



18 March 2013

ENTRY INTO US OIL AND GAS SECTOR THROUGH PROPOSED ACQUISITION OF BYRON ENERGY PTY LTD AND \$12.4 MILLION CAPITAL RAISING

Trojan Equity Limited (“Trojan” or the “Company”) announces its intention to enter into the oil and gas sector in the USA through the proposed acquisition (“Acquisition”) of Byron Energy Pty Ltd (“Byron”) and a \$12.4 million capital raising (“Capital Raising”) (collectively “Transaction”).

To implement this initiative, Trojan proposes to enter into a conditional agreement to acquire all the issued capital of Byron from its founders and other investors.

On completion of the Transaction, Trojan will change its name to Byron Energy Limited.

1. Business to be Acquired – Byron

Byron has working interests in 16 oil and gas leases in the Outer Continental Shelf of the Gulf of Mexico, in shallow waters off the shore of Louisiana, USA.

Byron’s team, led by its Chief Executive Officer and co-founder Maynard Smith, its Non-Executive Chairman and co-founder Doug Battersby and its Chief Operating Officer Prent Kallenberger, have an extensive and successful record in companies involved in the identification, analysis, leasing and development of oil and gas prospects, and their subsequent exploitation, in the Gulf of Mexico.

Proved, probable and possible (3P) reserves attributable to Byron have been independently estimated at 7.8 MMBbls of oil and 164.7 Bcf of gas.

Byron will initially focus on its South Marsh Island Block 6 which has attributable 3P reserves of 5.4 MMBbls of oil and 11.5 Bcf of gas. These reserves include 3.2 MMBbls of oil in the proved (1P) category.

A summary of the properties and of the stated reserves is included in Appendices A and B.

2. Consideration for Proposed Acquisition and Capital Raising

It is intended that the consideration for the Acquisition will be satisfied by the issue of Trojan Shares and Trojan Options. Each Byron shareholder will receive 2.5 Trojan Shares and 0.4 Trojan Options (unlisted and exercisable at \$0.50 before 31 December 2016) for each Byron share held. For each Byron option held, each Byron option holder will receive 2.5 Trojan Options. Based on the current issued capital of Byron, it is anticipated that the



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total consideration will be the issue of 84,026,405 Trojan Shares and 25,256,725 Trojan Options to Byron security holders. In addition 2,600,000 Options will be issued to specified Byron personnel.

The Capital Raising comprises two elements, as follows.

- a non-renounceable entitlement offer to Trojan Shareholders on a two for one basis at \$0.40 per Trojan Share (with one Trojan Option for every 2.5 new shares applied for) to raise up to \$6.2 million ("**Entitlement Offer**"); and
- a placement of Trojan Shares at \$0.40 per Trojan Share (with one Trojan Option for every 6.25 Trojan Shares) to raise a further \$6.2 million ("**Placement Offer**").

If subscribed in full, the Entitlement Offer and Placement Offer will raise \$12.4 million ("**Full Subscription**").

A condition of the Acquisition is that Trojan must raise at least \$11.2 million in the Capital Raising, subject to at least \$5.0 million being raised under the Entitlement Offer.

Directors have reserved the right to accept applications under the Placement Offer for up to a further \$2 million of investment ("**Oversubscriptions**").

It is intended that the funds raised from the Capital Raising (assuming Full Subscription), together with Trojan's and Byron's existing cash reserves of around \$5.1 million as at 28 February 2013, will be primarily used to:

- meet the costs of a one well drilling programme on the South Marsh Island Block 6 prospect (\$9.1 million);
- meet lease acquisition and rentals and seismic data costs (\$2.3 million);
- meet the annual administration costs of the Company (\$2.6 million); and
- meet the expenses of the Transaction (\$0.9 million).

The remaining balance will be used to augment Byron's working capital reserves. If Oversubscriptions are available and accepted, these will be used to further enhance the Company's working capital reserves.

3. Conditions Precedent to Completion of the Transaction

The Company has entered into an agreement to acquire all the issued capital of Byron which is being held in escrow pending the issue of a prospectus in connection with the Transaction. On issue of the prospectus, the escrow will be released and the agreement effective.

Completion of the Transaction ("**Completion**") will be conditional on, among other things:

- successfully raising of a minimum of \$11.2 million through the Entitlement Offer and Placement Offer, subject to at least \$5.0 million being raised in the Entitlement Offer;
- there being no material adverse change in respect of the Company or Byron; and
- Trojan shareholders approving:
 - a) the change of nature and scale of Trojan's activities arising from the Transaction;

- b) the issue of 84,026,405 Trojan Shares and 25,256,725 Trojan Options to Byron security holders and a further 2,600,000 Trojan Options to specified Byron personnel;
- c) the issue pursuant to the Placement Offer of up to 20,577,375 Trojan Shares at \$0.40 each and 3,292,380 Trojan Options; and
- d) such other resolutions as may be necessary to give effect to the Transaction and the consequential change of activities.

