

1 February 2022

ASX RELEASE

Two Well Drilling Program to Commence in April 2022

- Byron has committed to a two well program at SM58 commencing April 2022
- Rainbow Trout (G3) and Smoked Trout (G5) wells continue the development of SM58 project
- Combined 2P net reserves for both wells are 3.5 million barrels of oil and 4.6 billion cubic feet of gas
- Development funded by a combination of internally generated funds and oil revenue prepayments from an oil supermajor, the purchaser of Byron's existing GOM oil production

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) is pleased to provide the following update on the Company's funding and commencement of its 2022 drilling activity in early April 2022.

Extension of the Offtake Agreement

Byron is pleased to have agreed to terms on a 3-year extension of its existing oil offtake agreement with one of the oil industry's supermajors, the sole purchaser of Byron's GOM oil production and hedge counterparty since inception.

US\$11 million Prepayment Facility

Byron is working to finalise documentation in the next couple of weeks which will secure access to short term funding of up to US\$11 million through a prepayment of future oil revenue, beginning at any time after April 2022. The prepayment will have a 12-month repayment term, including a 3-month non-repayment grace period, followed by nine equal instalments (i.e. deductions from oil revenue). The prepayment will be largely secured by the existing forward sale agreement of 400 barrels of oil per day ("bopd") through to December 2022 plus a small add-on of approximately 300 bopd during the January 2023-April 2023 period. The fee for this prepayment is approximately US\$1 per produced barrel during the one year term. The majority of the funding for the upcoming SM58 G3 & G5 drilling program will be sourced via managed free cash flow with the remainder and the completion costs funded through the offtake arrangement with a global supermajor, Byron's oil purchaser and hedge counterparty.

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Through this arrangement Byron has leveraged its existing forward sale agreement, gained access to accelerated cash flow and established a framework for what could evolve into an attractive line of credit at a favourable effective interest rate while the purchaser has secured the oil purchasing rights from a growing oil producer by providing the necessary funding to aid in the acceleration of growth. Access to capital on overall attractive terms under a streamlined structure between Byron and purchaser reflect an evolving capital market and speaks to the value both parties bring to the table based on a long-established relationship. Byron will continue to pay down the Crescent Midstream (Crescent) loan which will be repaid by the end of November 2022. Byron very much values the existing relationship which will undoubtedly continue to evolve in the future.

Commencement of 2022 Drilling Program

Byron has secured the use of the Enterprise Offshore Drilling 264 (EOD264) jack up drilling rig to drill two wells, the SM58 G3 and G5, at the Company's South Marsh Island 58 G Platform commencing in April 2022. The EOD 264 is currently stacked, and reactivation of the rig has commenced with a goal of it being service ready in early April 2022.

Byron has identified multiple opportunities that can be drilled from the 9 slot SM58 G Platform and, after evaluating those opportunities, has selected the Rainbow Trout (SM58 G3) and Smoked Trout (SM58 G5) prospects for this drilling program. The primary targets for both wells lie in seismic amplitude supported attic positions updip to prior water drive supported production in each primary target sand as mapped using Byron's Reverse Time Migrated (RTM) 3D seismic data. A successful program would result in the conversion of significant proved undeveloped oil reserves to proved producing reserves.

As shown in the table below, the two prospects have combined gross 3P reserves of 4.4 million barrels of oil (Mmbo) and 5.8 billion cubic feet of gas (Bcfg) with over 3.1 Mmbo and 3.5 Bcfg gross currently assigned to 1P category. It is estimated that the two wells can be drilled for a total combined dry hole cost of approximately US\$10.7 million and a combined estimated completion cost of US\$9.3 million for a total program cost of US\$20 million.

