



ACN 21 150 956 773

Half-Year Financial Report

31 December 2015

Table of Contents

Corporate directory	3
Directors' report	4
Auditor's Independence Declaration.....	6
Auditor's Review Report.....	7
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated balance sheet	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows.....	12
Director's Declaration	23

Corporate directory

Directors	<p>Mr Kerwin Rana <i>Executive chairman</i></p> <p>Mr Marcus Gracey <i>Executive director</i></p> <p>Mr Dorian Wrigley (appointed 12 May 2015) <i>Non-executive director</i></p> <p>Mr Gabriel Chiappini (appointed 6 August 2015) <i>Non-executive director</i></p> <p>Mr William Barker (resigned 6 August 2015) <i>Managing director</i></p> <p>Mr Andrew Leibovitch (resigned 6 August 2015) <i>Executive director</i></p>
Company Secretary	Mr Richard Barker
Registered Office	Level 1, 50 Ord Street West Perth WA 6005 Tel: +618 9463 3260 Fax: +618 9463 6630
Share Register	Link Market Services Limited Ground Floor Level 4 Central Park 152 St Georges Terrace Perth WA 6000 Tel (within Australia): 1300 554 474 Tel (outside Australia): +61 2 8280 7111
Stock Exchange Listings	Australian Securities Exchange (ASX: SNY)
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	DLA Piper Australia 31/152-158 St Georges Terrace Perth WA 6000
Website	www.sunbirdenergy.com

Directors' report

The Directors present their report together with the financial statements for the half-year period ending on 31 December 2015.

Directors

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

Mr Kerwin Rana – *Executive Chairman*

Mr Marcus Gracey – *Executive Director*

Mr Dorian Wrigley – *Non-Executive Director (appointed 12 May 2015)*

Mr Gabriel Chiappini – *Non-Executive Director (appointed 6 August 2015)*

Mr William Barker – *Managing Director (Resigned 6 August 2015)*

Mr Andrew Leibovitch – *Executive Director (Resigned 6 August 2015)*

Results of Operations

The net loss from continuing operations for the half-year period to 31 December 2015 was \$1,564,814 (31 December 2014: \$3,140,271).

Review of Operations

Advancing Gas Sales Negotiations with Eskom for Supply of IGP Gas

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

The GSA Term Sheet includes provisions for the supply of 30 billion cubic feet (Bcf) of gas per year for up to 15 years to the Ankerlig Power Station about 40km north of Cape Town.

Negotiations continue with the parties and their respective technical, commercial and legal advisors.

Regulatory & Environmental Approvals

The Draft Environmental Impact Report (EIR) in respect of the Ibhubesi Gas Project was issued for public comment on the 30th of September 2015. The second tranche of public meetings were held in Cape Town, Saldanha Bay and Melkbos on the 12th and 13th of October 2015. The Draft EIR public comment period ended on the 11th of November 2015. The Final EIR is now being prepared and is planned to be released for the final public comment period in Q1 2016 before being submitted to the Department of Environmental Affairs for approval.

Post balance date events

Musa Capital Loan Facility Agreement

On 17 February 2016 the Company finalised a loan facility agreement with Musa Capital, a South African based private equity firm.

Under the loan facility agreement, drawdowns will be made available to the Company within 5 working days of a written request being submitted and can be used for working capital purposes. Other key terms include:

Principle – AU\$500,000

Interest rate – 20% p.a.

Repayment date – 31 December 2017

Conversion to equity – At the election of the Lender, the debt may be converted to equity at A\$0.12 cents per share or the higher of the subscriptions price per share under any capital raising exercise and A\$0.01 per share.

At the date of this report, no funds had been drawn down under the loan facility agreement.