An Extraordinary General Meeting of Trojan's shareholders is scheduled to be convened in Sydney on or about 22 April 2013 (the "EGM") to consider and vote on each of the above matters, and other matters pertinent to the Transaction. A Notice of Meeting and explanatory statement will be released to the market separately and sent to Trojan Shareholders.

4. Change of Activities

Completion of the Transaction will cause a significant change in the Company's activities. Due to the magnitude of the change in the nature and scale of the Company's activities the Company will be required to satisfy the provisions of Chapters 1 and 2 of the ASX Listing Rules as if re-applying for admission to the Official List of the ASX.

On the date of the EGM, the Company will place itself in a trading halt and ASX will suspend trading of the Company's securities. If all transaction-related resolutions are passed at the EGM, ASX quotation of and trading in Trojan shares is expected to remain suspended until such time as Trojan has completed its required compliance with Chapters 1 and 2 of the ASX Listing Rules. In such circumstances, the directors of Trojan anticipate that compliance with these requirements and re-quotation of shares will be achieved on or about 27 May 2013.

5. Capital Structure Following Completion of the Proposed Transaction

Immediately following completion of the Transaction, assuming Full Subscription the capital structure of the Company is expected to be as follows:

	No. of shares	No. of options
On issue prior to the Transaction	7,788,687	-
Issued under the Entitlement Offer	15,577,374	6,230,950
Issued to acquire Byron	84,026,405	13,444,225
Issued to reflect the Placement Offer	15,577,375	2,492,380
Issued to replace existing Byron options	-	11,812,500
Issued to specified Byron personnel	-	2,600,000
Securities on issue at completion of the Transaction	122,969,841	36,580,055

The market capitalisation of the Company, based on the offer price of \$0.40 and Full Subscription, is expected to be \$49.2 million.

If only the minimum subscription is reached, the figures within the table would vary downwards, the total shares and options being 119,892,467 and 35,349,105, respectively.

If Full Subscription plus maximum Oversubscriptions is reached, the figures in the table would vary upwards, the total shares and options being 127,969,841 and 37,380,055, respectively.

All Trojan Options will be unlisted, have an exercise price of \$0.50 and an expiry date of 31 December 2016. The full terms of the Trojan Options will be set out in the Prospectus and Notice of Extraordinary General Meeting.

On completion of the proposed Transaction, assuming Full Subscription and assuming the persons referred to do not participate in the Capital Raising, interests associated with Maynard Smith and Doug Battersby, the co-founders of Byron, will respectively hold 12.4% and 15.1% of the Company's issued share capital. If the persons referred to do participate in the Capital Raising, which they may do, subject to Trojan Shareholder approval, those persons and interests associated with them would hold a higher percentage shareholding in the Company, although in no circumstances would either hold 20% or more.

6. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet of the Company is based on the audit reviewed accounts of Trojan and the unaudited management accounts of Byron at 31 December 2012, and adjusted for the impact of the following events:

- (i) the Entitlement Offer to raise \$6,230,950 at \$0.40 per Share through the issue of 15,577,374 New Shares and 6,230,950 Options;
- (ii) the acquisition of 100% of Byron through the issue of 84,026,405 New Shares and 27,856,725 Options to Byron security-holders and specified Byron personnel. Each holder of Byron options will receive 2.5 Trojan Options for each Byron option;
- (iii) the Placement Offer to raise \$6,230,950 through the issue of 15,577,375 Shares at \$0.40 per Share and 2,492,380 Trojan Options on the basis of 1 Trojan Option for every 6.25 Trojan Shares (with the ability to accept an additional \$2,000,000 in Oversubscriptions through the issue of up to 5,000,000 shares and 800,000 options); and
- (iv) costs of the Transaction, which are estimated to be \$0.9 million.

The balance sheet is shown in US dollars, which reflects the operating currency of Byron.

Trojan Equity Limited	Statement of Financial Position ¹ 31 December 2012 US\$000	Pro Forma Post Equity raising and acquisition US\$000
Current Assets		
Cash and cash equivalents	2,574	18,552
Trade and other receivables	326	362
Other current asset	-	51
Deferred Tax Asset	3	3
Total current assets	2,903	18,968
Non-current assets		
Exploration and evaluation assets	-	6,276
Property, plant and equipment	-	55
Total non-current assets	-	6,331
Total Assets	2,903	25,299
Liabilities		
Trade and other payables, and provisions (current)	14	1,227
Income tax payable	471	471
Total liabilities	486	1,698
Net Assets	2,418	23,601
Shareholders' equity		
Issued capital	2,941	49,172
Reserves	-	2,010
Accumulated losses	(524)	(27,581)
Total shareholders' equity	2,418	23,601

1 Trojan's Statement of Financial Position has been converted to US\$ at an exchange rate of \$1.00 = US\$1.0384

2 The acquisition of Byron has been accounted for as a reverse asset acquisition in accordance with AASB 3.

Following the recent sale of certain properties, Byron has no revenue producing assets and is unlikely to produce revenue in the next 12 months. Trojan has operated as an investment company and its revenue has fluctuated according to the level of its investment activity, which will be ceased.

