BYRONENERGY LIMITED

30 March 2016

ASX Release
SM 6 #2 and SM 71 #1 Update

- **SM 6 # 2 well has been temporarily abandoned, prior to reaching the G 20 Sand, after attempts to free stuck drill pipe were unsuccessful**
- **Otto Energy Limited ("Otto") (ASX:OEL) has elected to participate in the drilling of SM 71 #1 well**
- **The Hercules 205 rig is now on location at SM 71 and is preparing to spud the SM71 #1 well late this week**

SM 6 #2 well

Byron Energy Limited ("Byron") (ASX:BYE) announced on 21 March 2016 that the Byron Energy SM 6 #2 ("SM 6 #2") well, located in the South Marsh Block 6 lease ("SM 6"), was preparing to trip in the hole to set a cement kick off plug at a depth of 7,949 feet (2,423 metres) Measured Depth ("MD"). Drilling operations resumed on 23 March 2016.

Later on 23 March 2016, the SM 6 #2 bypass well reached a depth of 8,085 feet MD, 40 feet below the depth of the SM 6 #2 original hole and was drilling in shales without any difficulties. At this depth, the bit was pulled up 20 feet to perform a planned sweep and back ream, an operation that had been ongoing every 30 feet since the bypass drilling began. While the bit was off bottom, the drilling assembly became stuck although full circulation was maintained. Over the course of the next 36 hours the mud-weight was altered, additional sweeps were pumped and jarring operations were performed while circulation was maintained. However, the drill pipe remained irretrievably stuck and the decision was made to temporarily abandon the well. Byron will undertake post well studies of engineering, drilling and geology to understand what, if any, options are available regarding future utility of the wellbore.

The operation to temporarily abandon the well bore was completed on Monday, March 28, 2016 USA Central Standard Time. The rig was then mobilized to South Marsh Island 71 where it is currently on location and will soon be jacking up in preparation to spud the SM 71 #1 well later this week.

Because the SM 6 #2 well failed to reach the base of the G 20 Sand Byron's partner, Otto Energy Ltd, did not earn an interest in the SM 6 lease, hence Otto is not required to reimburse Byron for past costs and is only obliged to pay its share of the cost of drilling and abandoning the SM 6

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#2 well. As a result, Byron, through its wholly owned subsidiary Byron Energy Inc., the operator of SM 6, retains a 100% Working Interest (WI) and 81.25% Net Revenue Interest (NRI) in SM 6. Otto does retain the right to earn an interest in the SM 6 lease by participating in any potential future SM 6 Substitute Well, and satisfying the terms of the Participation Agreement.

Despite the drilling difficulties, the SM 6 #2 forecast cost through the planned temporary abandonment operations, is below the initially estimated cost of $US 8.0 million subject to receipt and review of all remaining invoices.

Byron will now review the development plans for SM 6 consistent with the Development Plan Operations Coordination Document filed with BOEM and the Suspension of Operations granted by BSEE, as previously reported*.

SM 71 #1 Well

Otto has notified Byron that it will exercise its option to participate in the drilling of SM 71 #1 well, located offshore Louisiana, 250 km southwest of New Orleans, Louisiana, USA, in water depth of approximately 131 feet (40 metres).

The SM 71 # 1 well is expected to spud late this week, using the Hercules 205 drilling rig. The SM 71 #1 well will be drilled to a planned total depth of approximately 7,452 feet MD (2,271 metres) which is a total vertical depth of 6,900 feet (2,103 metres). It is anticipated that the well will take 20 days to drill and evaluate. Byron Energy Inc. is the operator of SM 71.

Under the PA, Otto will pay 66.67% of the estimated dry hole costs ($US 4.5 million) to earn a 50% working interest in the SM 71 and SM 70 leases. Otto's promoted drilling exposure will be capped at $US 3.0 million net to Otto, after which both companies will bear their own proportionate share. Otto will also reimburse Byron $US 0.9 million for past costs incurred at SM 71.

The SM 71 #1 well will target two objective sands. The first target is the J Sand, which has been assigned by Collarini and Associates gross proved and probable undeveloped reserves of 0.8 million barrels of oil and 0.5 Bcf of gas, equivalent to 0.7 million barrels of oil and 0.4 Bcf of gas net to Byron's existing 81.25% WI. The primary target is the D5 sand, which has been assigned, by Collarini and Associates, gross prospective resources of 5.6 million barrels of oil and 4.1 Bcf of gas, equivalent to 4.6 million barrels of oil and 3.4 bcf of gas net to Byron's existing 100% WI and 81.25% NRI**.

Byron's CEO, Maynard Smith said: *"We are very disappointed at not having reached the primary target, the G20 Sand, with our SM 6 #2 well. Having consulted numerous engineers, reservoir and pore pressure experts the decision to temporarily plug and abandon the well bore was made by Byron, retaining the ability to re-enter the well at a later date should we decide to do so.*

Byron management would like to acknowledge the co-operation and support of Otto, as well as many engineers, experts, vendors and Hercules rig crews that brought great dedication, efficiency, professionalism and problem solving skills to bear to attempt to solve an extremely difficult problem.

Notwithstanding the result of SM 6 #2 well, we are pleased that Otto has elected to exercise its option to participate in the drilling SM 71 #1 well, expected to spud late this week. The SM 71 #1 well is a lower cost and less complex well than the SM 6 #2 well with high impact potential to the company."

Byron will issue progress reports on the SM 71 #1 well as material developments occur.

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*Refer to the ASX Quarterly Activities Report the quarter ended 31 December 2015, released on 21 January 2016.

**If and when Otto earns a 50% WI in SM 70/71, Byron's share of previously reported SM 70/71 reserves and prospective resources, including the ASX release dated 4 September 2015 and the 2015 Annual report, will be reduced by 50%.

Disclaimers

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources, reported to the ASX on September 2015 and also included in the Company's 2015 Annual Report, released to the ASX on 26 October 2015, was compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this report are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements, referred to above, and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements, referred to above, continue to apply and have not materially changed.

Reserves Cautionary Statement

Oil and gas reserves estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. The may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Forward Looking Statements

Statements in this announcement which reflect management's expectations relating to, among other things, production estimates, target dates, Byron's expected drilling program and the ability to fund exploration and development are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may contain forward-looking information and financial outlook information. Statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that some or all of the reserves described can be profitably produced in the future. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such statements.