula:

$\text{Number of Shares} = \text{Umbono Secured Moneys} \div \text{Conversion Price}.$

See Section 4.3 for the implications of Umbono exercising the Umbono Conversion Right;

- (b) the Umbono Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Umbono Convertible Loan is currently a debt security and upon the approval of Resolution 1 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Umbono Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;
- (d) the Umbono Conversion Right and Shares issued upon exercise of the Umbono Conversion Right will be issued to Umbono;
- (e) the Shares issued on exercise of the Umbono Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds provided under the Umbono Loan Deed in consideration for the issue of the Umbono Conversion Right will be applied to further development of the Ibhubesi Gas Project and as working capital; and
- (g) a voting exclusion statement is included in Resolution 1.

12. Resolution 2 - Approval of Mackintosh Conversion Right

12.1 General

Resolution 2 seeks Shareholder approval for the issue of the Mackintosh Conversion Right.

The Board believes that Resolution 2 is in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 2 is an ordinary resolution.

12.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Mackintosh Conversion Right to Allan Mackintosh which permits Allan Mackintosh to convert all or some of the Mackintosh Secured Moneys into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

12.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Mackintosh Conversion Right to Allan Mackintosh:

- (a) the maximum number of Shares to be issued to Allan Mackintosh will be determined by the following formula:

$\text{Number of Shares} = \text{Mackintosh Secured Moneys} \div \text{Conversion Price}.$

See Section 5.3 for the implications of Allan Mackintosh exercising the Mackintosh Conversion Right;

- (b) the Mackintosh Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Mackintosh Convertible Loan is currently a debt security and upon the approval of Resolution 2 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Mackintosh Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;
- (d) the Mackintosh Conversion Right and Shares issued upon exercise of the Mackintosh Conversion Right will be issued to Allan Mackintosh;
- (e) the Shares issued on exercise of the Mackintosh Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (f) the funds provided under the Mackintosh Loan Deed in consideration for the issue of the Mackintosh Conversion Right will be applied to further development of the Ibhubesi Gas Project and as working capital; and
- (g) a voting exclusion statement is included in Resolution 2.

12.4 Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

13. Resolution 3 - Approval of Glover Conversion Right

13.1 General

Resolution 3 seeks Shareholder approval for the issue of the Glover Conversion Right.

The Board believes that Resolution 3 is in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 is an ordinary resolution.

13.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Glover Conversion Right to Brian Glover which permits Brian Glover to convert all or some of the Glover Secured Moneys into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

13.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issuing of the Glover Conversion Right to Brian Glover:

- (a) the maximum number of Shares to be issued to Brian Glover will be determined by the following formula:

Number of Shares = Glover Secured Moneys ÷ Conversion Price.

See Section 6.3 for the implications of Brian Glover exercising the Glover Conversion Right;

- (b) the Glover Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Glover Convertible Loan is currently a debt security and upon the approval of Resolution 3 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Glover Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;

- (d) the Glover Conversion Right and Shares issued upon exercise of the Glover Conversion Right will be issued to Brian Glover;
- (e) the Shares issued on exercise of the Glover Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds provided under the Glover Loan Deed in consideration for the issue of the Glover Conversion Right will be applied to further development of the Ibhumbesi Gas Project and as working capital; and
- (g) a voting exclusion statement is included in Resolution 3.

13.4 Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

14. Resolution 4 - Approval of Cornish Conversion Right

14.1 General

Resolution 4 seeks Shareholder approval for the issue of the Cornish Conversion Right.

The Board believes that Resolution 4 is in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 4 is an ordinary resolution.

14.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Cornish Conversion Right to Neville Cornish which permits Neville Cornish to convert all or some of the Cornish Secured Moneys into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

14.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Cornish Conversion Right to Neville Cornish:

- (a) the maximum number of Shares to be issued to Neville Cornish will be determined by the following formula:

Number of Shares = Cornish Secured Moneys ÷ Conversion Price.

See Section 7.3 for the implications of Neville Cornish exercising the Cornish Conversion Right;

- (b) the Cornish Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Cornish Convertible Loan is currently a debt security and upon the approval of Resolution 4 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Cornish Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;
- (d) the Cornish Conversion Right and Shares issued upon exercise of the Cornish Conversion Right will be issued to Neville Cornish;
- (e) the Shares issued on exercise of the Cornish Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds provided under the Cornish Loan Deed in consideration for the issue of the Cornish Conversion Right will be applied to further development of the Ibhubesi Gas Project and as working capital; and
- (g) a voting exclusion statement is included in Resolution 4.

14.4 Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

15. Resolution 5 - Approval of Future Loan Conversion Right

15.1 General

Resolution 5 seeks Shareholder approval for the issue of the Future Loan Conversion Right.

