

**28 November 2013**

**Chairman's Address – AGM 28 November 2013**

This is my first Annual General Meeting since I was elected a Director of Byron Energy Limited and it is my privilege to serve as your Chairman.

In its April 2013 prospectus, Byron Energy Limited advised that our primary objective in 2013/14 would be the drilling, as operator and 100% Working Interest holder, of the SM6 #1 well to test the South West Prospect on the South Marsh Island Block 6, a salt dome play.

We also stated that:-

- (i) the leases acquired at the Central Gulf of Mexico Oil and Gas lease sales held in June 2012 and March 2013, over six separate salt domes would require the acquisition and interpretation of ARTM (Anisotropic Reverse Time Migration) seismic data such as was used in the mapping of the SM 6 prospect, and
- (ii) Byron would continue to evaluate opportunities to add to its shallow water lease portfolio through bidding at the future Central Gulf of Mexico ("GOM") lease sales with oil prone leases being preferred.

Since completion of the fundraising in May 2013, Byron has been executing the plans outlined in the prospectus.

**South Marsh Island 6**

Byron is planning to drill the SM6 #1 Well in South Marsh Island Block 6 in the shallow waters of the GOM during the March quarter, 2014. As previously reported a Spartan jack-up drilling rig has been secured to spud SM6 #1 around 1 March 2014. In preparation for drilling a seven slot, 72 inch diameter steel caisson, 266 feet in length, has been purchased and will be set at the surface location in January 2014. The caisson will serve as the initial surface structure for the drilling of the SM 6 #1 well.

More recently, the Bureau of Ocean Energy Management approved Byron's Exploration Plan, a major milestone in the approval process. The Company is now focussed on finalising an Application for Permit to Drill ("APD") which is expected to be submitted to the Bureau of Safety and Environmental Enforcement within the next few days. In the normal course, approval of the APD is expected by the end of December 2013.

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## Salt Dome Projects

Byron currently holds acreage over six salt dome projects in the GOM, in addition to SMI 6, also a salt dome play. Four projects are over oil prone salt domes and two are over more gas prone salt domes. We have now acquired the latest 3D seismic data over all of these projects plus ARTM data over one of these projects. We are steadily proceeding with the necessary interpretation of this 3D data prior to the receipt of the remaining ARTM data in 2014.

As previously reported Byron contracted to acquire ARTM seismic data (and 3D data) over the Eugene Island 190, 191, 210 salt dome project which is expected to be delivered to the Company in early 2014.

In October 2013 Byron acquired and took delivery of 3D seismic data and ARTM seismic data over its South Marsh Island 70/71 salt dome project area which will allow Byron to undertake detailed mapping of this complex salt dome.

Byron is currently negotiating with several seismic processing companies to acquire ARTM seismic data over its other salt dome project leases for delivery in 2014.

## Other Projects (non-salt dome projects)

Although prospects for higher gas prices in the longer term remain in place the continued soft natural gas price in the US (recently gas prices have traded around \$US3.50 per MCF) is considered likely to persist for at least another 12 months, due to the continuing oversupply situation, making the economics of drilling gas prone projects relatively unattractive and hence difficult to farmout. Therefore it is increasingly unlikely that two of our pure gas projects (WC 490 and WC 472), and the gas prone project at WD 49, will be drilled by Byron, or a farminee, prior to lease expiry dates in 2014. None of these three projects contains proved reserves.

## Conclusion

With the drilling approval process proceeding as expected, rig contract secured and caisson acquired, Byron is well positioned for the drilling of the SM 6 #1 well. We are also making very good progress with the evaluation of 3D seismic over our salt dome projects and are making progress in acquiring ARTM over them.

And finally we see a number of good opportunities to add to our existing lease portfolio, primarily through participation in future GOM lease sales.

## Contact:-

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