

17 October 2016

ASX Release

Grant of Incentive Options to CEO and Senior Management

The Directors of Byron Energy Limited ("Byron or the Company") (ASX:BYE) are pleased to announce that the Company's Chief Executive Officer, Maynard Smith, and the two Executive Directors, Prent Kallenberger and Bill Sack, have each been granted 2.5 million incentive options ("Options"), subject to shareholder approval at the Annual General Meeting ("AGM") expected to be held on late in November 2016. The Options are exercisable at a price of 25 cents each at any time before 31 December 2019 and will be unlisted.

In addition, a total of 2.0 million Options, on the same terms and conditions as those granted to Messrs Smith, Kallenberger and Sack, have been granted to other senior managers and consultants. Approval for these options will also be sought at the November AGM.

The exercise price is the same as the recent issue of 10 million options to Metgasco Limited ("Metgasco") as part of the terms of the development funding facility provided by Metgasco and is a premium of 92% over the 13 cents per share issue price of the recent placement which raised \$5.5 million (assuming shareholders approve the issue of approximately 5.5 million shares to non-executive directors, Doug Battersby (Chairman) and Paul Young (Non-Executive Director) at the forthcoming AGM.

Doug Battersby, Chairman of Byron, commented:-

"Byron is extremely fortunate to have executives of such high calibre and with such extensive experience in the Gulf of Mexico and who were responsible for our recent significant oil and gas discovery at South Marsh Island 71. Their continued management of the Company through the commencement of production at SMI 71 and associated cashflows plus the drilling of the exciting Bivouac Peak prospect will be vital."

For further information contact:-

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Options - Terms and Conditions

Class	Unlisted options over fully paid ordinary Shares
Recipients and number	Mr Maynard Smith – 2,500,000 Mr Prent Kallenberger – 2,500,000 Mr William Sack – 2,500,000 Other senior managers & consultants – 2,000,000
Terms of securities	<i>Exercise Price:</i> A\$0.25 per option <i>Expiry Date:</i> 5pm (Sydney time) on 31 December 2019 <i>Conversion Ratio:</i> each option converts into one fully paid ordinary Share. The exercise price or conversion ratio of the options will be adjusted in accordance with the listing rules in the event of a reorganisation (including a consolidation, sub-division, reduction or return) <i>Vesting Conditions:</i> nil <i>Transferable:</i> yes <i>Listed:</i> not listed
Issue Price	Nil
Purpose	Incentivise directors, senior managers & consultants for their continued contribution to the Company
Shareholder approval	Shareholder approval will be sought for the issue of all options (under Listing Rule 10.11 for the issue to Messrs Smith, Kallenberger and Sack, and under Listing Rule 7.1 for the issue to senior managers & consultants)