

18 March 2016

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

- **As previously reported, SM 6 #2 has already encountered three hydrocarbon bearing sands in the F zone sands**
- **9 5/8" intermediate casing successfully run and cemented**
- **Current operations attempting to remove stuck drill pipe**

Further to the release of 8 March 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") is currently (5 pm USA central time, 17 March 2016 performing wash over operations to remove stuck drill pipe from the wellbore (wash over operations use a larger diameter pipe to wash over the stuck drill pipe and clear the well bore). Byron's external drilling engineers and wash over specialists are advising Byron on wash over and fishing operations.

Having successfully run and cemented the 9 5/8" intermediate casing to a depth of 7,837 feet (2,389 metres) Measured Depth (7,684 feet/2,343 metres True Vertical Depth, Byron commenced drilling ahead and drilled to a depth of 8,039 feet (2,451 metres) Measured Depth (7,860 feet/2,396 metres True Vertical Depth) at which depth the drill pipe quickly stopped drilling and became stuck. A successful back-off was made inside the casing and wash over tools were used to wash down over a portion of the stuck tools. After washing 160 feet, an attempt was made to free the stuck tools by jarring with fishing jars. The jarring attempt was unsuccessful and a second wash over operation will begin in a few hours to wash over the remaining tool before another fishing attempt is made. If the attempt is successful, drilling operations will resume immediately, targeting the primary objective reservoir, the G20 Sand, which is approximately 400 feet below the current depth of the well.

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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