

13 April 2016

ASX Release
SM 71 #1 Well Drilling Ahead

- ❖ **Byron Energy's SM 71 #1 well drilling ahead after setting 10 3/4" surface casing at 3,462 feet measured depth in the Gulf of Mexico**
- ❖ **SM 71 #1 well is the second well under a farm out to Otto Energy Limited (ASX: OEL)**
- ❖ **The well is expected to reach total depth and complete evaluation within the next 10 days**

Further to the release of 4 April 2016, Byron Energy Limited ("Byron") (ASX:BYE) advises that the Byron Energy South Marsh Island 71 #1 ("SM 71 #1"), located in South Marsh Island Block 71 ("SM 71"), was drilled to a depth of 3,462 feet measured depth on 8 April 2016 where 10 3/4" casing was set and cemented in place the following day. The well is currently (at 7 PM USA Central Time, 12 April 2016) drilling ahead at 3,976 feet measured depth in 9 7/8" hole.

The SM 71 #1 well is being drilled to test two objective sands on the southwest flank of a major salt dome in a water depth of 131 feet (40 metres) and has a planned total measured depth of approximately 7,451 feet (2,272 metres) and total vertical depth of 6,900 feet (2,104 metres). It is anticipated that the well will take 7 - 10 days, from today, to drill to total depth and evaluate.

The SM 71 #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 SM 71. Pursuant to the farm-out agreement, Otto has paid 50% of the sunk costs and will pay 66.67% of the drilling cost to total depth in order to earn 50% WI in the SM 71 and SM 70 blocks. If Otto earns an interest in the SM 71 and SM 70 blocks, Byron's working and net revenue interests will be reduced by 50% at the earn-in point, to 50% and 40.625% respectively.

Byron will issue progress reports as material developments occur.

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