The Board believes that Resolution 5 is in the best interests of the Company and its Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 5 is an ordinary resolution.

15.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to issue the Future Conversion Right to the Future Financier to permit the Future Financier to convert all or some of the Future Loan Secured Moneys into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

15.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Future Loan Conversion Right to the Future Financier:

- (a) the maximum number of Shares to be issued to the Future Financier will be determined by the following formula:

Number of Shares = Future Loan Secured Moneys ÷ Conversion Price.

See Section 8.3 for the implications of the Future Financier exercising the Future Loan Conversion Right;

- (b) the Future Loan Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Future Convertible Loan is currently a debt security and upon the approval of Resolution 5 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Future Loan Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;
- (d) the person to whom the Shares will be issued upon the exercise of the Future Loan Conversion Right is unknown;
- (e) the Shares issued on exercise of the Future Loan Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds provided under the Future Convertible Loan in consideration for the issue of the Future Loan Conversion Right will be applied to further development of the Ibhubesi Gas Project and as working capital; and
- (g) a voting exclusion statement is included in Resolution 5 .

15.4 Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 .

16. Resolution 6 - Approval of Umbono FS Conversion Right

16.1 General

Resolution 6 seeks Shareholder approval for the issue of the Umbono FS Conversion Right.

The Board believes that Resolution 6 is in the best interests of the Company and its Shareholders.

Resolution 6 is an ordinary resolution.

16.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 6 will be to allow the Company to issue the Umbono FS Conversion Right to Umbono FS which permits Umbono FS to convert all or some of the Umbono FS Debt Fee into Shares and any Shares issued pursuant to a conversion will not be counted in the Company's 15% issuing capacity under Listing Rule 7.1.

16.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Umbono FS Conversion Right to Umbono FS:

- (a) the maximum number of Shares to be issued to Umbono FS will be determined by the following formula:

Number of Shares = Umbono FS Debt Fee ÷ Conversion Price.

See Section 9.4 for the implications of Umbono FS exercising the Umbono FS Conversion Right;

- (b) the Umbono FS Conversion Right will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Umbono FS Debt Fee is currently a debt security and upon the approval of Resolution 6 will be converted into an equity security for the purposes of the Listing Rules;
- (c) the minimum issue price of the Shares upon exercise of the Umbono FS Conversion Right is A\$0.01. See Section 4.2 for more information on the Conversion Price;
- (d) the Umbono FS Conversion Right and Shares issued upon exercise of the Umbono FS Conversion Right will be issued to Umbono FS;
- (e) the Shares issued on exercise of the Umbono FS Conversion Right will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Shares to Umbono FS as the Shares are being issued in satisfaction of the Umbono FS Debt Fee, which is a debt owed by the Company to Umbono FS pursuant to the Corporate Advisory Agreement; and
- (g) a voting exclusion statement is included in Resolution 6.

17. Resolution 7 - Election of Gabriel Chiappini as Director

Article 6.2(b) of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Under Listing Rule 14.4 and article 6.2(j) of the Constitution any Director so appointed holds office until the next annual general meeting of members of the Company and is eligible for re-election at that meeting.

Gabriel Chiappini was appointed on 6 August 2015 to fill a casual vacancy. Resolution 7 therefore provides that he retires from office and seeks re-election as a Director.

Gabriel Chiappini's qualifications and experience are as follows:

- (a) Mr Chiappini is a Chartered Accountant with over 20 years of experience as a finance and governance professional.
- (b) Mr Chiappini is a current member of the Australian Institute of Company Directors and Institute of Chartered Accountants (Australia).
- (c) Mr Chiappini's professional foundation was laid with Ernst and Young and following Ernst and Young, he moved onto various Chief Financial Officer roles in London and Perth.
- (d) Mr Chiappini is currently a Director of Black Rock Mining Ltd, DMY Capital Ltd and Company Secretary of Avita Medical Ltd, Katana Capital Ltd and Global Construction Services Ltd.

Resolution 7 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

The Board (excluding Gabriel Chiappini) supports the re-election of Gabriel Chiappini to the Board and recommends that shareholders vote in favour of Resolution 7.

18. Resolution 8 - Election of Dorian Wrigley as Director

Article 6.2(b) of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Under Listing Rule 14.4 and article 6.2(j) of the Constitution any Director so appointed holds office until the next annual general meeting of members of the Company and is eligible for re-election at that meeting.

Dorian Wrigley was appointed on 12 May 2015 to fill a casual vacancy. Resolution 8 therefore provides that he retires from office and seeks re-election as a Director.

