

ASX Announcement
26 August 2013

US Government Agency Provides Funding for Sunbird Energy's Ibhubesi Gas Development

- **US Government agency to fund 80% of A\$1million work programme to progress the Ibhubesi Gas Project Field Development Plan**
- **Grant highlights regional importance of Ibhubesi Gas Project**

Southern Africa gas explorer and developer Sunbird Energy Ltd (ASX:SNY) is pleased to announce that the U.S. Trade and Development Agency (USTDA) has granted funding to progress the field development plan for the 540 Bcf (2P) Ibhubesi Gas Project (SNY 76%), offshore South Africa.

After an in-depth assessment, USTDA has notified Sunbird that it will provide 80% (approximately A\$800,000) of the funding for development of the Ibhubesi Gas Project Field Development Plan (FDP). The field development work will be undertaken by respected US-based consultants MHA Petroleum Consultants LLC. The in-depth FDP work includes studies on Reservoir Modelling, Production Forecasts and the design of a Production Drilling Programme.

"Sunbird is delighted to have secured the U.S. Government's USTDA support for the advancement of the Ibhubesi Gas Project," Sunbird Energy Managing Director Will Barker said.

"It is very strong validation of the regional importance of Ibhubesi to the South African energy equation. With Ibhubesi being the largest undeveloped gas field in South Africa, its proven reserves can replace high cost imported diesel and help meet the significant demand for gas fired power generation."

USTDA is an independent U.S. Government foreign assistance agency that is funded by the U.S. Congress. The agency provides grant funding to overseas project sponsors for the planning of projects that support the development of modern infrastructure and an open trading system.

"This project supports both President Obama's Climate Action Plan and South Africa's Integrated Resource Plan 2010, which calls for the expansion of gas-fired power generation from 2% to 11% of the total supply by 2030," said U.S. Charge d'Affaires for South Africa Catherine Hill-Herndon. "South Africa's transition to clean energy is critically important."

USTDA Director Leocadia Zak recently joined U.S. President Barack Obama on his visit to Southern Africa, where developing new energy projects was a major focus.

A highlight of that U.S. visit in early July included the unveiling of the "Power Africa" initiative, which aims to double access to electricity in sub-Saharan Africa by adding more than 10,000 megawatts of cleaner, more efficient electricity generation capacity, with domestic gas reserves in Africa suggested as being a critical component of that change. The United States will commit more than \$7 billion in financial support over the next five years to this initiative.

Based on recent studies, development of the Ibhubesi gas field would provide South Africa, with critical gas-fired power generation capacity at an economically competitive tariff, offsetting current high cost diesel imports.

The studies found development of a known domestic energy resource would also create a new industry in South Africa and provide local energy supply to the nation's west coast, increasing mid-merit and peaking power capacity and alleviating power shortages while adding new business and employment opportunities in the region. Additionally, development would provide significant government revenues throughout the life of the project through royalties, corporate taxes and state participation.

The FDP, together with the engineering designs of the gas processing facilities and export pipeline, will form the basis of the Front End Engineering and Design (FEED) studies. Based on the current schedule, this would enable a Final Investment Decision (FID) to be taken in the first half of 2015, allowing gas to be brought into the market in late 2017/early 2018.

Competent Person Statement

The reserves and resource estimates used in this announcement were compiled by Tim Hower of MHA Petroleum Consultants LLC and are consistent with the definitions of proved, probable, and possible hydrocarbon reserves and resources that appear in the Australian Stock Exchange (ASX) Listing Rules. Mr Hower is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the reserves and resource figures in the form and context in which they appear in this announcement.

**** ENDS ****

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

Will Barker	Managing Director, Sunbird Energy Ltd	Tel: +61 8 9463 3260
Colin Hay	Media Contact, PPR	Tel: +61 8 9388 0944

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 has executed an agreement to acquire a 76% stake in the Ibhuesi Gas Project offshore of the west coast of South Africa. The transaction, which is subject to approval of transfer of title from the South African Department of Mineral Resources, will give Sunbird the right to operate and develop the Ibhuesi Gas Project, South Africa's largest undeveloped gas field. The Ibhuesi Gas Project has multiple development opportunities including gas-fired power projects to supply the high value South African energy market. Sunbird's joint venture partner in the project is PetroSA (24%), the national oil company of South Africa.

Sunbird also has a portfolio of five Coal Bed Methane (CBM) projects covering an extensive area (9,904km²) of prospective coal basins across in South Africa and Botswana. Sunbird is conducting a phased exploration program that will define the resource base and demonstrate the commercial potential of its portfolio of CBM assets, which contain a Best Estimate Gas-in-Place of 5.3 Tcf (trillion cubic feet).