



7 July 2016

ASX Release

Significant Oil Discovery - Gulf of Mexico Independent Reserves Report for SM 71

- Initial independent reserves report attributes Net 2P reserves of 2,271 MBOE to SM71
- Byron's leveraged finding cost is US\$1.25 per barrel of oil equivalent on a Net 2P basis
- Post well interpretation of RTM 3D data and Full Waveform Inversion data identifies high potential opportunities that can be evaluated as development drilling progresses

Byron Energy Limited ("Byron or the Company") (ASX:BYE) is pleased to provide a summary of the independent reserves estimate for the Company's recent oil discovery on South Marsh Island Block 70/71 ("SM 71") in the shallow waters of the Gulf of Mexico.

The independent reserves estimates were prepared by Collarini Associates ("Collarini"), based in Houston, Texas, USA. This update only covers SM 71. The full Collarini report covering all of Byron's properties with identified reserves and/or prospective resources is currently expected to be released in late July 2016.

SM 71 was part of the multi-well farm out package between Byron and **Otto Energy Limited ("Otto") (ASX:OEL)**, as initially announced to ASX on 11 December 2015. Byron is the operator of SM 71 with each company having a 50% working interest and a 40.625% net revenue interest in the project. Under the agreement, OEL paid Byron for past sunk costs plus a disproportionate share of the SM71 #1 drilling cost to earn its 50% in the project which was generated by Byron, thereby leveraging Byron's capital and reducing 2P finding costs to US\$1.25 per barrel oil equivalent ("boe").

The 2016 report has upgraded Byron's SM71 2P reserves significantly. Booked 2P reserves have increased by 508% over 2015 to 2.3 million barrels of oil equivalent, 89% of which is oil. This upgrade is the direct result of drilling the SM71 #1 well which converted Prospective Resources carried in last year's report to 1P, 2P and 3P reserves in 2016. Estimated find and development costs are US\$7.75 per boe net to Byron for full 2P development consisting of three wells. In addition, technical work carried out by Byron subsequent to drilling has identified new Prospective Resource potential on the block which will lead to a multi-well development of up to five wells.

Recently identified opportunities in the B65 Sand have been identified by Byron using a combination of Byron's RTM 3D seismic data and proprietary Full Waveform Inversion data. The B65 Sand target adds Prospective Resources potential to the block and can be tested with no additional cost when combined with a future acceleration well planned for the primary D5 Sand reservoir. The B65 Sand overlies the D5 Sand reservoir in the vicinity of the SM71 #1 well and is a prolific oil producer on other portions of the SM71 salt dome.

Byron has initiated the facility and pipeline design process with the goal of initial production beginning by mid 2017.

Byron Energy Limited - Reserves South Marsh Island 71 (Net to Byron)				
Gulf of Mexico, Offshore Louisiana, USA				
June 30, 2016	Oil* MBBL	Gas* MMCF	MBOE* (6:1)	
SM71 (Undeveloped)				
Proved (1P)	582	404	649	
Probable Reserves	1,445	1,058	1,621	
Proved and Probable (2P)	2,027	1,462	2,271	
Possible Reserves	540	373	602	
Proved, Probable & Possible (3P)	2,567	1,835	2,873	
Total Prospective Resource**				
Best Estimate (unrisked)	2,043	1,990	2,375	

**MBBL = thousand barrels; MMCF = million cubic feet; MBOE = thousand barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency*

***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*

Commenting on the SM 71 reserve report, Byron's CEO Mr Maynard Smith said, "The Company is very pleased to announce this oil discovery and upgrade to our SM71 reserve base. This independent report confirms that the oil discovered by the SM71 #1 well is a significant milestone for Byron as a company. The results of this well rank at, or near, the top of our collective careers. Like other Gulf of Mexico projects our team has been associated with, further use of high tech data will only add to the future value of the block. Given the stratigraphic nature of trapping on the SM71 dome and what we have learned from the first well, we feel the stage is now set for Byron's growth. We now forward to development of SM71 with Otto, our joint venture partner".