Dorian Wrigley's qualifications and experience are as follows:

- (a) Mr Wrigley is a professional engineer registered with the Engineering Council of South Africa.
- (b) Mr Wrigley 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 United States.
- (c) Mr Wrigley is a founding shareholder of Umbono and currently serves as its Managing Director, responsible for its African and European business interests.
- (d) Prior to founding Umbono, Mr Wrigley worked as an engineer for Eskom and then as an investment banker and strategy consultant for the Monitor Company (now owned by Deloitte).
- (e) Mr Wrigley has previously served on the board of Village Main Reef Limited, a mining company listed on the Johannesburg Stock Exchange.

Resolution 8 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 8.

The Board (excluding Dorian Wrigley) supports the re-election of Dorian Wrigley to the Board and recommends that shareholders vote in favour of Resolution 8.

Schedule 1 – Definitions

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the content otherwise requires:

A\$ means Australian Dollars.

Ankerlig Power Station means the power station operated by Eskom located at Atlantic Industrial Area in Western Cape, South Africa.

Anschutz means Anschutz South Africa Corporation (Registration number 2000011169 of 555 17th Street, Suite 2400, Denver, Colorado, USA).

Anschutz SA means Anschutz Overseas (SA) Pty Ltd, a South African company with enterprise number 1999/006537/07.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12 of the Corporations Act.

ASX means the Australian Securities Exchange.

Board means the board of Directors.

Business Day means a day on which all banks are open for business generally in Perth, Western Australia.

Capital Raising means any capital raising conducted by the Company by way of the issue of equity securities.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Company means Sunbird Energy Limited ACN 150 956 773.

Company Secretary means the company secretary of the Company.

Constitution means the constitution of the Company.

Conversion Price has the meaning given in Section 4.2.

Conversion Rights means the Cornish Conversion Right, Mackintosh Conversion Right, Glover Conversion Right, Umbono Conversion Right, Future Loan Conversion Right and Umbono FS Conversion Right.

Cornish Conversion Right has the meaning given in Resolution 4.

Cornish Convertible Loan means the loan provided by Neville Cornish pursuant to the Cornish Loan Deed.

Cornish Loan Deed the loan deed between the Company, Neville Cornish and Sunbird Ibhubesi dated 6 August 2015.

Cornish Secured Moneys means the aggregate of the Cornish Convertible Loan, interest and all other moneys, if any, due to or recoverable by Neville Cornish from the Company pursuant to the Cornish Convertible Loan.

Corporate Advisory Agreement means the corporate advisory agreement entered into between the Company and Umbono FS dated 9 February 2015.

Corporations Act means the *Corporations Act 2001* (Cth).

Debts means the Cornish Secured Moneys, Glover Secured Moneys, Mackintosh Secured Moneys, Umbono Secured Moneys, Future Loan Secured Moneys and Umbono FS Debt Fee.

Director means a director of the Company.

Eskom means Eskom Holdings SOC Limited, a South African company with enterprise number 2002/01/5527/06.

Event of Default means any of the following:

- (a) Failing to pay any amount under a Loan Deed.
- (b) A material breach of a Loan Deed, which includes any term related to the security.
- (c) An order is made or a resolution passed for the winding up or dissolution of the Company or Anschutz SA.
- (d) Other than pursuant to a Loan Deed, a receiver being appointed or steps are taken to appoint a receiver to the Company or Anschutz SA.
- (e) Without consent the Company, Anschutz SA or any other subsidiary of the Company enters into an arrangement, reconstruction or composition with its creditors.
- (f) Without consent an allotment, transfer, alteration or special right is attached to the share capital of Anschutz SA.
- (g) Steps are taken to appoint an official manager of Anschutz SA to investigate the affairs of Anschutz SA.
- (h) Without consent the Company or Anschutz SA assigns, transfers or parts with possession of the whole or any part of its undertaking or assets otherwise than in the ordinary course of business.

Explanatory Memorandum means this explanatory memorandum attached to the Notice.

Future Convertible Loan means a loan provided to the Company within 3 months of the Meeting on terms and conditions no worse than those set out in Section 8.1.

Future Financier means the person that provides the Future Convertible Loan to the Company.

Future Loan Amount has the meaning given in Section 8.

Future Loan Conversion Right has the meaning given in Resolution 5.

Future Loan Secured Moneys means the aggregate of the Future Convertible Loan, interest and all other moneys, if any, due to or recoverable by the Future Financier from the Company pursuant to the Future Convertible Loan

Glover Conversion Right has the meaning given in Resolution 3.

Glover Convertible Loan means the loan provided by Brian Glover pursuant to the Glover Loan Deed.

Glover Loan Deed the loan deed between the Company, Brian Glover and Sunbird Ibhubesi dated 6 August 2015.

