

3 July 2014

ASX Release

Fund raising and SM6 #1 BP01 update

Byron Energy Limited (“Byron or the Company”) (ASX:BYE) is pleased to announce that commitments have been received to raise A\$1.9 million through a private placement (“Placement”) to sophisticated and professional investors.

Placement details

The Placement involves the issue of 2,876,923 fully paid ordinary shares at A\$0.65 per share raising \$A1,870,000. This amount represents approximately 2.1% of the Company’s existing shares on issue and is within the Company’s 15% placement capacity under ASX Listing Rule 7.1.

The new shares issued under the Placement will rank equally with existing Byron shares.

The Placement was not underwritten and is expected to be finalised on Thursday 10 July 2014.

Unsecured Loan

Byron is in the process of putting in place an unsecured loan facility (“Unsecured Loan Facility”), which combined with the proceeds from the Placement, will be used to fund the side-track of Byron Energy SM 6 #1 BP02 well (“SM 6 #1 BP02”) to the originally planned total depth (see below). It is expected that the loan facility will be for up to \$US3.3 million, repayable in cash by 1 July 2015 and bearing interest at rate of 10% per annum from date of drawdown. Doug Battersby, Maynard Smith and Charles Sands, all directors of and substantial shareholders in the Company, have advised that they will participate in the Unsecured Loan Facility. For clarity, the Unsecured Loan Facility is in addition to the unsecured convertible loan from Directors of \$A2,000,000 announced to the market on 20 June 2014.

SM 6 #1 BP01 well update

As announced on 30 June 2014, the drill pipe in the Byron Energy SM6 #1 BP01 well (“SM 6 #1 BP01”) was differentially stuck at approximately 4,600 feet (1,402 metres). With attempts to free the differentially stuck drill pipe unsuccessful, Byron obtained approval from the Bureau of Safety and Environmental Enforcement (“BSEE”) to sever the drill pipe at 4,818 feet (1,469 metres) just below the surface casing shoe, pull pipe, set cement and then side-track the well off the cement plug from approximately 4,300 feet (1,310 metres) measured depth and true vertical depth, with the well renamed Byron Energy SM6 #1 BP02 (“SM6 #1 BP02”). The plan is to drill

the wellbore along a path parallel to the originally planned well bore to a total measured depth of 9,571 feet (2,917 metres) and 9,320 feet (2,841 metres) true vertical depth. To finance the cost of SM6 #1 BP02 well Byron requires additional funding which will be provided by the Placement and the Unsecured Loan Facility.

SM 6 #1 BP02 wellbore is being re-engineered based on data obtained from the previous drilling. The Company will be using a different mud system which will be more tolerant to the expected higher pressures, a different bit system will be utilized to optimize rates of penetration and directional control, and a different casing program will be employed which will allow the higher pressure G Sand section to be drilled with greater certainty. In addition, the well path has been redesigned to minimize directional work in the high pyrite concentration sands and finally, the type of Logging While Drilling tools in the drill string will be changed to reduce financial exposure.

Current operations, at approximately 4.00 pm (USA Central Time) on 2 July, 2014 are completing required 14 day BOP tests and 30 day casing tests and on loading equipment for the next phase of drilling.

SM 6 #1 BP02 is located in South Marsh Island Block 6 ("SM 6"), in a water depth of 65 feet (20 metres), 216 kilometres south-west of New Orleans, Louisiana, USA. Byron, through its wholly owned subsidiary Byron Energy Inc. (the operator), has a 100% working interest and an 81.25% net revenue interest in SM 6.

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