

27 August 2018

ASX Release

Drilling Operations have commenced on the Bivouac Peak East Prospect

- The Byron operated Weiss-Adler, et. al., No. 1 well has commenced drilling operations and is to be drilled to a depth of 18,000 ft TVD
- The well is expected to take approximately 75 days to reach total depth
- Bivouac Peak East is an exploration prospect, targeting 32.2 Mmboe* gross 8/8^{ths} prospective resource (35% oil/65% gas) within the Louisiana transition zone

Byron Energy Limited (“Byron” or the “Company”) (ASX: BYE) is pleased to announce as of 1:30pm US Central Daylight Time on Saturday 25th of August 2018, the Parker 77B rig has commenced drilling operations on the first test well in the Bivouac Peak Prospect Area, the Byron operated Weiss-Adler, et. al. No. 1 well (“Byron Weiss-Adler #1”). As of 3pm US Central Daylight Time on Sunday 26th of August 2018, the Byron Weiss-Adler #1 well is drilling ahead at 1,300 feet True Vertical Depth.



The Byron Weiss-Adler #1 exploration well is being drilled, using the Parker Drilling Company Rig #77-B Deep Drilling 3000 HP Posted Barge Rig (*shown on the left*), to a depth of 18,294 ft Measured Depth (“MD”), 18,000 ft True Vertical Depth (“TVD”), to test the Bivouac Peak East Prospect. The well is expected to take approximately 75 days to reach total depth.

Parker 77B Drilling in South Louisiana. Photo Courtesy of Parker Drilling.

*Refer to Cautionary Statement in this release (page 4) relating to estimates of Prospective Resources; barrels of oil equivalent have 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

Byron Energy Inc, a wholly owned subsidiary of the Company, is the operator of the Byron Weiss-Adler #1 well and the Bivouac Peak Prospect Area.

The Bivouac Peak Prospect leases are in the Louisiana transition zone, the prolific onshore/marshland area along the southern Louisiana Gulf Coast, inboard of Byron's existing shallow water projects in the Federal Outer Continental Shelf.

The Bivouac Peak project area comprises two prospects, the *East Prospect* and the *Deep Prospect*. As reported in Byron's 2017 annual reserve and prospective resources report, the total mapped gross 8/8ths prospective resources for the two combined prospects at Bivouac Peak are estimated at 16.0 million barrels of oil ("Mmbo") and 177.7 billion cubic feet of gas ("Bcf"), or 45.6 million barrels oil equivalent ("Mmboe").

The Byron operated Weiss-Adler, Et Al, #1 well is designed to test the Bivouac Peak East Prospect ("East Prospect"), targeting the regionally productive Miocene Cib Op section, with a mapped gross 8/8ths prospective resource of 11.3 Mmbo and 125.6 Bcf, or a combined 32.2Mmboe.

After allowing for the earn-in by partners, Byron's net share of prospective resource for the East Prospect are estimated at 3.6 Mmbo and 40.2 Bcf (10.3 Mboe), net of royalties. Although the East and the Deep prospects are independent, success at the East Prospect would provide positive seismic calibration, potentially reducing risk at the Deep Prospect as well. Byron's net share of the total Bivouac Peak project area prospective resource would be 5.1 Mmbo and 56.9 Bcf (14.6 Mmboe), net of royalties.

The Bivouac Peak project participants and their respective interests in the Byron Weiss-Adler #1 well are:

Participant	Participating Interest in Byron Weiss-Adler #1 well	Post earn-in Bivouac Peak project area**	
		Working Interest	Net Revenue Interest
Byron Energy Limited group (Operator) (ASX: BYE)	43.00%	43.00%	32.035%
Otto Energy Limited group ("Otto") (ASX: OEL)	40.00%	40.00%	29.800%
Metgasco Limited ("Metgasco") (ASX: MEL)	10.00%	10.00%	7.450%
NOLA Oil and Gas Ventures LLC ("NOLA")	7.00%	7.00%	5.215%
	100.00%	100.00%	74.500%

**see below for explanation of the earn-in terms

Drilling costs for the well are estimated at US\$10.8 million. Byron's farm-out partners, Otto and Metgasco will pay a disproportionate share of the first US\$10.0 million of drilling costs of the Byron Weiss-Adler #1 well to earn into the project area, and their proportionate participating share of costs thereafter. Of such first US\$10 million drilling costs, Otto and Metgasco will pay 53.33% and 13.33% respectively (Otto US\$5.33 million, Metgasco US\$1.33 million), NOLA will pay their proportionate share of 7.00% (US\$0.7 million), and Byron benefitting from the carried interest, will pay 26.33% (US \$2.63 million). Any drilling costs above US\$10.0 million in respect of the Byron Weiss-Adler #1 well will be shared in accordance with relevant participating interest rights (Byron 43%, Otto 40%, Metgasco 10% and NOLA 7%).

In case of success, completion and development costs to first production are currently estimated in the range of US\$9.0-11.0 million (gross). Should the well be productive, it is currently estimated that this well would commence production within 8-10 months following drilling of the initial test well.