Glover Secured Moneys means the aggregate of the Glover Convertible Loan, interest and all other moneys, if any, due to or recoverable by Brian Glover from the Company pursuant to the Glover Convertible Loan.

Identified Transaction is a specific transaction noted and confirmed as an "identified transaction" between the Company and Umbono FS.

Ibhubesi Gas Project means the Ibhubesi gas project located in Block 2A of the South African territorial waters in the Atlantic Ocean, owned by an unincorporated joint venture with three joint venture partners: Petro SA, Anschutz and Forest Exploration International Pty Ltd (the operating partner of the project).

Listing Rules means the official listing rules of ASX as amended from time to time.

Loan Deed means the Umbono Loan Deed, Mackintosh Loan Deed, Glover Loan Deed and Cornish Loan Deed (as applicable).

Mackintosh Conversion Right has the meaning given in Resolution 2.

Mackintosh Convertible Loan means the loan provided by Allan Mackintosh pursuant to the Mackintosh Loan Deed.

Mackintosh Loan Deed the loan deed between the Company, Allan Mackintosh and Sunbird Ibhubesi dated 6 August 2015.

Mackintosh Secured Moneys means the aggregate of the Mackintosh Convertible Loan, interest and all other moneys, if any, due to or recoverable by Mackintosh from the Company pursuant to the Mackintosh Convertible Loan.

Meeting has the meaning in the introductory paragraph of the Notice.

Mopane Project means the mopane project with a licence area of 1,577km² located in the Limpopo Province of South Africa about 420km northeast of Johannesburg.

Notice means the notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Repayment Date means the earlier of:

- (a) 31 December 2016; and
- (b) the day the Ibhubesi Gas Project is fully funded and the decision to begin construction on the infrastructure is made.

Resolution means a resolution in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Sunbird Ibhubesi means Sunbird Energy (Ibhubesi) Pty Ltd ACN 161 490 491.

Umbono means Umbono Capital Partners LLC, a limited liability corporation registered under the laws of the State of Delaware, United States of America (registration number 4186472).

Umbono Conversion Right has the meaning given in Resolution 1.

Umbono Convertible Loan means the loan of up to \$2,000,000 provided by Umbono to the Company pursuant to the Umbono Loan Deed.

Umbono FS means Umbono Financial Services (Pty) Ltd, a South African company with enterprise number 2003/027785/07.

Umbono FS Debt Fee has the meaning given in Section 9.3.

Umbono FS Conversion Right has the meaning given in Resolution 6.

Umbono Loan Deed means the loan deed between the Company, Sunbird Ibhubesi and Umbono dated 7 August 2015.

Umbono Secured Moneys means the aggregate of the Umbono Convertible Loan, interest and all other moneys, if any, due to or recoverable by Umbono from the Company pursuant to the Umbono Convertible Loan.

US\$ means US Dollars.

WST means Western Standard Time, being the time in Perth, Western Australia.

ZAR means South African Rand.

Schedule 2 – Proxy Form

SUNBIRD ENERGY LIMITED

ACN 150 956 773

PROXY FORM

The Company Secretary
SUNBIRD ENERGY LIMITED

By delivery:

1st Floor, 50 Ord Street
WEST PERTH WA 6005

By post:

PO Box 434
PERTH WA 6872

By facsimile:

+61 8 9463 6630

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/we being Shareholder/s of the Company hereby appoint:

**The Chairperson
(mark box)**

☐ **OR** if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally at the Meeting on my/our behalf to be held at Level 1, 50 Ord Street, West Perth Western Australia on Friday 9 October 2015 commencing at 3pm (WST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is []% of the Shareholder's votes / [] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

Important – If the Chairperson is your proxy or is appointed your proxy by default

The Chairperson intends to vote all available proxies in favour of all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to a Resolution, you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on that Resolution even if that Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Approval of Umbono Conversion Right			
Resolution 2	Approval of Mackintosh Conversion Right			
Resolution 3	Approval of Glover Conversion Right			
Resolution 4	Approval of Cornish Conversion Right			
Resolution 5	Approval of Future Conversion Right			
Resolution 6	Approval of Umbono FS Conversion Right			
Resolution 7	Election of Gabriel Chiappini			
Resolution 8	Election of Dorian Wrigley			

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

instructions to be implemented.

This section **must** be signed in accordance with the instructions overleaf to enable your voting

The Chairperson intends to vote all available proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (1st Floor, 50 Ord Street, West Perth, WA, 6005, or by post to PO Box 434, Perth, WA, 6872 or Facsimile (08) 9463 6630 if faxed from within Australia or +61 8 9463 6630 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).