

ASX Announcement

29 April 2016

March 2016 Quarterly Report

Southern African gas explorer and developer Sunbird Energy Ltd (**ASX: SNY**) is pleased to provide an update on its activities for the quarter ending 31 March 2016.

Progressing Fully Termed Gas Sales Agreement with Eskom

As previously reported negotiations regarding the fully termed Gas Sales Agreement (GSA) continue between the Ibhubesi Gas Project (IGP) joint venture, comprising Sunbird (76%) and PetroSA (24%) and Eskom Holdings (SOC) Ltd (Eskom) for the supply of gas to the Ankerlig Power Station.

The previously agreed 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.

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 Q2 2016 before being submitted to the Department of Environmental Affairs for approval.

Conditional Asset Sale Agreement Executed

As announced 19 April 2016 the Company has executed a conditional agreement for the sale of all non-cash assets, being its 74% interest in the Mopane, Springbok Flats and Springbok Flats West projects in South Africa, and its 76% interest in the Ibhubesi Gas Project in South Africa ("Transaction"). The agreement has been entered into with Sunbird Energy Holdings Pty Ltd ("Purchaser"), a private, black-owned South African company comprised of a consortium of the major shareholders and debt holders of Sunbird and led by Umbono Capital Pty Ltd, a black-owned South African resources and energy investment and development company ("Umbono").

Upon completion of the Transaction, the total consideration payable to Sunbird will include:

- (a) Cash payment of approximately A\$1 million (subject to minor adjustment to account for GST returns owing to the Company and Transaction and administration costs to completion);
- (b) the buyback and cancellation of 55 million existing shares in Sunbird held by parties associated with the Purchaser; and
- (c) assignment of all of Sunbird's debt, totaling approximately A\$4.8 million, to the Purchaser.

The Transaction will be effected by Sunbird, among other things:

- (a) selling all the issued share capital of Sunbird Energy (Ibhubesi) Pty Ltd and Sunbird's 74% interest in Pretzavest 37 (Pty) Ltd to the Purchaser, pursuant to a share sale agreement;
- (b) undertaking a selective share buyback pursuant to a buyback agreement; and
- (c) assigning Sunbird's current debt and associated loan deeds to the Purchaser, pursuant to a deeds of assignment and release.

Pursuant to the terms of the agreement, current directors Kerwin Rana and Dorian Wrigley, who are also directors of Umbono, have agreed to resign from the Board of Sunbird effective from completion.

Completion of the Transaction will be subject to the satisfaction of various conditions, including approval by Sunbird shareholders. Such approval is to be sought at a general meeting, expected to be held in early June 2016, with a notice of general meeting, Explanatory Memorandum and Independent Expert's Report to be released shortly.

In addition to the Transaction agreement, the company has also executed a corporate advisory mandate with Cygnet Capital Pty Limited ("Cygnet Capital"). Pursuant to the mandate, Cygnet Capital will assist the company with the identification and introduction of new business opportunities. Following completion of the Transaction, Sunbird will have 83,992,127 ordinary shares on issue, net cash holdings of approximately A\$1 million, and no debts owing under loan facilities.

**** ENDS ****

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

Kerwin Rana

Chairman, Sunbird Energy Ltd

Tel: +27 11 484 5005

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		Not renewed
Mopane	South Africa	74%	30/5/2/3/ 2/99ER	Exploration Right Granted	
Springbok Flats	South Africa	74%	12/3/104ER	Exploration Right Granted	
Springbok Flats West	South Africa	74%	12/2/46	TCP Granted	
Ibhubesi	South Africa	76%	12/4/03	Production Right	

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 Ibhubesi 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")

31 March 2016

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 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	(90)	(371)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(653)	(1,875)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	6
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Other (recovery of costs from JV partner)	44	235
	Net Operating Cash Flows	(700)	(2,008)
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
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	13
1.13	Total operating and investing cash flows (carried forward)	(700)	(1,995)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(700)	(1,475)
	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	-	1,560
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)	62	62
	Net financing cash flows	62	1,622
	Net increase (decrease) in cash held	(638)	(1011)
1.20	Cash at beginning of quarter/year to date	775	1,148
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	137	137

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

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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	400
4.2	Development	-
4.3	Production	-
4.4	Administration	200
Total		600

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	45	618
5.2	Deposits at call	92	157
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		137	775

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference	Nil	Nil	
7.2	+securities (description)			
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	
7.5	+Convertible debt securities (description)	Nil	Nil	

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil			
7.7	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
	SNYOR5	3,000,000	Nil	50 cents	01-Oct-16
7.10	Issued during quarter				
		Nil	Nil		

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Appendix 5B

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

Compliance statement

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

Sign here: Date:
Company Secretary

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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