

30 December 2015

ASX Release

Byron announces successful \$A4.5 million equity raising to complete financing of Q1 2016 drilling programme

Byron Energy Limited (“Byron” or the “Company”) (ASX:BYE) is pleased to announce that commitments have been received to raise \$A4.5 million through a placement (“Placement”) of 29.9 million new shares. The Placement was strongly and mainly supported by most of the Company’s larger shareholders, including interests associated with directors.

Placement details

The Placement consists of 29,928,333 fully paid new ordinary shares to be issued at A\$0.15 per share to raise \$A4.5 million (before issue costs). The Placement price of A\$0.15 per share represents a 18.65% discount to the 5 day Volume Weighted Average Price (“VWAP”) of A\$0.18439 and a 15.09% discount to the 15 day VWAP of A\$0.17665.

The Placement shares will be issued in two tranches:-

- an unconditional placement of 23,866,666 shares to raise approximately \$A3.6 million utilising the Company’s existing Listing Rule 7.1 placement capacity, expected to be completed in mid-January; and
- a conditional placement of 6,061,667 shares (“Conditional Placement”) to raise approximately \$A0.9 million comprising subscriptions from Byron directors (and their associates).

The Conditional Placement is subject to shareholder approval at an Extraordinary General Meeting (“EGM”) of Byron’s shareholders, expected to be held in February 2016 and accordingly will not use up any of the Company’s existing Listing Rule 7.1 placement capacity.

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

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The Placement was not underwritten. Byron was advised by Baron Partners.

Share Purchase Plan

The Company also proposes to undertake a Share Purchase Plan (“SPP”) to raise up to A\$2.5 million. The SPP will allow shareholders who, at the record date of 7pm (Sydney time) on 29 December 2015, have a registered address in Australia or New Zealand, the opportunity to subscribe for a maximum of \$A15,000 worth of ordinary shares in the Company at a subscription price of A\$0.15 per share (being the issue price of the Placement). The SPP is expected to open in early January 2016. Further details will be announced in due course.

Conversion of Loans to Equity

Byron currently has outstanding loans of \$A700,000 (“AUD Loans”) and \$US612,500 (“USD Loans”) repayable on 1 July 2016. The loans are unsecured bearing interest at 10% per annum.

The AUD Loans are from entities associated with Doug Battersby (\$A500,000) and Maynard Smith (\$A200,000), both directors of the Company. Of the USD Loans, \$US250,000 is from Charles Sands and \$US37,500 from an entity associated with Prent Kallenberger, both also directors of the Company. The balance of the USD Loans of \$US325,000 is from several US based shareholders (“US Shareholder Lenders”).

The Company has requested, and Messrs Battersby, Smith, Sands and Kallenberger have agreed, that their existing loans to the Company be converted to shares in the Company, subject to shareholder approval. The conversion, subject to shareholder approval, will be at A\$0.15 per share, the same price as the issue price under the Placement. The Company intends to convene a general meeting of shareholders in February 2016 to seek shareholder approval for the conversion of the loans to equity, under ASX Listing Rule 10.11. Assuming shareholders approve the proposal, which would reduce the cash call on the Company on 1 July 2016 by approximately \$US0.8 million, the debt to equity conversion will result in the issue of approximately 7.3 million new shares to interests associated with Messrs Battersby, Smith, Sands and Kallenberger, based on an issue price of A\$0.15 per share and AUD/USD exchange rate of \$A1=\$US0.72.

Shareholders should note that the proposed conversion of debt to equity by these directors is in addition to the cash subscriptions proposed to be made by directors as mentioned earlier in this announcement.

The US Shareholder Lenders have also indicated they are willing to convert their loans to the Company of \$US325,000 into shares in the Company, also at A\$0.15 per share. Assuming the conversion proceeds, this would result in the issue of approximately 3.0

million new shares to the US Shareholder Lenders, based on an issue price of A\$0.15 per share and AUD/USD exchange rate of \$A1=\$US0.72.

CEO Comment

Commenting on the capital raising, Byron's Chief Executive Officer, Mr Maynard Smith said:-

"The raising of \$A 4.5 million in new equity provides Byron with working capital to undertake drilling and development activities in SM 6 and SM 71, in the Gulf of Mexico ("GOM"), under the farmout announced on 11 December 2015.

As advised to the market on 11 December 2015, Byron intends to drill one well at SM 6, followed by an optional well at SM 71, beginning in the March 2016 quarter.

We are pleased to have had such strong support for the Placement, particularly having regard to the onset of the holiday season.

With \$A4.5 million in Placement funds secured and the loans from directors to be converted to equity, subject to shareholder approval, we are well placed financially to continue executing our growth strategy in the GOM, initially through the Q1 drilling programme."

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