11 February 2016

ASX Release
Rig Mobilised for SM 6 #2 Well

Highlights:

- **Hercules 205 drilling rig mobilised to drilling location in SM 6**
- **The SM6 #2 well will spud within the next week**
- **Primary target of the well is the G 20 Sand**

Byron Energy Ltd (ASX: BYE) ("Byron" or the "Company") is pleased to advise that the Hercules 205 drilling rig has been mobilised to the SM 6 #2 well location. The well is expected to spud about 6 days after rig mobilisation. Once on location, the rig will install new 30" conductor guides on the existing 72" caisson, drive 30" conductor pipe and then commence drilling the SM 6 #2 well.

The SM6 #2 well is the first well to be drilled as part of Byron's farm-out to Otto Energy Limited ("Otto") (ASX:OEL), announced on 11 December 2015. In order to earn a 50% working interest (equal to a 40.625% net revenue interest) in the South Marsh Island block ("SM 6"), Otto will contribute 66.67% of the total estimated costs of the SM 6 #2 well of $US 8.0 million ($US5.3 million Otto and $US2.7 million Byron). Any costs above $US 8.0 million in respect of the SM 6 #2 well and all future expenditure in SM 6 will be in accordance with Byron's and Otto's respective working interest (Byron 50%/Otto 50%).

SM 6 #2 will be drilled in water depth of approximately 65 feet (20 metres), with a planned total measured depth of approximately 9,516 feet (2,900 metres) and total vertical depth of 9,138 feet (2,785 metres). It is anticipated that the well will take approximately 40 days to drill and evaluate.

The well will be drilled on a prospect in the south west corner of a major salt dome in SM 6, located offshore Louisiana, 216 km southwest of New Orleans, Louisiana, USA. The SM 6 #2 well will be drilled to only test the un-pressured (shallow) section of the South West Prospect. The primary target is the G 20 Sand, not penetrated by the SM 6 #1 BP 02 well drilled in mid-2014. As previously reported the SM 6 #1 BP 02 well:-

- encountered two hydrocarbon bearing sands with combined net pay of 82 feet (25 metres) in the F40 Sand and several thin hydrocarbon bearing sands with combined net pay of 17 feet (5 metres) in the F30 Sand;

- was cased and suspended inside a caisson in July 2014; and

- was completed for future production in July 2015; the Hercules 205 drilling rig was used to re-enter the well and perforated the lower of the two hydrocarbon bearing sand lobes in the F40 Sand.

SM 6 #2 will target undeveloped 3P gross reserves of 3.2 mmbo and 2.5 bcf (2.6 mmbo and 2.0 bcf net to Byron pre the Otto earn-in) in the G 20 Sand, based on an independent reserves estimate for prepared by

Level 4 480 Collins Street Melbourne VIC 3000
Telephone 03 8610 6583 Fax 03 8610 6334 Email info@byronenergy.com.au
www.byronenergy.com.au
ABN 88 113 436 141

Collarini Associates (“Collarini”), based in Houston, Texas, USA. Collarini attributed total undeveloped 3P reserves of 4.3 mmbo and 13.3 bcf (net to Byron pre the Otto earn-in) to the SM 6 block. In addition, Collarini attributed a total prospective resource of 7.2 mmbo and 118.4 bcf to the SM 6 block (net to Byron pre the Otto earn-in).

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 SM 6. Otto will earn a 50% working interest in SM 6 by paying a disproportionate 66.67% share of drilling costs of the SM 6 #2 well, plus reimbursing a portion of Byron’s past costs.

If Otto earns an interest in the SM 6 block, Byron’s working and net revenue interests will be reduced by 50% at the earn-in point, to 50% and 40.625% respectively.

Byron’s Chief Executive Officer, Maynard Smith said: *“We are pleased to announce the imminent drilling of SM 6 #2 well under the farm-out agreement with Otto, announced in December 2015. The SM 6 #2 well can be drilled and, if successful, brought on production within the next year under the Production Handling Agreement (“PHA”) Byron has executed with the offset operator, Fieldwood. The PHA, which substantially reduces development costs of the SM 6 project, combined with the relatively low lease operating expenses in the shallow waters of the Gulf of Mexico (“GOM”) result in attractive project returns, even in the current oil price environment. SM 6, as a conventional GOM shallow water project, is expected to have higher initial production rates as well as lower production decline rates, on a per well basis, compared to a typical shale oil project, thus providing greater leverage to a rising oil price.”*

In addition Mr Smith said, *“We hope success with SM 6 #2 cements the relationship between Byron and Otto, with Otto going on to exercise its option to drill SM 71 #1. In addition to its commitment to drill SM 6 #2, Otto has an option to earn a 50% working interest in Byron's South Marsh 70/71 blocks (“SM 70/71”) by paying a disproportionate 66.67% share of drilling costs of the SM 71 #1 well and reimbursing a portion of Byron’s SM 70/71 past costs.*”

Byron will advise when SM 6 #2 well spuds. Beyond that, Byron will issue progress reports as material developments occur.

Additional information on the Byron’s farm-out to Otto can be found in Byron’s ASX release of 11 December 2015. Additional information on the SM 6 block and the SM #2 well can be found in Byron’s Investor Presentation released to the ASX on 23 December 2015.

For further information contact:-

Maynard Smith
Chief Executive, Byron Energy Limited
+1 337 534 3601

Peter Love
Investor Relations
+61 7 3121 5674

Disclaimers

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources, reported to the ASX on September 2015 and also included in the Company's 2015 Annual Report, released to the ASX on 26 October 2015, was compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this report are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, referred to above, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements, referred to above, continue to apply and have not materially changed.

Reserves Cautionary Statement

Oil and gas reserves estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. The may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Forward Looking Statements

Statements in this announcement which reflect management's expectations relating to, among other things, production estimates, target dates, Byron's expected drilling program and the ability to fund exploration and development are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may contain forward-looking information and financial outlook information. Statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that some or all of the reserves described can be profitably produced in the future. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such statements.