Oil prices used in the reserves report represent NYMEX base, starting on July 1, 2016 of \$US 50.21 per barrel with a final price of \$US 59.97 per barrel on December 1, 2024 and held constant thereafter; gas prices used in this report represent Henry Hub base, starting on July 1, 2016 of \$US 3.10 per MMBtu, rising to a final price of \$US 4.68 per MMBtu on January 1, 2029 and held constant thereafter.

Further details are included in Appendices A and B.

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Reserves Cautionary Statement

Oil and gas reserves and resource 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. They 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.

Appendix A - Reserves and Prospective Resources as at 30 June 2016

Byron Energy Limited Reserves SM 71 (Net to Byron)										
Gulf of Mexico, offshore Louisiana, USA										
Reserves Reconciliation	Oil (MBOE)					Gas (MMCF)				
	30/6/2015	Prod'n	Otto Farmout	Revisions	30/6/2016	30/6/2015	Prod'n	Otto Farmout	Revisions	30/6/2016
SM 71 (Undeveloped)										
Proved (1P)	498	0	-249	333	582	269	0	-135	270	404
Probable Reserves	188	0	-94	1,351	1,445	102	0	-51	1,007	1,058
Proved and Probable (2P)	686	0	-343	1,684	2,027	371	0	-186	1,277	1,462
Possible Reserves*	354	0	-177	363	540	275	0	-138	236	373
Proved, Prob & Possible (3P)	1,040	0	-520	2,047	2,567	646	0	-323	1,512	1,835

After adjusting for the farm-out to Otto Energy Limited, announced to the ASX on 11 December 2015, the significant upward revisions in 1P, 2P and 3P reserves between 30 June 2015 and 30 June 2016 mainly reflects the impact of the successful drilling of the SM 71 #1 well, the results of which were announced to the ASX on 2 May 2016, resulting in re-classification of D5 sand net oil pay from Prospective Resources to Reserves.

Byron Energy Limited Prospective Resources SM 71 (Net to Byron)										
Gulf of Mexico, offshore Louisiana, USA										
Prospective Resources Reconciliation	Oil (MBOE)					Gas (MMCF)				
	30/6/2015	Prod'n	Otto Farmout	Revisions	30/6/2016	30/6/2015	Prod'n	Otto Farmout	Revisions	30/6/2016
SM 71 (Undeveloped)	4,553	0	-2,277	-234	2,043	3,360	0	-1,680	310	1,990

After adjusting for the farm-out to Otto Energy Limited, announced to the ASX on 11 December 2015, the revisions in Prospective Resources between 30 June 2015 and 30 June 2016 mainly reflect the impact of the successful drilling of the SM 71 #1 well, with re-classification of D5 Sand net oil pay from Prospective Resources to Reserves offset by inclusion of the B 65 Sand in Prospective Resources.

Appendix B – Notes to Annual Reserves and Resources Statement

Reserves and Resources Governance

Byron's reserves estimates are compiled annually. Byron engages Collarini and Associates, a qualified external petroleum engineering consultant, to conduct an independent assessment of the Company's reserves. Collarini and Associates is an independent petroleum engineering consulting firm that has been providing petroleum consulting services in the USA for more than fifteen years. Collarini and Associates does not have any financial interest or own any shares in the Company. The fees paid to Collarini and Associates are not contingent on the reserves outcome of the reserves report.

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources 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 Statement 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 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Reserves Cautionary Statement

Oil and gas reserves and resource 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. They 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.

Reserves and Resources Reporting Notes

- (i) *The reserves and prospective resources information in this document is effective as at 30 June, 2016 (Listing Rule (LR) 5.25.1)*
- (ii) *The reserves and prospective resources information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)*
- (iii) *The reserves and prospective resources information in this document is reported according to the Company's economic interest in each of the reserves and net of royalties (LR 5.25.5)*
- (iv) *The reserves and prospective resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6)*

- (v) *The reserves and prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)*
- (vi) *The reserves and prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5)*
- (vii) *The method of aggregation used in calculating estimated reserves and resources was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)*
- (viii) *Prospective resources are reported on a best estimate basis (LR 5.28.1)*
- (ix) *For prospective resources, 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 (LR 5.28.2)*
- (x) *SM 71 is located in the shallow waters of the Gulf of Mexico, offshore Louisiana; furthermore, all of Byron's SM 71 reserves are undeveloped as at 30 June 2016 (LR 5.39.1)*