

18 August 2017

ASX Release

Executive Director Service Agreements and Grant of Incentive Options

The Directors of Byron Energy Limited (“Byron” or the “Company”) (**ASX:BYE**) are pleased to announce that the Company’s Chief Executive Officer, Maynard Smith, and the two Executive Directors, Prent Kallenberger and Bill Sack, have agreed to enter into new 3 year service agreements, the terms of which will be finalised and announced to the ASX in the next 4 weeks. As part of the consideration for entering into the service agreements they have each been granted 6.3 million incentive options (“Options”), subject to shareholder approval at the Extraordinary General Meeting (“EGM”) expected to be held on or about 18 September 2017.

The Options are exercisable at a price of 12 cents each at any time before 31 December 2021 and will be unlisted.

In addition, a total of 9.45 million Options, on the same terms and conditions as those granted to Messrs Smith, Kallenberger and Sack, have been granted to other senior managers and consultants, subject to shareholder approval. Approval for these options will also be sought at the EGM.

The exercise price of 12 cents is a premium of 71% over the 7 cents per share issue price of the recently announced placement to raise \$26.5 million, which is also subject to shareholder approval at the forthcoming EGM.

Doug Battersby, Chairman of Byron, commented:-

“Byron is delighted to have secured the services of Messrs Smith, Kallenberger and Sack for at least a further three years. They are a very talented and experienced team of oil and gas executives whose contribution has been invaluable in bringing the Company to its highly exciting current position and will continue to be in the future as we bring our SM 71 oil discovery into production and to implement our growth strategy in the Gulf of Mexico. The Company is highly appreciative of the team’s efforts over the last few years culminating in the successful oil discovery at SM 71 last year.”

For further information contact:-

Doug Battersby
Chairman
61 2 9247 4211

Peter Love
Investor Relations
61 7 3121 5674

Options - Terms and Conditions

| | |
|-----------------------|--|
| Class | Unlisted options over fully paid ordinary Shares |
| Recipients and number | Mr Maynard Smith – 6,300,000 Mr Prent Kallenberger – 6,300,000 Mr William Sack – 6,300,000 Other senior managers & consultants – 9,450,000 |
| Terms of securities | <i>Exercise Price:</i> A\$0.12 per option <i>Expiry Date:</i> 5pm (Sydney time) on 31 December 2021 <i>Conversion Ratio:</i> each option converts into one fully paid ordinary Share. The exercise price or conversion ratio of the options will be adjusted in accordance with the listing rules in the event of a reorganisation (including a consolidation, sub-division, reduction or return) <i>Vesting Conditions:</i> nil <i>Transferable:</i> yes <i>Listed:</i> not listed |
| Issue Price | Nil |
| Purpose | Incentivise directors, senior managers & consultants for their continued contribution to the Company |
| Shareholder approval | Shareholder approval will be sought for the issue of all options (under Listing Rule 10.11 for the issue to Messrs Smith, Kallenberger and Sack, and under Listing Rule 7.1 for the issue to senior managers & consultants) |