

1 April 2019

ASX Release

Byron secures agreement to drill a SM69 E2 Development well

- **Byron has signed a Letter of Intent with SM69 leaseholders to drill a SM69 E2 development well off the recently acquired E Platform to earn interest in the north -east portion of the SM69 lease block.**
- **The SM69 E2 well will target approximately 2.0 Mmbo + 2.3 Bcfg of mapped gross Prospective Resources* in multiple stacked objectives within a prospect immediately adjacent to the SM58 E1 productive area.**
- **By funding 100% of the well Byron will earn 100% working interest ("WI") and 80.33% of the net revenue interest ("NRI") until E2 Project Payout, at which time and at the leaseholder's election, Byron's NRI will either adjust to 76.33% OR the leaseholders can convert to a 30% WI and Byron's interest in the project would adjust to 70% WI with an unburdened 58.33% NRI.**
- **Byron plans to spud the SM69 E2 between August and October, pending finalisation of agreements, rig availability and permitting; if successful, first production from the E2 is expected by year end.**

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) is very pleased to announce it has executed a non-binding Letter of Intent ("LOI") with the South Marsh Island Block 69 ("SM69") leasehold interest owners for the drilling of a SM69 E2 well off the recently acquired E Platform (see Attachment 1). The SM69 E2 wellbore will be drilled to a measured depth of approximately 8,750 feet (8,120 feet true vertical depth) and will target total mapped gross Prospective Resources* of approximately 2.0 million barrels of oil ("Mmbo") + 2.3 billion cubic feet of gas ("Bcfg"), which equates to 1.6 Mmbo + 1.8 Bcfg NET to Byron at 100% working interest (at 80.33% NRI), in 6 stacked amplitude supported sands in fault block "B" on SM69. This fault block is interpreted to be an up-dip pool potentially fault separated from analogous production in the immediately adjacent fault block "A" on SM58. Fault block A has to date produced a combined gross total of approximately 3.4 Mmbo + 4.3 Bcfg from multiple wellbores completed in zones equivalent to these 6 target sands. The primary target of the E2 well, the B65 (K4) Sand, has to date produced approximately 13 Mmbo in the SM73 Field (see Attachment 2). Byron and the SM69 leaseholders are working to finalize documentation of a formal Joint Exploration Agreement relating to the E2 well and the north-east 1/4 of the north-east 1/4 of SM69 lease block and related Production Handling Agreement in the next 45 days.

The drilling of a SM69 E2 well under a Joint Exploration Agreement would build on the recent SM69 E Platform acquisition by Byron and if successful adds to the E Platform area asset value. Byron previously announced on February 14, 2019 that it had closed on the acquisition of SM58 and associated SM69 E area assets for a sum of US\$4.25million with an effective date of January 1, 2019; Byron further outlined future drilling opportunities and prospective resource potential on the SM58 lease block in their announcement of March 18, 2019**. The SM69 E2 opportunity provides a near term, low risk drilling location in addition to those prospective resource opportunities previously identified on SM58 and is expected to be drilled by Byron in August 2019. The drilling of the E2 well off the existing E Platform provides a short timeline to first production (2-4 months) in a success case. Byron is currently finalising contract negotiations with rig contractor for the planned drilling of multiple wells within the SM73 Field area with a preliminary activity timeline outlined in Attachment 3.

As part of the recently announced SM58 transaction, Byron now holds a 53% WI (44.165% NRI) in the SM69 E Platform, the SM58 E1 wellbore, and the SM69 E to SM69 B flowlines located on adjacent SM69; all part of the greater SM73 Field (Attachment 1). Under the LOI Byron has the right to earn 100% WI (83.33% NRI) in the E2 and related reservoirs in the NE1/4NE1/4 SM69 *less*, and subject to, a 3% NRI Overriding Royalty Interest (“ORRI”) Before Project Payout (“BPPO”), retained by the SM69 Leasehold interest owners, which is then *convertible* at their election upon Project Payout to either a 6% ORRI *or* a 30% WI After Project Payout (“APPO”) (i.e., the recovery by Byron of all E2 Project Costs, including but not limited to the E2 drilling, completion, construction, pipeline & facility modification, all leasehold burdens, and Lease Operating Costs attributable to the E2, until E2 Project Payout achieved). Byron shall operate the drilling and development of the E2 well with anticipated production operations provided by the SM69 operator, ANKOR E&P Holdings Corporation.

SM58 E1 Producing Asset:

Production from the existing SM58 E1 wellbore flows from the SM69 E Platform to the SM69 B Platform where separation and processing occurs. The SM69 E Platform is a recently constructed (2013) two slot structure with one well slot utilized, one slot available for the E2, and offers expansion potential of an additional third slot. The SM58 E1 well is currently producing approximately 120 barrels of oil per day (“Bopd”) and 0.150 million cubic feet of gas per day (“Mmcf”), on a gross basis and 53 Bopd and 0.066 Mmcf net to Byron.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding SM69:

“The securing of this SM69 letter agreement provides a basis for additional drilling off the SM69 E platform and potential production growth in a success case. Byron is working with the SM69 operator and leaseholders to finalize a Joint Exploration Agreement and Byron will look to advance drilling on the northern flank of the SM73 Field starting with the E2 well in 3Q/2019 pending necessary permitting and rig availability. The SM69 E2 is one of several newly recognized lower risk opportunities in the SM58/69 area identified on Byron’s proprietary 2019 RTM/VIP data set.”

