

9 May 2019

ASX Release

**South Marsh Island Area Seismic Reprocessing and Block VR232
Update**

- **Reprocessing of 172 square miles of 3D seismic data on Byron's South Marsh Island Area leases completed; numerous new leads and prospects generated**
- **Drilling of the initial test well on SM58 moved forward into 2019 due to prospect enhancement with the new seismic data.**
- **Reprocessed seismic data does not support previously assessed prospectivity on VR232 and VR251 leases.**
- **Relinquishment of VR232 was recommended by Byron instead, 100% of VR232 to be assigned to Otto Energy, at Otto's election.**

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) would like to provide the following update on the completion of its South Marsh Island Area leases seismic reprocessing project and the status of the Vermilion Block 232 ("VR232") and Vermilion Block ("VR 251").

WesternGeco 3D Seismic Processing Project

As announced on 3 May 2018, Byron undertook high effort seismic reprocessing of approximately 172 square miles (445 square kilometres) or 22 Outer Continental Shelf lease blocks of high quality, modern seismic data the Company previously licensed from WesternGeco, a Schlumberger Company. The goals of the project were to improve the resolution and subsurface imaging of Byron's existing licensed 3D seismic data in the South Marsh Island area where Byron currently holds eight leases.

There were four key issues addressed during the project:- (i) improve signal to noise ratios by using new pre-processing techniques, (ii) verify that the wavelet phase of the data is zero phase in order to accurately tie existing well control, (iii) perform new Reverse Time Migrating (RTM) and Kirchhoff Prestack Depth Migration ("KDM") at higher frequencies to improve data resolution and (iv) to generate seismic inversion volumes to allow a deeper investigation of seismic amplitude responses and predict lithology. Other processing products created include Vector Image Partition processing and Common Depth Point gathers for both the Reverse Time Migration and KDM data volumes allowing for Amplitude Verses Offset analysis to further evaluate seismic responses across known hydrocarbon accumulations and allow comparisons of responses of prospects.

This work was carried out by a team of eleven experienced professionals at WesternGeco, a recognized leader in seismic processing and was completed in late March of 2019. At the end of March, all final data

products have been delivered and interpretation work has been ongoing. Byron personnel worked closely with the WesternGeco team and provided insight on the geologic setting of the project area and ensured that all geophysical concerns were addressed.

The result is a data set with greatly improved signal to noise ratios, higher frequency content and a consistent wavelet phase across all portions of the project. Additionally, the ability to create seismic volumes using VIP data has increased Byron's ability to more accurately map the subsurface in complex areas of the project. While interpretation work will always be ongoing, already Byron is seeing the benefits of this processing work in the generation of several new prospect opportunities on its existing leasehold acreage, especially SM58, where multiple prospects have been generated and well planning has begun for a well to test an undrilled O Sand prospect later in 2019.

VR 232

The Company's evaluation of block VR232 (lease number OCS-G36198) has also been carried out and the new processing has shown that the three prospective lead areas previously mapped on the block are not supported by the new data. With the new data processing, especially the wavelet phase determination, previously documented VR232 lead areas do not exhibit the same characteristics as known hydrocarbon accumulations in the same stratigraphic intervals, a key component in Byron's prospect evaluation methods. When ranked against Byron's other prospects in the area, VR232 does not make the Company's list of drillable prospects.

In 2018, Otto elected under the Participation Agreement to participate in the acquisition of the VR232 lease which was burdened with both a carry on lease acquisition costs and a carry on any future initial test well on VR232. Based on Byron's recent geological and geophysical assessment, the Company recommended to Otto that the VR232 lease be relinquished prior to the next annual lease rental due on or before 31 July 2019 or that Otto could elect to take full assignment of the lease. Otto has informed Byron that it will elect to take the full 100% working and net revenue interest and will maintain the VR232 lease. The necessary assignments and other documents to complete the transfer to Otto have been executed and submitted to the Bureau of Ocean Energy Management (BOEM) for approval.

As a result of this arrangement with Otto, Byron will write off its VR232 carrying value (approximately \$US 0.54 million). Byron will also remove the prospective resources of 4.8 bcf of gas and 74,000 barrels of oil (net to Byron) from its inventory of prospective resources, previously attributed to VR 232 (see Byron's ASX release dated 20 June 2018 and June 30, 2018 Reserves and Resources Report, released in 19 September 2019.)

VR 251

The Company has also evaluated its VR251 lease (lease number OCS-G36199) with the reprocessed seismic data and found that the initial prospect ideas on the block were also not supported. Consequently, Byron will relinquish VR251 before the next lease rentals are due on 31 July 2019.

Byron will write off its VR251 carrying value (approximately \$US 0.45 million). Byron does not carry any prospective resources in its inventory for VR252.

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CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding the South Marsh Island Area reprocessing project:

“The reprocessing of our seismic data over the South Marsh Island leases has resulted in a seismic volume with significant uplift in data quality over what we felt was already a very good dataset to work with. We are now able to tie 523 wells in the project area with a consistent seismic dataset and evaluate both known accumulations of oil and gas and dry holes drilled by previous operators. Already, we have mapped several new prospects on our recently acquired SM58 lease and are moving toward drilling our first SM58 well later this year. This data is a powerful tool that will bring benefits to our company and shareholders for many, many years “.

“While we are disappointed that the prospects and lead areas we had previously mapped on VR251 and VR232 prior to lease acquisition did not hold up under the new processing. We recognize this is simply part of the normal course of business. Byron constantly reviews its leasehold acreage and makes decisions to hold or relinquish leases based on new information and ongoing geologic review and this result is part of that process”.

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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 release 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.