CEO Comment

Maynard Smith, Byron's CEO had this to say regarding the Byron Weiss-Adler #1 exploration well:
"We are pleased to move into the drilling phase on Byron's Bivouac Peak East Prospect. Considerable efforts have gone into the 3D seismic evaluation and the planning of this exploration well. The somewhat elevated risk associated with this prospect is commensurate with the substantial reward if successful and is further offset by the reduction of Byron's risk dollar exposure through the leverage provided by farm-out terms. We look forward to bringing this opportunity, to fruition and finding success with our Bivouac Peak partners."

For further information, please contact:

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About Byron:

Byron Energy Limited ("Byron or the Company") (**ASX: BYE**) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron's experienced management team has a proven record of accomplishment of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company's website at www.byronenergy.com.au.

Forward Looking Statements

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this document require Byron and its management to make assumptions that may not materialise or that may not be accurate. Although Byron believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

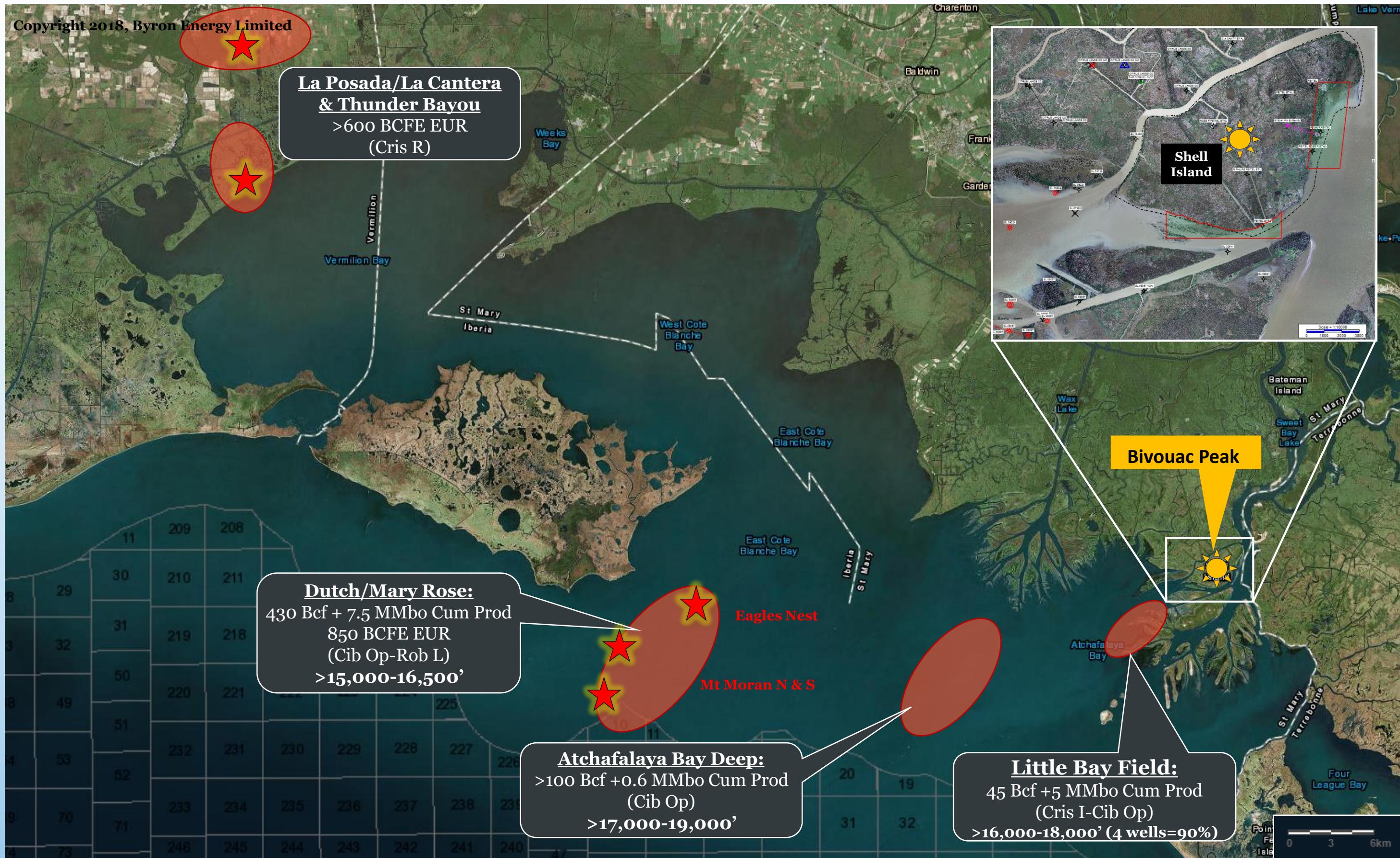
Prospective Resources – Information in respect of LR 5.25

- (i) Prospective resource estimates in this report for the Bivouac Peak Prospect Area were first reported in the Company's ASX release, Byron Energy Independent Reserves and Resources, dated 28 September 2017.
- (ii) The prospective resource information in this document:-
 - a. is effective as at 30 June, 2017 (Listing Rule (LR) 5.25.1)
 - b. has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
 - c. is reported according to the Company's economic interest in the prospective resource net of royalties (LR 5.25.5)
 - d. has been estimated and prepared using the deterministic method (LR 5.25.6)
 - e. 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)
 - f. is reported on a best estimate basis (LR 5.28.1).

Cautionary statement 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).

Bivouac Peak Regional Map - LA Transition Zone

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Bivouac Peak Lease Map

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