

ASX Release

South Marsh Island Projects Update

- **The EOD 264 rig is now on location at SM71 to drill the SM71 F4 well**
- **D5 Sand production at SM71 has surpassed 2 million barrels of oil with no water**
- **SM71 ranks as the fourth highest oil producing lease in the GOM shelf over the past twelve months**
- **Construction of the SM58 G Platform is on schedule for completion and installation in June 2020**
- **Drilling contract signed for a 2020 four well drilling program at SM58 and SM69**

Byron Energy Limited (“Byron or the Company”) (**ASX: BYE**) is pleased to provide an update on its operated South Marsh Island projects in the Gulf of Mexico, USA.

South Marsh Island Block 71

SM 71 F4 Well

On Saturday, 25 January 2020, the Enterprise Offshore Drilling 264 (EOD 264) arrived on location to drill the SM71 F4 well from Byron’s SM71 F Platform and has jacked up to working height and equipment loading is underway. Current operations are driving 24 inch drive pipe to proper depth before rigging up diverter lines and other equipment in preparation of spudding the well. The SM71 F4 well is designed to test an Upper D5 Sand seismic event outboard of the primary D5 producing area where the SM71 F1 and F3 wells have been in production since March of 2018. Drilling of the SM71 F5 well will be contingent on the results of the SM71 F4 well.

Further progress reports will be provided as operations continue. The SM71 F4 well will be drilled to a depth of 8,180 Measured Depth (7,615 True Vertical Depth) and is expected to take 25 days to drill and evaluate.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and currently has a 50% working interest (“WI”) and a 40.625% net revenue interest (“NRI”) in SM71. Otto Energy Ltd (“Otto”) (**ASX: OEL**) holds the remaining interest in SM71.

Otto has elected not to participate in the SM71 F4 well, giving Byron a 100% WI with an 81.25% NRI in the SM71 F4 well.

SM71 Production Update

Over the past twelve months, the SM71 lease ranked fourth in total oil production amongst all producing leases on the Gulf of Mexico shelf in water depths up to 400 feet. On 23 January 2020, production from the D5 Sand surpassed 2 million barrels of oil and 2.8 billion cubic feet of natural gas in less than two years

with no formation water observed to date. Production from the Byron operated SM71 F1, F2 and F3 wells continues at steady daily rates after installation of a new compressor in December 2019. Platform production was shut-in on 7 December for construction work. The SM71 F3 was returned to production in less than three days producing through the high-pressure production system. Both the SM71 F1 and F2 wells were shut-in a total of seven days. The installation work was carried out on budget and crews were demobilised on 12 December.

South Marsh Island Block 58

SM58 Construction Update

Construction work on the future SM58 G platform is ongoing in Abbeville, Louisiana and remains on schedule for installation in June 2020. Structural work to the jacket portion of the platform is in progress and painting and coating of the deck portion is complete. The next construction phase will focus on interconnect piping. All production equipment is being refurbished and will be reinstalled along with instrumentation and electrical work over the next three months. When completed and installed, the SM58 G platform will be capable of handling 8,000 barrels of oil per day, 80 million cubic feet of natural gas per day and 8,000 barrels of water per day.

As previously reported, in early October 2019, Byron completed the drilling of SM58 G1 well (formerly SM58 011 BP01 well) which was drilled to test Byron's Cutthroat Prospect that had been identified and evaluated using high-tech Reverse Time Migration, Vector Image Processing and Full Waveform Inversion 3D seismic processing.

The SM58 G1 well encountered a true vertical thickness net pay of 301 feet in the Upper O Sands. Mud log data indicated a total hydrocarbon bearing interval thickness in the Lower O section of between 180 and 250 feet. Due to hole conditions, the Lower O Sand interval was not logged in the SM58 G1 well and will be the primary target of a future well. The SM58 G1 well was mudline suspended so that it ultimately can be completed and placed on production when the G platform is set later this year.

Byron holds all the operator's rights, title, and interest in and to the SM58 Lease Block to a depth of 13,639 ft. subsea with 100% WI and 83.33% NRI. To date, all identified drilling opportunities on the SM58 lease are above 13,639 feet subsea. Below 13,639 feet subsea, Byron has a 50% WI (41.67% NRI) under a pre-existing exploration agreement. Additionally, Byron owns a non-operated 53% WI (44.165% NRI) in the associated existing producing assets being the SM69 E Platform and SM58 E1 wellbore.

2020 Drilling Program: South Marsh Island Blocks 58 and 69

Enterprise Drilling Contract Signed

In order to carry out the drilling program outlined in Byron's November 2019 investor presentation (refer to ASX release dated 15 November 2019), the Company has executed a drilling contract with Enterprise Offshore Drilling to utilize the EOD 264 mat jack up rig to drill four new wells and complete all successful wells drilling during the program along with completion of the SM58 G1 well. The contract calls for the EOD 264 to be released to Byron after 15 May 2020, subject to its availability.

The initial well to be drilled under the contract will be the SM69 E2 which was announced on 1 April 2019. The SM69 E2 well will be drilled from SM69 E Platform where Byron owns a 53% working interest in one producing well, the SM58 E1. The SM69 E2 well will test six sands in a fault block adjacent to the fault block where the SM58 E1 well is currently producing from the K4 Sand at a constant gross rate of about 100 barrels of oil per day (53 barrels of oil per day net to Byron).

The well will be drilled under a joint exploration agreement between Byron and the leasehold interest owners of SM69. By funding 100% of the well Byron will earn 100% WI and 80.33% 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 (Please refer to Byron's ASX release dated 1 April 2019 for details). If the SM 69 E2 is successful, first production from the well is expected within three to six months after completion.

