

18 July 2014

ASX Release

Byron Energy SM 6 #1 BP02 Drilling Update – No. 16

Byron Energy Limited (“Byron or the Company”) (ASX:BYE) is pleased to announce that it has set 5 ½ inch intermediate casing to a depth of 7,861 feet (2,396 metres) measured depth (“MD”) and 7,751 feet (2,363 metres) true vertical depth (“TVD”) in the Byron Energy SM 6 #1 BP02 (“SM 6 #1 BP02”). At 5 pm 17 July 2014 (USA central time) cementing operations have been completed.

The memory log data has been retrieved from the Log While Drilling (“LWD”) tool and is a substantial improvement in quality over the real time logs, the results of which were reported in the ASX release dated 16 July 2014.

The LWD memory log data shows that there are several thin hydrocarbon bearing F 30 Sand lobes over a 84 foot (26 metre) gross interval between 7,110 to 7,194 feet (2,167 to 2,193 metres) MD and 7,053 to 7,131 feet (2,150 to 2,174 metres) TVD. The total net hydrocarbon saturated sand thickness is 18 feet (6 metres) MD and 17 feet (5 metres) TVD over the interval. Similar to the F 40 Sand, GC Tracer data, a Weatherford proprietary gas analysis technique, indicates the hydrocarbon is a light condensate. The F 30 Sand in the SM6 #1 BP02 well is 475 feet (145 metres) updip from the oil water contact observed in the nearby Humble SM 6 B3 well (“Humble B3”) drilled in 1964. The F 30 Sand was not produced in the Humble B3 well. Typically, the F 30 Sand has an average sand thickness of 75 feet (23 metres) in the nearby downdip wells.

In addition, the LWD memory log data indicates the F 40 Sand has 85 feet (26 metres) MD net hydrocarbon pay and 82 feet (25 metres) TVD over the interval 7,430 to 7,550 feet (2,265 to 2,301 metres) MD and 7,351 to 7,462 feet (2,241 to 2,274 metres) TVD as opposed to the 70 feet (21 metres) of net hydrocarbon pay reported in the ASX release dated 16 July 2014. The two sand lobes in the F40 Sand are very high quality and exhibit good, clean porosity. The F 40 Sand thickness in the SM6 #1 BP02 well is 30 feet (9 metres) greater than the nearby downdip wells.

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Based on the net pay intersected in the F Sands by SM 6 #1 BP02 well, the South Marsh Island Block 6 ("SM 6") project is expected to be commercial, at today's oil and gas prices, with development anticipated over the next year.

After the cement cures and the wellbore is pressure tested, the drill pipe will be exchanged for slim hole drill pipe and the Company will prepare to drill out of the bottom of the intermediate casing to the G Sands and H Sands in a slim 4.75 inch hole. Slim hole drilling is slower than conventional drilling. It can also be more difficult due to wellbore directional control. The Company is taking all steps possible to minimise directional issues.

The SM 6 #1 BP02 well is located in SM 6, offshore Louisiana, 216 km southwest of New Orleans, Louisiana, USA, in a water depth of approximately 65 feet (20 metres). Byron, through a wholly owned subsidiary Byron Energy Inc. (the operator), has a 100% working interest and an 81.25% net revenue interest in SM 6.

Byron will provide further progress drilling reports as material information becomes available.

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