

2 May 2016

ASX Release

BYRON SM 71 #1 OIL AND GAS DISCOVERY UPDATE

- **SM71 #1 reached final total depth of 7,477 feet measured depth**
- **The deeper portion of the well encountered a 19 foot TVT (True Vertical Thickness) hydrocarbon bearing sand, adding to the previously reported 132 feet TVT net oil pay in three zones (based on porosity logs)**
- **5" liner to be run over the deeper section of the well; 7 5/8" casing previously run to a depth of 6,820 feet measured depth**
- **SM71 #1 will be mud line suspended for future production**

Byron Energy Ltd (ASX: BYE) ("Byron" or the "Company") is pleased to provide an update on the Byron Energy SM71 #1 ("SM71 #1") oil and gas discovery well located in the Gulf of Mexico in South Marsh Island Block 71 ("SM71").

Since the last report, on 27 April 2016, the well has been deepened, to the predrill planned total depth of 7,477 feet measured depth/6,915 feet true vertical depth and wireline logs have been run over the deeper portion of the well.

The processed open hole porosity logs from this deepened section of the well indicate the presence of a very high porosity gas or gas condensate reservoir from 7,212 feet to 7,226 feet measured depth. A 5" liner will now be run and cemented in place over the deeper portion of the SM71 #1 well.

As previously reported, the SM71 #1 well encountered 132 feet of TVT net oil pay in the I3 Sand, J Sand and D5 Sands. The final, processed version of the logs run over these three sands has now been received and confirm the previously reported net TVT pay count. Additionally, Isotube sample analysis indicates the likely presence of light, sweet crude oil from all three sand intervals.

Current operations are preparing to run 5" liner over the deeper portion of the well before suspending the well for future production. It is expected that the rig will be demobilised within 10 days after mud line suspension operations are completed.

Byron's CEO, Maynard Smith said: *"We are very pleased to encounter our fourth hydrocarbon interval in this wellbore. This is the first time in my career I have seen four sands trap hydrocarbons stratigraphically in one well bore. Every pre-drill target sand, both primary and secondary, has been found to have hydrocarbons. These stratigraphic traps were found using a high resolution second generation Reverse Time Seismic Migration (RTM) and in conjunction with a very advanced*

seismic inversion model. To further enhance and fine tune our inversion model, we acquired acoustic shear wave data overall objective sands in this wellbore. This data will be key to understanding the seismic responses in both hydrocarbon and wet sands in the area. The shear log in our well is the first shear wave data collected in over 320 wells drilled thus far on the SM71 dome where 117 million barrels and 377 BCF of gas has been produced. We believe this information will give Byron a significant advantage in exploring for and exploiting other stratigraphic traps on our blocks and other blocks on the dome."

"We are immediately commencing plans for future production facilities and pipelines in order to shorten the time to production as much as possible."

The SM71 #1 well is the second well to be drilled as part of Byron's farm-out to **Otto Energy Limited ("Otto") (ASX:OEL)**, announced on 11 December 2015.

Byron, through its wholly owned subsidiary Byron Energy Inc. (the operator), currently has a 100% working interest and an 81.25% net revenue interest in SM71, located offshore Louisiana, 250 km southwest of New Orleans, Louisiana, USA, in water depth of approximately 131 feet (40 metres). Because the SMI71 #1 well has been drilled to the earning depth Otto has now earned the right to elect to earn a 50% working interest in the SM70 and SM71 blocks and has confirmed it will exercise its right. Consequently, Byron's working and net revenue interests will be reduced by 50%, to 50% and 40.625% respectively.

Further announcements will be made as material information becomes available.

For further information contact:-

Maynard Smith
Chief Executive Officer
+1 337 534 3601

Peter Love
Investor Relations
+61 7 3121 5674