The focus of the second phase of Byron's 2020 drilling program will be the SM58 lease where three new wells will be drilled from the SM58 G Platform once it is set. Initial operations when the rig is mobilized to SM58 G will be to complete the G1 well as an Upper O Sand producer before beginning to drill new wells. The first new well, the SM58 G2, will be drilled to retest the Lower O Sand where strong oil shows were observed over a 150-250-foot section of the SM58 G1 wellbore in September of 2019 (refer to Byron's ASX release dated 30 September 2019 for details).

Additional new wells will also be drilled from the SM58 G Platform to test the Upper and Lower O Sands defined in Byron's Steelhead Prospect and the Upper O Sand in the Brown Trout Prospect. The exact order of drilling will be determined in the next few months and the rig will also be used to complete all successful wells drilled at SM69 and SM58 under the contract. Byron's contract also provides the opportunity to add an optional well to the program should the Company choose to do so.

CEO Comment

Byron's CEO, Maynard Smith, had this to say about the upcoming work program for the Company:

"I am very pleased that we have begun the first leg of our 2020 program by initiating work on the SM71 F4 well. This well will be the first well in the program and, if successful, the F4 will provide Byron with an important step up in daily oil production.

The on-schedule progress of construction work on the SM58 G Platform is a testament to our staff in Lafayette and now that we have secured a quality drilling rig, we can look forward to executing the upcoming drilling program. The platform construction and the drilling program has been made possible by the funding that was put in place at the end of 2019 coupled with the steady cash flow from SM71, both of which allow Byron to continue the transformational growth brought on by the SM58 discovery made last year. We intend to be in a continual drilling and completion program from May through the end of the year."

For further information, please contact:

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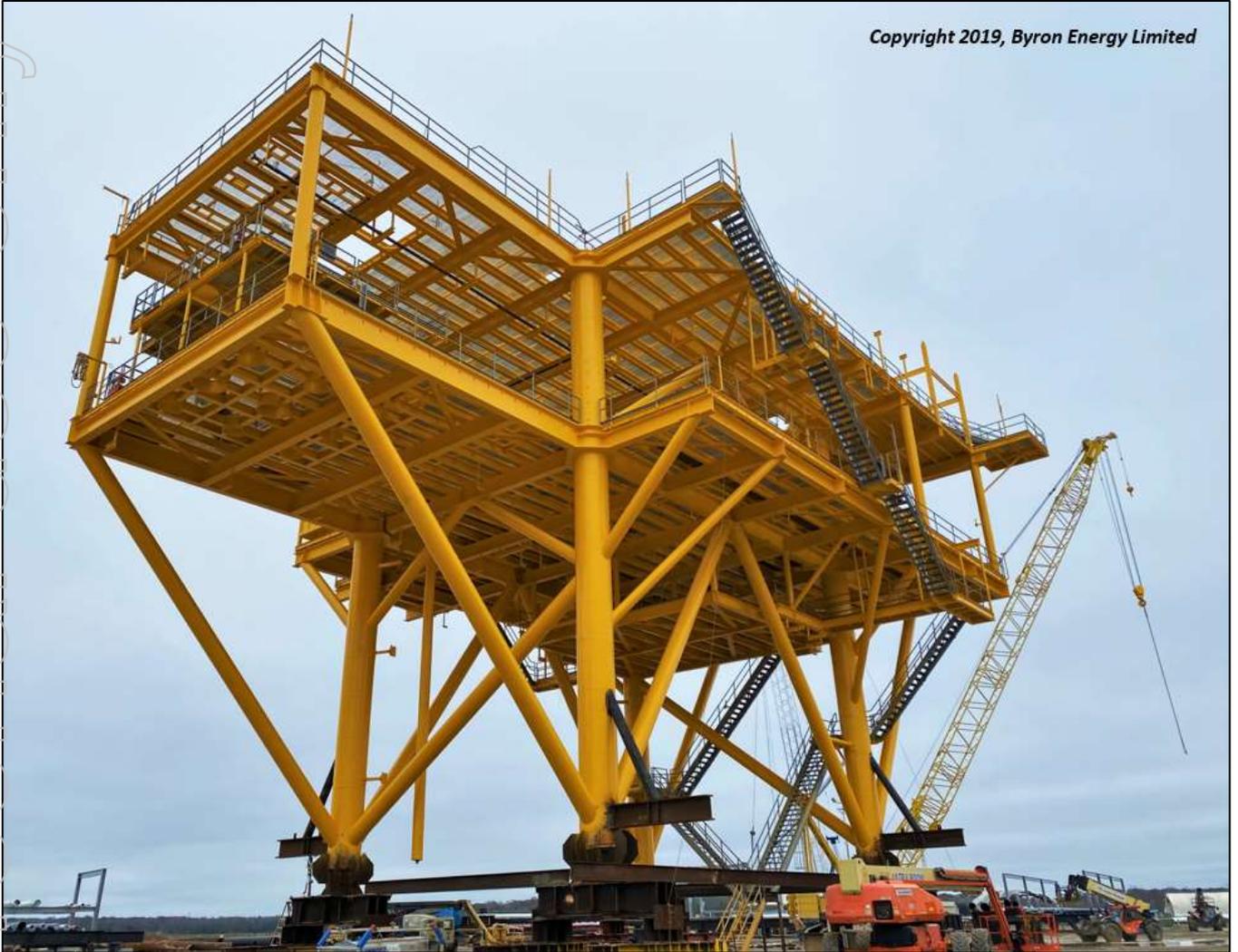
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About Byron:

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.

SM58 G Platform
27 January 2020
Abbeville, Louisiana

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