

8 March 2016

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

Further to the release of 26 February 2016, Byron Energy Limited ("Byron") (ASX:BYE) advises that Byron Energy SM 6 #2 ("SM 6 #2") well located in South Marsh Island Block 6 ("SM 6") has reached a depth of 7,837 feet (2,389 metres) Measured Depth (7,684 feet/2,343 metres True Vertical Depth) and is preparing to run 9 5/8" intermediate casing. After 9 5/8" casing has been run to bottom and cemented Byron plans to drill ahead to the primary target, the G20 Sand.

Based on gamma ray and resistivity logs from the Log While Drilling ("LWD") tool, three hydrocarbon bearing sands were encountered in the F zone sands while drilling the SM 6 #2 well. Hydrocarbon bearing sands were encountered in the F 30 Sand and the F 40 Sand, consistent with hydrocarbon zones encountered while drilling the Byron Energy SM 6 #1 BP02 well in July 2014. In addition, hydrocarbon bearing sands were encountered in the F 20 Sand.

The LWD log data from SM 6 #2 well shows the following estimated pay counts:-

- (i) F 20 Sand - a 74 foot (23 metre) gross interval between 7,342 to 7,416 feet (2,238 to 2,261 metres) MD and 7,258 to 7,322 feet (2,213 to 2,232 metres) TVD with total net hydrocarbon saturated sand thickness of 10 feet (3 metres) MD and 7 feet (2 metres) TVD over the interval;
- (ii) F30 Sand - a 34 foot (11 metre) gross interval between 7,492 to 7,526 feet (2,284 to 2,295 metres) MD and 7,390 to 7,418 feet (2,253 to 2,262 metres) TVD with total net hydrocarbon saturated sand thickness of 32 feet (10 metres) MD and 30 feet (9 metres) TVD over the interval; and
- (iii) F 40 Sand - a 64 foot (19 metre) gross interval between 7,628 to 7,692 feet (2,326 to 2,345 metres) MD and 7,504 to 7,558 feet (2,288 to 2,304 metres) TVD with total net hydrocarbon saturated sand thickness of 60 feet (18 metres) MD and 53 feet (16 metres) TVD over the interval.

There may be additional revisions to pay counts obtained from LWD log data as more log data becomes available.

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. In order to earn a 50% working interest (equal to a 40.625% net revenue interest) in 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%).

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SM 6 #2 is being drilled in water depth of approximately 65 feet (20 metres). The well is being 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.

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. 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 issue progress reports as material developments occur.

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