



8 February 2016

**ASX Release  
Update on SM 6 #2 Well**

Byron Energy Ltd (ASX: BYE) (“Byron” or the “Company”) advises that the contracted jack-up drilling rig, Hercules 205, has been released by the previous operator and is expected to commence mobilisation to the SM 6 #2 well in the South Marsh Island Block 6 (“SM 6”) when weather conditions allow. The current weather forecast indicates a possible weather window later this week. The day rate contract for the rig begins when the Hercules 205 is on location and ready to work. In anticipation of this move, Byron has opened a shore-base in Intracoastal City, Louisiana and has begun to mobilize equipment and supplies for load out to the rig once it is on location.

The SM 6 #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. The well will be drilled in the south west corner of a major salt dome in SM 6, located offshore Louisiana, 216 km southwest of New Orleans, Louisiana, USA.

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 will provide further information when the Hercules 205 rig commences mobilisation.

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