For further information, please contact:

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*** Prospective Resources Cautionary Statement** - *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.*

***The Company’s SM58 reserves and prospective resources were released to the ASX on 14 February 2019 and 18 March 2019 respectively. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements in respect to SM58 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.*

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.

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources was compiled by Mr William Sack (BSc. Earth Sci./Physics, MSc. Geology, MBA), an Executive Director of Byron Energy Limited. Mr William Sack is a member of American Association of Petroleum Geologists. 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 release are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Sack. Mr Sack 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.

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 Cautionary Statement

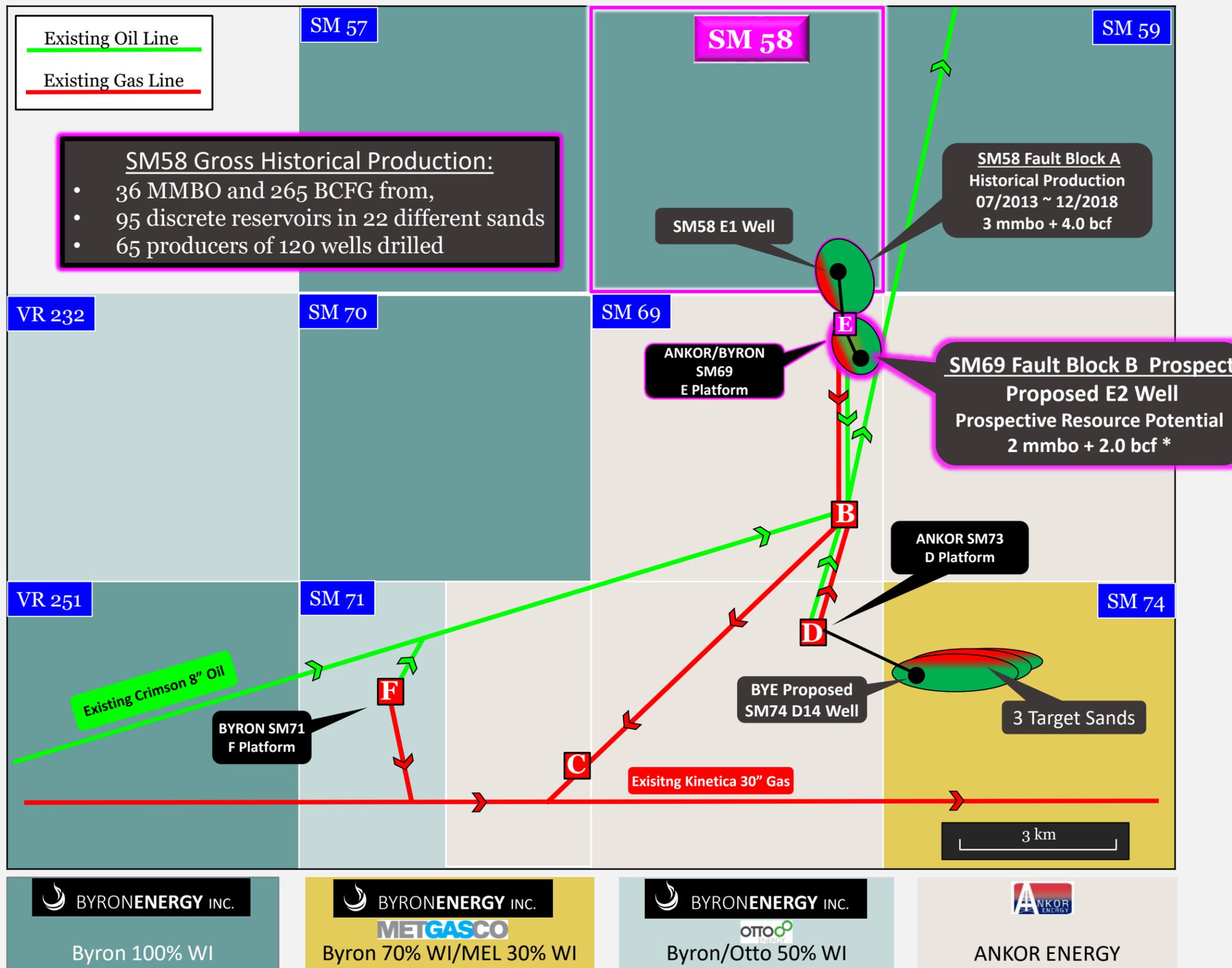
The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

Prospective Resources Reporting Notes (SM69 reported for the first time)

