

27 April 2016

ASX Release

BYRON SM-71 #1 OIL AND GAS DISCOVERY UPDATE

- **SM-71 #1 preliminary porosity logs indicate 132 feet of net oil pay in three zones.**
- **7 5/8" casing run and cemented to a depth of 6,820 feet measured depth**
- **Byron will continue drilling to the original, planned total depth to evaluate all prospective pre-drill target sands**

Byron Energy Ltd. (ASX: BYE) ("Byron" or the "Company") is pleased to provide an update on the Byron Energy SM 71 #1 ("SM-71 #1") oil and gas discovery well located in the Gulf of Mexico in South Marsh Island Block 71 ("SM 71").

Completion of logging and casing operations

Since the last report, on 20 April 2016, a quad combo porosity logging tool has been acquired and 7 5/8" casing has been run and cemented to a depth of 6,820 feet measured depth/6,471feet true vertical depth.

The quad combo log, which includes neutron/density and sonic porosity data, is currently undergoing complete analysis, however, log experts, including those from Baker Hughes, confirm that the log demonstrates the presence of oil across all three pay intervals identified in the Company's previous ASX release. These zones are correlative and analogous to productive zones from the SM 71 and adjacent SM 72 Fields. A final, processed version of the log will not be available until later this week and will be used for further analysis to determine final net pay counts in the I3 Sand, J Sand and D5 Sands. Additionally, Isotube samples from each sand interval have been sent to a laboratory for full analysis of hydrocarbon properties including estimates of API gravity and BTU content.

Preliminary Byron estimates of net True Vertical Thickness (TVT) oil pay counts for the SM71 #1 well are as follows:-

- | | |
|------------------|--------------------------------------------|
| • I3 Sand | 17 feet TVT Net Oil Pay (5 metres) |
| • J Sand | 24 feet TVT Net Oil Pay (7 metres) |
| • D5 Sand | 91 feet TVT Net Oil Pay (28 metres) |

The SM 71 reserves and resource estimates will be updated as soon as practicable, by Collarini and Associates, incorporating the final results of the SM -71 #1 well.

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Deepening of SM-71 #1 well to test further potential

Based on information acquired to date, the joint venture, **Byron and Otto Energy Limited (“Otto”)** (**ASX:OEL**), has decided to drill an additional 600 feet (182 metres) to the original planned TD of the SM71 #1 well to ensure the entire package of D5 Sand lobes have been tested. The D6 Sand, a secondary pre-drill target also lies below the D5 Sand and will also be evaluated by deepening the well. The cost to deepen the well to the original permitted depth of 7452 feet MD/ 6900 feet TVD (2272m MD/ 2104m TVD) will be within the original AFE well cost estimate.

Current operations are installing and testing blow out preventers, picking up 3 1/2" drill pipe prior to re-commencing drilling operations mid week. The well should be reach total depth late this week.

Byron's CEO, Maynard Smith said: *“Drilling of SM-71 # 1 well has resulted in an excellent oil and gas discovery for Byron and Otto in the Gulf of Mexico. Based on the results to date, we feel it is necessary to test not only any remaining D5 Sand section but also the underlying D6 Sand interval. Regardless of the results obtained from these secondary objectives, the lower D5 Sand and D6 Sand intervals, the joint venture will now begin to move forward with development planning and has already initiated discussions with an offset operator to minimise development CAPEX, shorten the cycle time to production and improve economic returns from this exciting project”.*

The SM-71 #1 well is the second well to be drilled as part of Byron’s farm-out to Otto, announced on 11 December 2015.

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 71, located offshore Louisiana, 250 km southwest of New Orleans, Louisiana, USA, in water depth of approximately 131 feet (40 metres). Because the SMI-71 #1 well has been drilled to the earning depth Otto has now earned the right to elect to earn a 50% working interest in the SM 70 and SM 71 blocks and has confirmed it will exercise its right. Consequently, Byron’s working and net revenue interests will be reduced by 50%, to 50% and 40.625% respectively.

Further announcements will be made as material information becomes available.

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