7. Proposed Changes to the Board of Directors and Management

Messrs Doug Battersby, Maynard Smith, Prent Kallenberger, Charles Sands and Paul Young will join the board of Trojan prior to the issue of the Prospectus.

Doug Battersby is the present Executive Chairman of Byron and, upon Completion he will become the Non-Executive Chairman of the Company. Maynard Smith will continue in his position as Chief Executive Officer and Prent Kallenberger will be Chief Operating Officer. Nick Filipovic is the Chief Financial Officer of Byron and, upon Completion, will become the Chief Financial Officer of the Company.

Prior to the issue of the Prospectus, Andrew Kemp, Troy Harry and Roger Clarke will resign as Directors of Trojan.

The backgrounds of the members of the new Board of Directors are as follows:

Doug BattersbyNon-Executive Chairman

Doug is a petroleum geologist with over forty years' technical and managerial experience in the Australian and international oil and gas industry.

Doug co-founded two ASX listed companies (Eastern Star Gas Limited, which was taken over by Santos Limited in November 2011, and SAPEX Limited, which was taken over by Linc Energy Limited in October 2008) and two private oil and gas exploration/development companies, Darcy Energy Limited, which was sold to I B Daiwa Corporation in 2005, and Byron where he is Executive Chairman. Between 1990 and 1999 Doug was Technical Director at Petsec Energy Limited, an ASX listed operator in the shallow waters of the Gulf of Mexico with production reaching 100 MMcf per day of gas and 9,000 barrels per day of oil in 1997.

Doug holds a Master of Science degree in Petroleum Geology and Geochemistry from Melbourne University.

Maynard SmithChief Executive Officer

Maynard is a geophysicist with over thirty years' technical and managerial experience in the oil and gas industry with a particular focus on the Gulf of Mexico.

Maynard co-founded Darcy Energy Limited and Byron where he is Chief Executive. Prior to that Maynard was Chief Operating Officer with Petsec Energy Limited (1989-2000). In the late 1970s and early 1980s Maynard held senior exploration positions with Tenneco Oil Company, based in Bakersfield, California.

He holds a Bachelor of Science degree in Geophysics from California State University at San Diego.

Prent KallenbergerChief Operating Officer

Prent is a geoscientist with over thirty years' experience in the oil and gas industry with extensive exploration and development experience in the Gulf of Mexico, having generated prospects which have led to the drilling of over 125 wells in the Gulf of Mexico and California. He is Vice President of Exploration with Byron.

Between 2000 and 2006 Prent was Vice President of Exploration with Petsec Energy Inc, where he was responsible for a team of seven people and generated projects leading to the drilling of 10 successful wells in 12 attempts in the shallow waters of the Gulf of Mexico. These wells produced 32 Bcf of gas and 1.5 MMBbls of oil. Between 1992 and 1998 Prent was Geophysical Manager with Petsec Energy Inc.

He holds a Bachelor of Science degree in Geology from Boise State University and Master of Science degree in Geophysics from Colorado School of Mines.

Charles SandsNon-Executive Director

Charles has been a non-executive director of Byron since inception and was also a director of Darcy Energy Limited.

Charles has over thirty years' of broad based business and management experience in the USA and is President of A. Santini Storage Company of New Jersey Inc, enabling him to advise on the general business operating environment and practices in the USA.

He holds a Bachelor of Science from Monmouth University.

Paul YoungNon-Executive Director

Paul is the co-founder and an executive director of Baron Partners Limited, a well-established corporate advisory business, and has been in merchant banking in Australia for more than 26 years. He has extensive experience in the provision of corporate advice to a wide range of Australian and foreign listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions.

A qualified chartered accountant in England and Wales, Paul has a degree in economics from the University of Cambridge, an Advanced Diploma in Corporate Finance and is a Fellow of the Australian Institute of Company Directors.

Paul is Chairman of Tidewater Investments Limited (ASX: TDI) and a Director of Thomas & Coffey Limited (ASX: THO), Ambition Group Limited (ASX: AMB) and several private companies.

In addition to Maynard Smith and Prent Kallenberger, the senior management team also includes **Nick Filipovic** who will be Chief Financial Officer and Company Secretary. Nick is a qualified accountant (FCPA) with over 30 years' experience in the financial services and natural resources industries, including oil and gas, where he has held a range of senior financial and commercial management positions. He is Chief Financial Officer and Company Secretary of Byron.