- (i) The prospective resources information in this document is effective as at 31 December 2018 (Listing Rule (LR) 5.25.1).
- (ii) The 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 2007) (LR 5.25.2).
- (iii) The 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 prospective resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6).
- (v) The 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 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) Prospective resources are reported on a best estimate basis (LR 5.28.1).
- (viii) 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).
- (ix) In respect to the prospective resources referred to in this statement, Byron has acquired an additional working interest in the north-east portion of SM69 ("SM69") Lease Block in the Gulf of Mexico, offshore Louisiana, USA, in close proximity to the Company's SM 71 project (LR 5.35.1).
- (x) The prospective resources have been estimated on the following basis (LR 5.35.2):-
 - prospective resources have been identified near the existing developed and undeveloped reserves, at the same or deeper stratigraphical levels but are deemed isolated from mapped reserves;
 - a combination of volumetric assessment and field analogues have been used to estimate the Prospective resources; exploration drilling will be required to assess these reserves.
- (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR 5.35.3).
- (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development (LR 5.35.4).

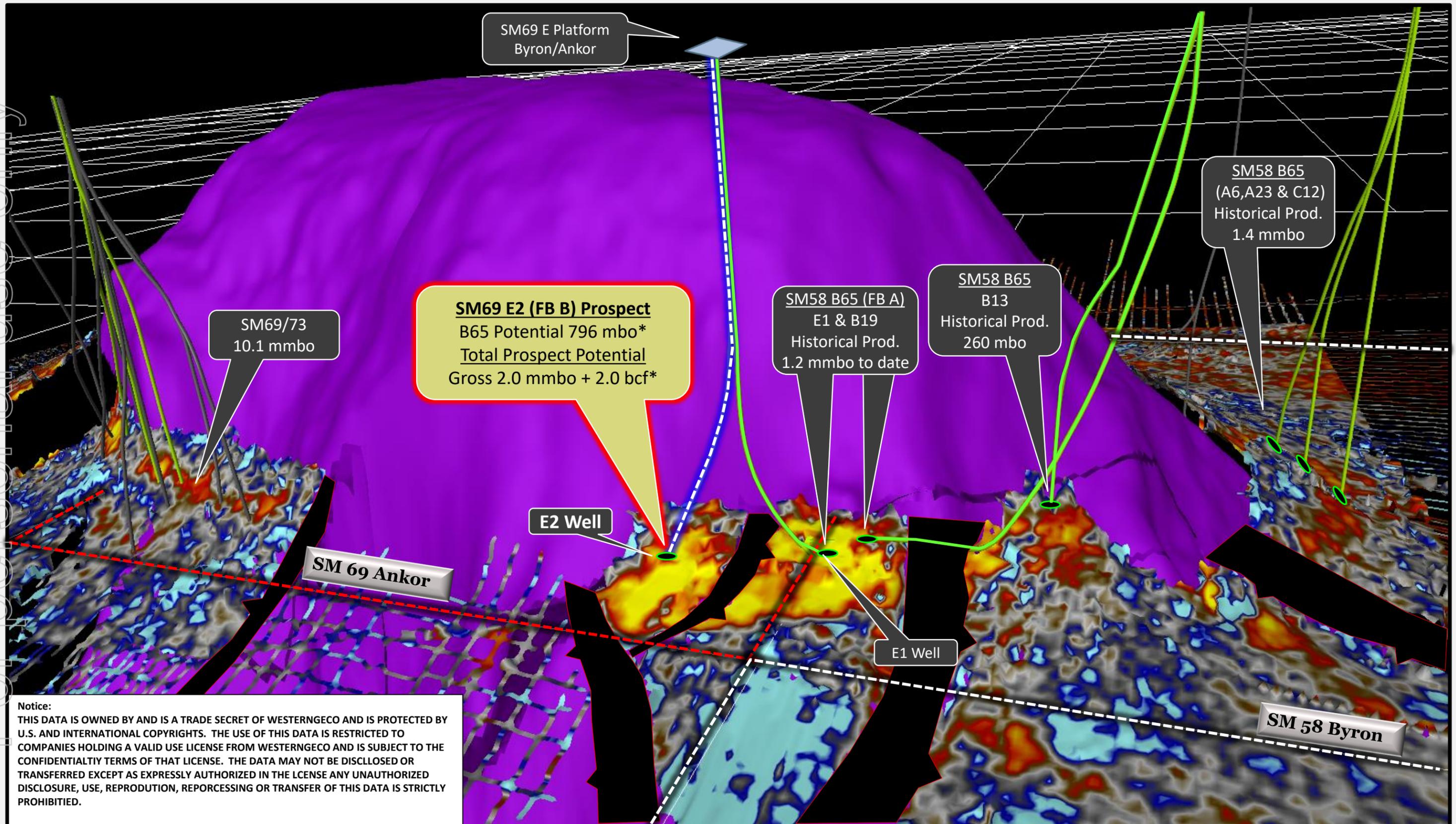
South Marsh Island Project Map

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* Byron In-house mapped prospective resource

SM 58 E2 Primary Well Target – B65 Sand – 2019 Byron RTM Data



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