

26 August 2016

ASX Release

South Marsh Island Block 71 Production Facility Procured

- **Byron Energy Inc. has entered into a purchase and construction agreement for a 6 slot tripod jacket with decks and production equipment for the SM71 development**
- **Refurbishment and modifications will be undertaken once permits are approved**
- **Installation is expected to commence in mid-2017 with initial production to follow immediately upon completion of the SM71 #1 well**

Byron Energy Limited ("Byron" or the "Company") (ASX: **BYE**) is pleased to announce that its wholly owned subsidiary, Byron Energy Inc., has signed an agreement with Laredo Construction Inc. (Laredo) of Stafford, Texas USA for the purchase of a used tripod jacket, decks, helideck, boat landing and production equipment that will be set and utilized at its South Marsh Island Block 71 discovery. Under the agreement, Laredo will make the necessary modifications and refurbish the production equipment as needed for production. Laredo will also provide turnkey installation of the tripod once the work is complete and permits are approved.

The tripod structure was recently removed from service and has been transported to Laredo's yard in Galveston, Texas USA. Laredo will perform all services at its Galveston construction facility under the supervision of Byron, the operator of SM 71. All phases of the modification, refurbishment and summer installation are fixed in cost at a total less than US\$4.5 million. The tripod facility is capable of accommodating 6 wells and will be capable of producing in excess of 5,000 barrels of oil per day along with produced natural gas.

Byron holds a 50% working interest and a 40.625% net revenue interest in SM71 after farming out an interest in the SM71 project to **Otto Energy Limited** ("Otto") (ASX: **OEL**). Otto holds identical interests in the block and as such is responsible for 50% of all costs incurred to bring the SM71 #1 well online to production.

Once all necessary permits are applied for and approved, construction work will take approximately 16 weeks. Byron expects to have all permits filed with the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety Energy and Environment (BSEE) before the end of October with subsequent approval time ranging up to 120 days.

As reported on 2 May 2016, Byron drilled the SM71 #1 well to a total depth of 7,477 feet measured depth. The SM71 #1 well logged over 150 feet of hydrocarbon pay in four sands. The well was left in mudline suspension for future production. Byron's independent reserve auditors, Collarini Associates have assigned 2P reserves of 2.028 million barrels of oil net to Byron's working interest in the SM71 project (for reserves information refer to the Company's 25 July 2016 ASX release - June 30 2016 reserves and Resources Report).

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CEO Comment

Byron's CEO Maynard Smith said: "We are very pleased to have found and procured a tripod facility for our SM71 discovery. This is a major first step in the process of starting up production at SM71. Laredo is a well-run, well known Gulf of Mexico construction company and we are happy to work with them in this capacity. Even with all the permitting and regulatory hurdles ahead we feel we can achieve start up in mid-2017. This acquisition of this facility truly puts us on the path to production at SM71 and will provide Byron and Otto a workable solution to exploit not only what we have found with the SM71 #1, but allows us to drill additional targets as we move forward".

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