

19 September 2018

ASX Release

South Marsh Island 74 Update

- Byron has finalised documentation to allow the SM74 prospect to be drilled from the adjacent existing SM73 D platform
- The SM74 well is currently expected to spud during February-April 2019, with exact timing dependent upon rig availability and pending BOEM permit approval
- Byron has farmed out a 30% working interest to Metgasco on standard industry terms
- The SM74 prospect has gross Prospective Resources of 5.2 million barrels and 13 Bcf of gas

Byron Energy Limited (“Byron” or “the Company”) (ASX: BYE) is pleased to provide the following update on its South Marsh island Block 74 (“SM74”) SM74 project.

The Company has now signed the final documents with the offset operator at South Marsh Island Block 73 (“SM73”) which will allow Byron to utilise their SM73 D platform to drill the initial test well, SM74 D-14, at SM74.

The agreements were signed on the 9 September 2018. Byron’s SM74 D-14, is designed to intersect three target sands in the north-west corner of the SM74 lease and test a multi-level, RTM amplitude supported fault closure with mapped gross prospective resource potential of 5.2 million barrels and 13 billion cubic feet of gas as assessed by Collarini in their 30 June 2018 report. The broad details of these agreements are contained in the Company’s ASX announcement released of 19 July 2018 and permits Byron to both drill from the SM73 D platform and, in the success case, complete and produce the well through the SM73 D facilities. This arrangement reduces the threshold of economic reserves by eliminating the need to build a new platform and offers significant capital savings in infrastructure as well as reducing the cycle time to first production if hydrocarbons are discovered.

In addition, Byron is in the final stages of concluding a contract with the drilling contractor. This contractor has one of the few rigs which is configured in such a way as to allow the proper access to the SM73 D platform. The rig is expected to be available either early February or early April depending on an optional well controlled by the operator currently using the rig. This operator will have to make an election by mid-December, at which time precise timing of Byron’s SM74 #1 well will be confirmed.

As announced on 19 July 2018: -

- The SM74 D-14 well will be operated by Byron and will be directionally drilled from the “L” slot on the SM73 D platform to a total depth of 16,464 feet MD (14,741 feet TVD); and
- Byron has farmed-out a 30% working interest share of the SM74 prospect to Metgasco on industry standard terms whereby Metgasco will earn their interest by paying 40% of the \$11 million initial well

dry hole costs and Byron will pay the remaining 60%. Both companies will then bear their respective working interest costs after the initial well is drilled to total depth.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM74 and currently holds a 100% working interest (“WI”) and a 81.25% net revenue interest (“NRI”) in SM74. Assuming the Metgasco earnin is completed, Byron’s interest will reduce to 70.00% WI and 56.875% NRI.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding the status of the SM74 project:

“We are very pleased to have concluded the Platform Use and Production Handling agreements with the operator of SM73 and to now be in a position to move forward with our SM74 project. These were very detailed and complicated negotiations which took considerable time and effort to conclude, but the benefits of this effort are significant and have created a very exciting opportunity for our Company.”

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.

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Prospective Resources – Information in respect of LR 5.25

- (i) Prospective resource estimates in this report for SM 74 were included in the Company's ASX release, Byron Energy Reserves and Resources, dated 19 September 2018, based on the independent reserves and resources estimates prepared by Collarini Associates, of Houston Texas USA (refer to the Company's ASX release dated 19 September 2018).
- (ii) The prospective resource information in this document: -
- a. is effective as at 30 June, 2018 (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).

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).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed (LR 5.43.2).

Glossary

Bcf = billion cubic feet

MD = Measured Depth

TVD = True Vertical Depth

RTM = Reverse Time Migration