8. Proposed Timetable

Subject to ASX Listing Rules and Corporations Act requirements, and satisfaction of all the proposed conditional elements of the overall Transaction including the proposed Capital Raising and obtaining Trojan shareholder approval, the Company anticipates completion of the proposed Transaction in accordance with the following timetable (which is subject to change by the Company).

18 March 2013	Transaction announced.
18 March 2013	Prospectus lodged with ASIC.
19 March 2013	Notice of Meeting and Explanatory Memorandum and letter to Shareholders (Entitlement Offer) dispatched.
11.30am (Sydney time) 22 April 2013	Extraordinary General Meeting of Shareholders and suspension of trading.
7am (Brisbane time) 2 May 2013	Record date for Entitlement Offer.

3 May 2013	Completion of dispatch of Prospectus to Shareholders.
5pm (Brisbane time) 17 May 2013	Entitlement Offer closing date.
20 May 2013	ASX notified of shortfall under Entitlement Offer.
5pm (Brisbane time) 20 May 2013	Placement Offer and Acquisition Offer closing date.
22 May 2013	Expected date for completion of Transaction.
24 May 2013	Expected date for allotment of Shares and Options under the Placement Offer, Entitlement Offer and Acquisition.
24 May 2013	Expected dispatch of holding statements.
27 May 2013	Trading expected to re-commence.

* These dates are indicative and, subject to the Listing Rules, may be changed without prior notice.

The Directors of Trojan believe the proposed Transaction will provide the Company with an interesting and exciting opportunity supported by an experienced management team. They intend to support the Transaction in respect of all Shares in which they have an interest.

The corporate adviser to the Transaction is Baron Partners Limited, and the legal adviser is Piper Alderman.

Enquiries should be directed to:

Troy Harry
 Managing Director
 (07) 3121 5666

Appendix A Summary of Byron properties
 Appendix B Stated reserves of Byron

APPENDIX A SUMMARY OF BYRON PROPERTIES

Byron's properties may be summarised as follows:-

Operated Properties	Operator*	Interest WI/NRI (%)	Status	Lease Expiry Date	Lease Area (Km2)
South Marsh Island					
Block 6	Byron	100.00/81.25	Exploration	June 2015	20.23
Block 70	Byron	100.00/81.25	Exploration	July 2017	22.13
Block 71	Byron	100.00/81.25	Exploration	July 2017	12.16
Ship Shoal					
Block 180	Byron	100.00/81.25	Exploration	May 2015	20.23
West Delta					
Block 49	Byron	100.00/81.25	Exploration	May 2014	20.23
West Cameron					
Block 490	Byron	100.00/79.25	Exploration	May 2014	20.23
Block 491	Byron	100.00/79.25	Exploration	May 2014	20.23
Block 475	Byron	100.00/79.25	Exploration	January 2015	20.23
Block 469	Byron	100.00/79.25	Exploration	January 2015	20.23
Block 472	Byron	100.00/79.25	Exploration	January 2015	20.23
Block 473	Byron	100.00/79.25	Exploration	January 2015	20.23
East Cameron					
Block 154	Byron	100.00/81.25	Exploration	July 2017	20.23
Block 190	Byron	100.00/81.25	Exploration	July 2017	20.23
Eugene Island					
Block 191	Byron	100.00/81.25	Exploration	July 2017	20.23
Block 210	Byron	100.00/81.25	Exploration	July 2017	20.23
Grand Isle					
Block 95	Byron	100.00/79.75	Exploration	September 2017	18.37

* Byron is the designated operator of these leases each of which is designated by BOEM as a 'No Operations lease', a lease with no submittal to BOEM of operational activity plans.

APPENDIX B BYRON's RESERVES as at March 2013

	Net attributable to Byron					
Oil & Gas Reserves*	Proved		Proved & Probable		Proved, Probable & Possible	
Oil reserves (MMBbls)						
SMI 6	3,239		4,181		5,402	
Other Operated Properties	26		597		2,418	
Total	3,265		4,778		7,820	
Gas reserves (MMcf)						
SMI 6	6,684		7,997		11,447	
Other Operated Properties	12,939		61,905		153,300	
Total	19,623		69,902		164,747	

The reference to hydrocarbon reserves in this announcement is based on information reviewed and compiled into an Independent Technical Report by Mr Andrew Andrejewski BSc, GradDip B Admin, FAusIMM (CP), FAIM. A copy of this report will be included in the prospectus to be sent to shareholders. The reserves estimates are consistent with the definitions of Proved, Probable and Possible hydrocarbon reserves defined by the Australian Securities Exchange (ASX) Listing Rules. Mr Andrejewski is a qualified person as defined in ASX Listing Rule 5.11 and has consented to the inclusion of reserves information in this announcement in the form and context in which it appears.