

ASX Announcement

9 October 2013

South African Government Approves Transfer of Ibhubesi Gas Project to Sunbird

The Directors of Sunbird Energy Ltd (ASX: SNY) are pleased to announce that the South African Government, through the Petroleum Agency of South Africa (“PASA”) and the Department of Mineral Resources (“DMR”), has approved the Section 11 transfer of the offshore Block 2A licence, which includes the Ibhubesi Gas Project (“the Project”) to Sunbird.

The approval permits Sunbird’s acquisition of a controlling interest in the production licence. Sunbird now holds an operating interest of 76% with the South African national oil company PetroSA holding the remaining 24% of the licence.

Since announcing the acquisition in December of 2012, Sunbird has rapidly progressed the development of the Ibhubesi Gas Project delivering a series of major milestones, including:

- Completed Feasibility Studies confirming technical and commercial viability of the Project;
- Independent certification of reserves, 540 Bcf (2P);
- Successfully completed Concept Select engineering studies; and
- Secured funding from the US Trade and Development Agency for completion of the Subsurface Reservoir Modelling.

“Sunbird, along with our South African empowerment partner Umbono Capital, is very pleased with this outcome. We were particularly happy with the extremely professional and timely handling of the approvals process by the regulators. This approval represents the achievement of a critical milestone for Sunbird, by consolidating our position as the operator of South Africa’s largest and most advanced undeveloped gas field with a significant 76% working interest.

“The transfer allows us to now focus on securing a gas market which will further unlock the significant value of the Project’s proven reserves base and large exploration potential. On our current economic modelling of the 2P reserves base, the Project has a potential Net Present Value of over US\$1 billion,” Sunbird Energy’s Chairman Kerwin Rana said.

Sunbird is advancing two key routes to market for the Project, namely gas supply to Eskom’s Ankerlig Power Plant which is currently burning expensive imported diesel, and the Department of Energy’s Independent Power Plant tender for a new 474 MW gas fired facility.

With the Ibhubesi Gas Project being South Africa’s largest proven gas field and its strategic location on the energy-constrained west coast, Sunbird is in a strong position to commercialise a domestic gas reserve of national importance.

Generating power from Ibhubesi gas will increase energy security, replacing expensive imported fuel, provide critical mid-merit and peaking power and offset the large transmission losses from the grid. Ibhubesi will also provide substantial revenues to the South African government through income taxes, and royalties on the sale of oil and gas.

Having completed the Concept Select phase of the Project, Sunbird has now commenced Field Development Planning as part of the Front End Engineering and Design phase, this will enable the Project to reach a Final Investment Decision in early 2015.

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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 acquired a 76% stake in the Ibhubesi Gas Project offshore of the west coast of South Africa. The transaction, which has been approved by the Petroleum Agency of South Africa and the Department of Mineral Resources, provides Sunbird the right to operate and develop the Ibhubesi Gas Project. The Ibhubesi Gas Project has multiple development opportunities including gas-fired power projects to supply the high value South African energy market.

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).