



## **Chairman's Address 2015 Annual General Meeting**

On behalf of the Byron Energy Board, I am pleased to preside over the Byron Energy Limited 2015 Annual General Meeting.

In our 2015 annual report I said that the year ended 30 June 2015 was a tumultuous one for our industry as a result of sharp falls in oil and gas prices which naturally resulted in falls in share prices of oil and gas companies. Unfortunately the months after 30 June have not brought any relief with oil prices remaining weak and currently trading at around \$US 42 per barrel.

Notwithstanding the unfavourable oil price backdrop experienced over last year we have continued to position Byron for the future.

Since the release of our 2015 annual report, on 26 October, we have made two significant announcements.

First, on 29 October we announced that we had contracted a rig for drilling of South Marsh Island 71 #1 well, earmarked for the first quarter of 2016. We also have an option to drill a second well.

Second, on 5 November we announced the acquisition of Bivouac Peak leases, located along the southern Louisiana Gulf coast, in the transition zone, inboard of Byron's existing Gulf of Mexico shallow water projects.

The drilling contract we have signed with Hercules allows us to take advantage of the current low daily rig rates. If there is a positive to be found in the sharp fall in oil prices, it is that drilling costs in particular, and operating costs in general, have fallen substantially due to the severe fall in demand for the services of oil and gas service companies.

We continue to hold discussions with potential farmin partners in relation to SM 6 and SM 71 as well as Bivouac Peak. We are very hopeful that an appropriate funding structure can be put in place very soon, to facilitate drilling during the first quarter of 2016.

The acquisition of Bivouac Peak is a major addition to our portfolio of properties. We now have seven projects comprising four salt dome projects and three non-salt dome projects. Byron's current own internal prospective resources estimate is 69.2 BCF and 6.2 MMbo or 17.8 MMboe (net to Byron), with additional significant upside potential already identified. Because this project can be drilled from a shallow water barge type rig the project economics are attractive even at current low oil and gas prices. Additional evaluation and re-processing of 3D seismic data is ongoing in an effort to mature, plan and permit identified exploration drill sites.

In summary, notwithstanding the most difficult year for our industry that I have seen in a 40 year career we have made significant progress. This would not have been possible without commitment of my fellow directors and Byron's small management team, staff and consultants. My thanks to all for your efforts during this very difficult year.

Finally, I thank all our shareholders for their continued support of Byron. I know it has been difficult year for you also.

I will now turn to the formal part of the AGM.

Doug Battersby  
Chairman  
26 November 2015