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

Auditor's Independence Declaration

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

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

Kerwin Rana

Managing Director

15 March 2016

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SUNBIRD ENERGY LIMITED

As lead auditor for the review of Sunbird Energy Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 15 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sunbird Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sunbird Energy Limited, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sunbird Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion


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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

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

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch
Director

Perth, 15 March 2016

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2015

	Note	31-Dec-15 A\$	31-Dec-14 A\$
Interest revenue		9,303	19,623
Exploration expenses		(555,259)	(1,554,534)
Exploration costs recovery from JV partner		180,381	268,038
Corporate costs	3	(653,395)	(424,863)
Professional fees		(97,026)	(150,885)
Director fees		(48,333)	(72,000)
Share-based payment expense		(24,154)	(862,476)
Impairment expense		-	(34,461)
Finance costs		(376,331)	(328,713)
Loss before income tax		(1,564,814)	(3,140,271)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,564,814)	(3,140,271)
<i>Loss for the year attributable to:</i>			
Members of the parent entity		(1,519,796)	(3,069,887)
Non-controlling interest		(45,018)	(70,384)
Total loss from continuing operations		(1,564,814)	(3,140,271)
<i>Other comprehensive income:</i>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation - members of the parent entity		(1,151,219)	132,920
Foreign currency translation - non-controlling interest		154,221	5,126
Total other comprehensive loss for the year		(996,998)	138,046
<i>Total comprehensive loss for the period attributable to:</i>			
Members of the parent entity		(2,671,015)	(2,936,967)
Non-controlling interest		109,203	(65,258)
Loss for the period attributable to owners of the parent		(2,561,812)	(3,002,225)
<i>Loss per share from continuing operation attributable to the ordinary equity holders of the Company</i>			
Basic and diluted loss per share (cents)	4	(1.1)	(2.4)

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

Consolidated balance sheet

As at 31 December 2015

	Note	31-Dec-15 A\$	30-Jun-15 A\$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	5	713,301	690,654
Trade and other receivable	6	229,489	212,990
Total current assets		942,790	903,644
<i>Non-current assets</i>			
Property, plant and equipment		20,338	33,468
Exploration and evaluation expenditure	7	3,222,561	3,888,289
Total non-current assets		3,242,899	3,921,757
Total assets		4,185,689	4,825,401
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payable		323,293	517,637
Borrowings	8	4,412,963	2,321,456
Finance lease obligation		1,732	6,177
Total current liabilities		4,737,988	2,845,270
<i>Non-current liabilities</i>			
Finance lease obligation		9,594	11,576
Total non-current liabilities		9,594	11,576
Total liabilities		4,747,582	2,856,846
Net assets		(561,893)	1,968,555
EQUITY			
Share capital	9	19,320,504	19,320,504
Reserves	10	5,786,242	6,913,307
Accumulated loss		(24,869,145)	(23,356,561)
Total equity attributable to owners of Sunbird Energy Limited		237,599	2,877,250
Non-controlling interest		(799,492)	(908,695)
Total equity		(561,893)	1,968,555

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

Consolidated statement of changes in equity
For the half year ended 31 December 2015

