

21 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**
- **Attempts to free stuck drill pipe were unsuccessful**
- **Current operation is preparing to drill side-track well**

Byron Energy Limited (“Byron”) (ASX:BYE) announced on 18 March 2016, that the drill pipe in the Byron Energy SM 6 #2 (“SM 6 #2”) well became stuck at a depth of 8,039 feet (2,451 metres) Measured Depth (7,860 feet/2,396 metres True Vertical Depth), approximately 400 feet above the primary target reservoir, the G 20 Sand.

Over the last three days Byron attempted to free the stuck drill pipe. These attempts were unsuccessful. Byron has begun side track operations at a depth of 7,949 MD feet (2,423 metres) Measured Depth (7,780 feet/2,372 metres) True Vertical Depth) after a successful back off of the drill-pipe. Byron plans to drill the side-track well bore, with a conventional 8 1/2" diameter hole as originally planned, along a path parallel to the originally planned well-bore to a total Measured Depth of 9,516 feet (2,900 metres) (9,138 feet/2,785 metres True Vertical Depth).

Currently, at approximately 5.00 pm (USA Central Time) on 20 March 2016, Byron is preparing to trip in the hole to set a cement kick off plug at a depth of 7,949 MD feet (2,423 metres) Measured Depth (7,780 feet/2,372 metres) True Vertical Depth). Drilling operations should resume later in the week after a required BOP test which will be performed as the cement cures.

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.

For further information contact:-

Maynard Smith
Chief Executive Officer
+1 337 534 3601

Peter Love
Investor Relations
+61 7 3121 5674

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