

ASX Announcement

2 November 2015

September 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 30 September 2015.

Debt Restructure and New Financing Package

On 10 August 2015 Sunbird announced 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 the 10 August announcement.

Board Restructure

On 10 August 2015 Sunbird announced 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.

Given the above resignations, on 10 August 2015 Sunbird announced the 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 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. 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 also announced 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.

Tenement Schedule

Sunbird Energy Limited has an interest in the following tenements:

Project Name	Country	Sunbird working interest	Permit(s)	Status	Change During Quarter
Kasane	Botswana	100%	024/2010, 025/2010, 026/2010, 027/2010, 028/2010, 029/2010, 030/2010	N/A	Awaiting renewal
Mopane	South Africa	74%	30/5/2/3/ 2/99ER	Exploration Right Granted	Part relinquishment underway
Springbok Flats	South Africa	74%	12/3/104ER	Exploration Right Granted	Merged with 12/3/106ER
Springbok Flats West	South Africa	74%	12/2/46	TCP Granted	No Change
Ermelo	South Africa	74%	12/3/95/ER	Exploration Right Granted	Relinquished
Ermelo West	South Africa	74%	12/3/227ER	Exploration Right Granted	Relinquished
Somkhele	South Africa	74%	12/3/140ER	Exploration Right Granted	Relinquished
Ibhubesi	South Africa	76%	12/4/03	Production Right	No Change

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

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 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 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 CO₂ 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 September 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(559)	(160)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(278)	(677)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other (recovery of costs from JV partner)	119	119
		(716)	(716)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	13	13
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		13	13
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(703)	(703)

+ See chapter 19 for defined terms.

Appendix 5B

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1.13	Total operating and investing cash flows (brought forward)	(703)	(703)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,356	1,356
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (funds received previously for shares issued in the current quarter reclassified to proceeds from issue of shares)	-	-
	Net financing cash flows	1,356	1,356
	Net increase (decrease) in cash held	653	653
1.20	Cash at beginning of quarter/year to date	690	690
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,343	1,343

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	263
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

N/A

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	1,864	3,453
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	700

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	1,075	419
5.2 Deposits at call	268	271
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,343	690

+ 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			
	12/3/95/ER, Ermelo, South Africa	Exploration Right	74%	0% (Relinquished)
	12/3/227ER, Ermelo, South Africa	Exploration Right	74%	0% (Relinquished)
	12/3/140ER, Somkhele, South Africa	Exploration Right	74%	0% (Relinquished)
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	Preference securities (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	*Ordinary securities	138,592,127	138,592,127	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) Nil (b) Nil	(a) Nil (b) Nil	

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	Performance Rights	Total Number	Number Quoted	Issue Price per security (see Note 3) (cents)	
	Total on issue	1,000,000	Nil	Nil	
		500,000	Nil		
	SNYPR4	100,000	Nil		
	SNYPR6	400,000	Nil		
7.8	Changes during quarter (a) Increase through issues (b) Decreases through securities matured, converted.	Nil Nil	Nil Nil		
7.9	Options	Number	Number Quoted	Exercise Price	Expiry Date
	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

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.10	Issued during quarter	Nil	Nil		
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: 2 November 2015

Print name: Richard Barker

+ See chapter 19 for defined terms.

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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