	Share capital A\$	Foreign currency translation reserve A\$	Share-based payment reserve A\$	Total reserves A\$	Accumulated loss A\$	Total attributable to equity holders of the group/ company A\$	Non- controlling interest A\$	Total equity A\$
Balance at 1 July 2014	14,338,035	33,146	4,735,803	4,768,949	(17,585,323)	1,521,661	(764,185)	757,476
Loss for the year	-	-	-	-	(3,069,887)	(3,069,887)	(70,384)	(3,140,271)
Foreign currency translation	-	132,920	-	132,920	-	132,920	5,126	138,046
Total comprehensive loss for the year	-	132,920	-	132,920	(3,069,887)	(2,936,967)	(65,258)	(3,002,225)
Issue of shares	5,638,522	-	-	-	-	5,638,522	-	5,638,522
Issuance costs	(311,053)	-	-	-	-	(311,053)	-	(311,053)
Share-based payments	-	-	862,477	862,477	-	862,477	-	862,477
Total distributions to owners of Company recognised directly in equity	5,327,469	-	862,477	862,477	-	6,189,946	-	6,189,946
Balance at 31 December 2014	19,665,504	166,066	5,598,280	5,764,346	(20,655,210)	4,774,640	(829,443)	3,945,197
Balance at 1 July 2015	19,320,504	201,293	6,712,014	6,913,307	(23,356,561)	2,877,250	(908,695)	1,968,555
Loss for the year	-	-	-	-	(1,512,584)	(1,512,586)	(45,018)	(1,557,604)
Foreign currency translation	-	(1,151,219)	-	(1,151,219)	-	(1,151,219)	154,221	(996,998)
Total comprehensive loss for the year	-	(1,151,219)	-	(1,151,219)	(1,512,584)	(2,663,805)	109,203	(2,554,602)
Issue of shares	-	-	-	-	-	-	-	-
Issuance costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	24,154	24,154	-	24,154	-	24,154
Total distributions to owners of Company recognised directly in equity	-	-	24,154	24,154	-	24,154	-	24,154
Balance at 31 December 2015	19,320,504	(949,926)	6,736,168	5,786,242	(24,869,145)	237,599	(799,492)	(561,893)

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

Consolidated statement of cash flows
For the half year ended 31 December 2015

	Note	31-Dec-15 A\$	31-Dec-14 A\$
<i>Cash flows from operating activities</i>			
Receipts from JV partners		179,416	678,103
Interest received		4,670	19,621
Payments to suppliers and employees		(828,694)	(837,811)
Exploration payments		(753,683)	(2,360,102)
Net cash used in operating activities		(1,398,291)	(2,500,189)
<i>Cash flows from investing activities</i>			
Proceeds from sale of motor vehicles		11,400	-
Net cash from investing activities		11,400	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares/exercise of options		-	5,638,522
Share issue costs		-	(311,053)
Proceeds from interest-bearing loans net of raising cost		1,542,707	666,449
Finance lease payments		(3,801)	(3,994)
Net cash from financing activities		1,538,906	5,989,924
Total cash movement for the period		152,015	3,489,735
Cash at the beginning of the period/ year		690,654	373,043
Exchange rate adjustment		(129,368)	62,044
Total cash at end of the period	5	713,301	3,924,822

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

Notes to the consolidated financial statements

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Sunbird Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

a) New and amended standards adopted by the group

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

b) New standards issued but not yet adopted

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

Going concern

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

As at 31 December 2015 the consolidated entity had net liabilities of A\$561,893, net current liabilities of A\$3,795,198 which includes A\$713,301 in cash at bank, trade and other payables of A\$323,293 and borrowings of A\$4,412,963 maturing within the next 12 months. The company is continuing its work on securing further financing through capital raising, debt and asset transactions and is confident it can successfully manage its cash flow through debt funding until such a time that an equity investment is secured. In the event that the company does not achieve any of the additional financing referred to above, there may be material uncertainty which may cast significant doubt as to whether the company will continue as a going concern in the future.

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

New Loans of A\$3,112,691 (note 8) (subject to exchange rates) committed to by parties in South Africa, have been received in full. These loans are for a period of approximately 12 months and repayable on 31 December 2016. Interest on the loans is 20% per annum. At the election of the lenders, the outstanding amount of the loans may be converted from debt to equity in the Company and, thereby, potentially avoid the necessity for the Company to repay the whole or part of the loans converted to equity.

