17 February 2014

OPERATIONS UPDATE

BYRON ENERGY SM 6 #1 WELL

Byron Energy Limited ("Byron or the Company") is pleased to report that on 14 February 2014 the Bureau of Safety and Environmental Enforcement ("BSEE") granted final approval for Byron to drill the Byron Energy SM6 #1 well ("SM6 #1").

On 15 February 2014 Byron completed installation of a seven slot caisson (266 feet in length and 72 inches in diameter) for use at SM6 #1. The caisson was set prior to the arrival of the Spartan jack-up drilling rig and will also serve as protective device while Byron finalises its development and production plans, should the well be successful. The BSEE had previously granted approval for Byron to install the caisson.

With the final BSEE approval to drill SM6 #1 well now received and the caisson installed, Byron plans to spud SM6 #1 as soon as the Spartan jack-up drilling rig is available. Spartan Rig 202 is currently expected to spud SM6 #1 in the first half of March 2014, subject to Spartan completing its existing drilling commitment.

The SM6 #1 well will be drilled on the South West Prospect, in the south west corner of a major salt dome in the South Marsh Island Block 6 ("SMI 6") lease. The prospect is located 216km southwest of New Orleans, offshore Louisiana, in the shallow Gulf of Mexico at a water depth of approximately 17m. Byron owns a 100% working interest and an 81.25% net revenue interest in SMI 6 and is the operator of the block.

ARTM PROCESSING OVER SALT DOME PROJECTS

As previously reported in the Chairman's Address at the 2013 AGM and in the December 2013 Quarterly Report, the Company licensed 3D seismic data over several of its Gulf of Mexico leases from WesternGeco. Since then, interpretation has progressed on several of those projects. Consistent with the Company's goal of obtaining high quality Anisotropic Reverse Time Migration ("ARTM") data over its salt dome projects and to utilize state of the art geophysical processing, Byron has selected a contractor to advance toward those goals.

On 14 February, 2014 the Company entered into an agreement with WesternGeco for Geoscience services on two of the Company's leased salt dome projects. Under this agreement, WesternGeco will undertake the following:

Eugene Island 63 Salt Dome Project

WesternGeco will perform ARTM reprocessing on 3D data already licensed by the Company. The objective of the reprocessing is to provide an improved depth image of sediments and salt body around the EI 63 salt dome which allow the Company to delineate hydrocarbon prospects on its EI 63 and EI 76 leases. This processing project will begin in March and is anticipated to take 5-6 months to complete.

South Marsh Island 70 / 71 Salt Dome Project

WesternGeco, through its Schlumberger PetroTechnical Services team will utilize full waveform inversion techniques on 3D ARTM data already licensed by the Company to create acoustic impedance volumes leading to lithofacies, porosity and water/hydrocarbon saturation prediction. The goal of this work is to define reservoir geometries and extents of previously producing sands which could lead to drilling on acreage controlled by the Company. This project is expected to take 5-8 months to complete and will commence in March.

In October 2013 Byron acquired and took delivery of 3D seismic data and preliminary ARTM seismic data over its SM 70/71 salt dome project. WesternGeco has advised the Company that final ARTM seismic data should be available in March 2014.

The use of ARTM will provide the groundwork to map potential sub salt and salt flank prospects around the salt domes. Until very recently the standard use of ARTM has been largely confined to the deep water areas of the Gulf of Mexico (and elsewhere such as offshore Brazil) where sub salt plays occur and the very high drilling and development costs can easily justify the higher cost of ARTM.

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