Notes to the consolidated financial statements

1. Basis of preparation (continued)

Going concern (continued)

Should the consolidated entity be unable to continue as a going concern it may be required to reduce its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

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

Notes to the consolidated financial statements

2. Segment information

Description of segments

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

Segment information

	Exploration	Corporate	Eliminations	Consolidated
<i>For the half year ended</i>				
<i>31 December 2015</i>	A\$	A\$	A\$	A\$
Total segment revenue	-	9,303	-	9,303
Profit (loss) before income tax	(353,235)	(1,211,581)	-	(1,564,816)
<i>Segment Assets</i>				
Property, plant and equipment	5,136	15,202	-	20,338
Exploration and evaluation property	3,222,561	-	-	3,222,561
Cash and cash equivalents	582,687	130,614	-	713,301
Other	127,766	101,721	-	229,487
Total Segment Assets	3,938,150	247,537	-	4,185,687
<i>Segment Liabilities</i>				
Finance lease obligation	11,326	-	-	11,326
Trade and other payable	142,135	181,158	-	323,293
Other	-	4,412,963	-	4,412,963
Total Segment Liabilities	153,461	4,594,121	-	4,747,582
<i>For the half year ended</i>				
<i>31 December 2014</i>	A\$	A\$	A\$	A\$
Total segment revenue	-	19,623	-	19,623
Profit (loss) before income tax	(1,286,496)	(1,853,775)	-	(3,140,271)
<i>Segment Assets</i>				
Property, plant and equipment	26,609	15,124	-	41,733
Exploration and evaluation property	3,862,684	-	-	3,862,684
Other	486,530	3,760,288	-	4,246,818
Total Segment Assets	4,375,823	3,775,412	-	8,151,235
<i>Segment Liabilities</i>				
Other	227,328	3,978,711	-	4,206,039
Total Segment Liabilities	227,328	3,978,711	-	4,206,039

Notes to the consolidated financial statements

3. Corporate costs

	31-Dec-15 A\$	31-Dec-14 A\$
Corporate compliance and communication costs	42,198	113,345
Office and other costs	86,942	100,644
Consultants	488,466	81,265
Occupancy	23,465	60,199
Travel	10,461	42,741
Insurance	-	20,498
Depreciation	1,863	6,171
	653,395	424,863

4. Loss per share

The calculation of basic loss per share at 31 December 2015 was based on the loss attributable to ordinary shareholders of A\$1,519,796 (2014: A\$3,069,877) and a weighted average number of ordinary shares outstanding during the half year ended 31 December 2015 of 139,192,127 shares (2014: 125,512,345 shares) calculated as follows:

	31-Dec-15 A\$	31-Dec-14 A\$
Loss attributable to ordinary shareholders		
Loss for the period	(1,519,796)	(3,069,887)
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the period	138,592,127	116,325,000
Effect of shares issued during the year	-	9,187,345
Weighted average number of ordinary shares at 31 December	138,592,127	125,512,345
Loss per share		
Basic and diluted loss per share (cents per share)	(1.1)	(2.4)

Diluted loss per share

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

5. Cash and cash equivalents

	31-Dec-15 A\$	30-Jun-15 A\$
Cash on hand and at bank	558,137	418,989
Term deposits on call	155,164	271,665
	713,301	690,654

Notes to the consolidated financial statements

6. Trade and other receivable

	31-Dec-15	30-Jun-15
	A\$	A\$
Trade receivable	41,975	41,010
Deposits	23,054	23,054
GST and VAT receivable	112,839	86,935
Other receivables	51,620	61,991
	229,488	212,990

7. Exploration and evaluation property

	31-Dec-15	30-Jun-15
	A\$	A\$
<i>Carrying value of exploration and evaluation properties</i>		
Ibhubesi Gas Project (IGP)	3,222,561	3,888,289
	3,222,561	3,888,289
<i>Reconciliation of movement</i>		
<i>Carrying value – Opening</i>	3,888,289	3,862,684
Transaction costs capitalised	-	-
Effect of foreign currency translation	(665,728)	25,605
<i>Carrying costs at the end of the period/year</i>	3,222,561	3,888,289

8. Borrowings

	31-Dec-15	30-Jun-15
	A\$	A\$
Umbono Loan Facility used	975,926	840,025
Umbono Loan Facility - capitalised interest	324,347	143,910
Total borrowing under Umbono Loan Facility	1,300,273	983,935
New Loan Facility used	2,791,503	1,257,563
New Loan Facility - capitalised interest	321,187	79,958
Total borrowing under New Loan Facility	3,112,691	1,337,521
	4,412,963	2,321,456
<i>Unused facilities available</i>		
Umbono Loan Facility	1,763,874	1,659,975
New Loan Facility	134,990	-
	1,898,864	1,659,975

Refer to note 12 for basis of fair value measurement.

Notes to the consolidated financial statements

8. Borrowings (continued)

Umbono Loan Facility

On 6 August 2015 both the Umbono Loan Facility was refinanced.

The loan agreement provides for the drawdown in tranches as the working capital requirements of the Company demand the use of such funds, and the aggregate loan drawn down in tranche payments is repayable on or before 31 December 2016. Interest on the amount of facility used is 20% per annum, calculated daily and payable monthly. Subject to shareholder approval, at the election of Umbono, the outstanding amount of the Facility may be converted from debt to equity in the Company and, thereby, potentially avoid the necessity for the Company to repay the whole or part of the Facility converted to equity, by alternate capital raisings or debt funding.

As at 31 December 2015, the total amount owed was A\$1,300,273, leaving A\$1,439,927 available under the Umbono loan facility. The loan is repayable on or before 31 December 2016.

New Loan Facility

On 6 August 2015 both the New Loan Facility was refinanced.

The loan agreement provides for the drawdown in tranches as the working capital requirements of the Company demand the use of such funds, and the aggregate loan drawn down in tranche payments is repayable on or before 31 December 2016. Interest on the amount of facility used is 20% per annum, calculated daily and payable monthly. Subject to shareholder approval, at the election of New Loan Facility parties, the outstanding amount of the Facility may be converted from debt to equity in the Company at 12 cents per share or in the event of a capital raising, and the price of the raising, and thereby, potentially avoid the necessity for the Company to repay the whole or part of the Facility converted to equity, by alternate capital raisings or debt funding.

As at 31 December 2015, the total amount owed was A\$3,112,691, leaving no further drawdowns available under the New Loan Facility. The loan is repayable on or before 31 December 2016.

9. Contributed equity

	31-Dec-15 A\$	30-Jun-15 A\$
Shares on issue	21,166,247	21,166,247
Issuance costs	(1,845,743)	(1,845,743)
	19,320,504	19,320,504
	Number of shares	A\$
<i>Reconciliation of movement in share capital</i>	<i>Date</i>	
Balance at 1 July 2015	139,192,127	19,320,504
Issue of shares	-	-
Issuance costs	-	-
Balance at 31 December 2015	139,192,127	19,320,504

Notes to the consolidated financial statements

9. Contributed equity (continued)

Balance at 1 January 2015	136,692,127	19,665,504
Issuance costs	2,500,000	(345,000)
Balance at 30 June 2015	139,192,127	19,320,504

10. Reserves

	31-Dec-15 A\$	30-Jun-15 A\$
Share-based payment reserve	6,736,168	6,712,014
Foreign currency translation reserve	(949,926)	201,293
	5,786,242	6,913,307

Reconciliation of movement in reserves

Share-based payments reserve

Balance – opening	6,712,014	5,598,280
Equity settled share-based payment transactions	24,154	1,113,734
Balance – closing	6,736,168	6,712,014

Foreign currency translation reserve

Balance – opening	201,293	166,066
Effect of translation of foreign currency operation to group presentation currency	(1,151,219)	35,227
Balance – closing	(949,926)	201,293
	5,786,242	6,913,307

11. Related party transactions

The group structure, including the parent entity and its directly and indirectly held subsidiaries during the six months ending 31 December 2015 was as follows

Loan to	Loan from	31-Dec-15 A\$
Pretzavest 37 Pty Ltd	Sunbird Energy Ltd	3,592,691
Forest Exploration (SA) Pty Ltd	Sunbird Energy Ltd	4,636,281
Anschutz Overseas (SA) Pty Ltd	Forest Exploration (SA) Pty Ltd	966,515
Forest Exploration (SA) Pty Ltd	Pretzavest 37 Pty Ltd	274,986

Notes to the consolidated financial statements

11. Related party transactions (continued)

Key management personnel

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

Mr Kerwin Rana – Executive Chairman
Mr Marcus Gracey – Executive Director
Mr Dorian Wrigley – Non-Executive Director (appointed 12 May 2015)
Mr Gabriel Chiappini – Non-Executive Director (appointed 6 August 2015)
Mr William Barker – Managing Director (Resigned 6 August 2015)
Mr Andrew Leibovitch – Executive Director (Resigned 6 August 2015)
Mr Nathan Rayner – Technical Director
Mr Richard Barker – Company Secretary

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

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

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

There were no other transactions with related parties during the period.

12. Fair value of financial instruments

	Carrying amount A\$	Fair amount A\$
As at 31 December 2015		
Current Assets		
Trade and other receivable	229,489	229,489
Current Liabilities		
Trade and other payable	323,293	323,293
Borrowings	4,412,963	4,412,963
	4,736,256	4,736,256

Notes to the consolidated financial statements

12. Fair value of financial instruments (continued)

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The fair values of borrowings are the same as their carrying accounts since they are repayable within 12 months. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

13. Commitments

There were no commitments in the Group at 31 December 2015.

14. Contingencies

The group had contingent liabilities at 31 December 2015 of A\$186,385 (30 June 2015: A\$186,385) in respect to the restoration and rehabilitation bonds held by the Petroleum Agency South Africa (PASA).

In addition, under the Ibhubesi Agreement and, in addition to the Initial Payments and the Forest Payment, conditional on Sunbird Ibhubesi achieving certain project milestones and commercial development success, the following enhancement payments are also payable to Forest, Anschutz Overseas and Forest Netherlands, subject to stated conditions:

- A total of US\$5 million (A\$5.47 million) payable on execution of a Gas Sales Agreement
- A total of US\$10 million (A\$10.94 million) on Final Investment Decision or First Gas Sales

Further under the Ibhubesi Agreement, the following enhancement payment is also payable to Forest and Anschutz

Overseas from Block produced gas sales achieved during the term of the Production Right for the Block and any extension thereof:

- A total of Sales Enhancement Fee equal to 0.76% of net gas sales revenues

These liabilities have not been brought to account in these financial statements as the contractual cash flow only arises upon the occurrence of the above milestones. Should the milestones not occur, no further amounts are payable by Sunbird to the Sellers under the Ibhubesi Agreement.

14. Dividends

No dividends were paid by the Group during the half year ended 31 December 2015 (2014: nil).

Notes to the consolidated financial statements

15. Events occurring after the reporting period

Musa Capital Loan Facility Agreement

On 17 February 2016 the Company finalised a loan facility agreement with Musa Capital, a South African based private equity firm.

Under the loan facility agreement, drawdowns will be made available to the Company within 5 working days of a written request being submitted and can be used for working capital purposes. Other key terms include:

Principle – AU\$500,000

Interest rate – 20% p.a.

Repayment date – 31 December 2017

Conversion to equity – At the election of the Lender, the debt may be converted to equity at A\$0.12 cents per share or the higher of the subscriptions price per share under any capital raising exercise and A\$0.01 per share.

At the date of this report, no funds had been drawn down under the loan facility agreement.

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

Notes to the consolidated financial statements

Director's Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date and
- (b) There are reasonable grounds to believe that Sunbird Energy Limited will be able to pay its debts as and when they become due and payable.

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



Kerwin Rana

Managing Director

Johannesburg

15 March 2016