Prospect/Well	Category	1P		2P		3P		Prospective Resources	
	Sand	MBO	MMCF	MBO	MMCF	MBO	MMCF	MBO	MMCF
Rainbow Trout SM58 G3	J Sand	1,893	1,862	2,500	2,461	2,500	2,461	657	788
	* K4/B65 Sand								
	* Upper O Sand								
	G3 Totals	1,893	1,862	2,500	2,461	2,500	2,461	657	788
Smoked Trout SM58 G5	Sand	MBO	MMCF	MBO	MMCF	MBO	MMCF	MBO	MMCF
	J Sand			10	674	10	674	0	0
	K4/B65 Sand	278	355	413	520	413	520	0	0
	N2 Sand	1,002	1,306	1,304	1,869	1,449	2,146	0	0
	G5 Totals	1,280	1,661	1,727	3,063	1,872	3,340	0	0
Grand Total Gross		3,173	3,523	4,227	5,524	4,372	5,801	657	788
Grand Total Net to Byron		2,644	2,936	3,523	4,603	3,643	4,834	547	657

* No reserves were attributed the K4/B65 and Upper O Sands in the Rainbow Trout (G3) well in Byron's 30 June 2021 reserves report, released to ASX on 28 September 2021

The reserves and resources are based on information disclosed in the Company's ASX releases dated 28th September 2021.

The Company confirms that it is not aware of any new information or data that materially affects the information included within the above release, in respect to SM58, and that all the material assumptions and technical parameters.

Refer to Cautionary Statement (page 5) relating to estimates of Reserves and Prospective Resources

Once on location, Byron will commence to drill the SM58 G3 well to the Rainbow Trout prospect. The SM58 G3 well will be drilled to a depth of 8,622 feet Measured Depth (MD)/6,966 feet True Vertical Depth (TVD). The well has three target sands, with the J Sand being the primary target. The K4/B65 Sand and possibly the Upper O Sand are also anticipated to be present but carry no classified reserves.

The J Sand target in the SM58 G3 well lies within a seismic amplitude supported attic updip to a pool that previously produced 1.7 Mmbo and 3 Bcfg from two wells completed in the J Sand. RTM data predicts that the K4/B65 Sand and the Upper O Sand could also be present but with weaker amplitude support.

The SM58 G5 well will be drilled to a depth of 10,240 feet MD/8,196 feet TVD and has three objectives in the Smoked Trout prospect. The primary target is the N2 Sand with secondary targets mapped in the J and K4/B65 Sands.

The primary N2 Sand target lies within a seismic amplitude supported attic updip to a pool that previously produced 3 Mmbo and 5.7 Bcfg from six wells completed in the N2 Sand. Smaller amplitude supported attic areas exist in the J and K4/B5 Sands as mapped using RTM seismic data.

Byron may elect, as a cost saving measure, to batch drill the two wells by driving conductor pipe in each well and then drilling each well to surface casing depth before drilling each well to final total depth. All completion operations will be performed after the drilling of both wells with a short cycle time expected to be less than two weeks to first production once the rig is mobilized off location and hook-up operations are completed.

Byron's CEO Maynard Smith said:

“Throughout our careers, the Byron executive team has always valued and nurtured the very important relationships with the major service and oil companies in the GOM. These relationships, and our continued strong production, allows us to leverage our current and future production at a modest cost to create shareholder wealth and take advantage of the current very strong oil and gas prices.

Byron has a large inventory of quality prospects in the SM58 area and in order to drill these prospects, in a timely manner, we will continue to utilize and explore innovative financial solutions with our industry partners.”

Authorised by:
The Board of Directors

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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.

Disclaimers

Forward looking statements

Statements in this document which reflect management's expectations relating to, among other things, production estimates, target dates, Byron's expected drilling program and the ability to fund exploration and development are forward-looking statements, and can generally be identified by words such as "will", "expects", "intends", "believes", "estimates", "anticipates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements and may contain forward-looking information and financial outlook information. Statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that some or all of the reserves described can be profitably produced in the future. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

All of the forward-looking information in this document is expressly qualified by these cautionary statements. Forward-looking information contained herein is made as of the date of this document and Byron disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. In relation to details of the forward looking drilling program, management advises that this is subject to change as conditions warrant, and we can provide no assurances that drilling rigs will be available

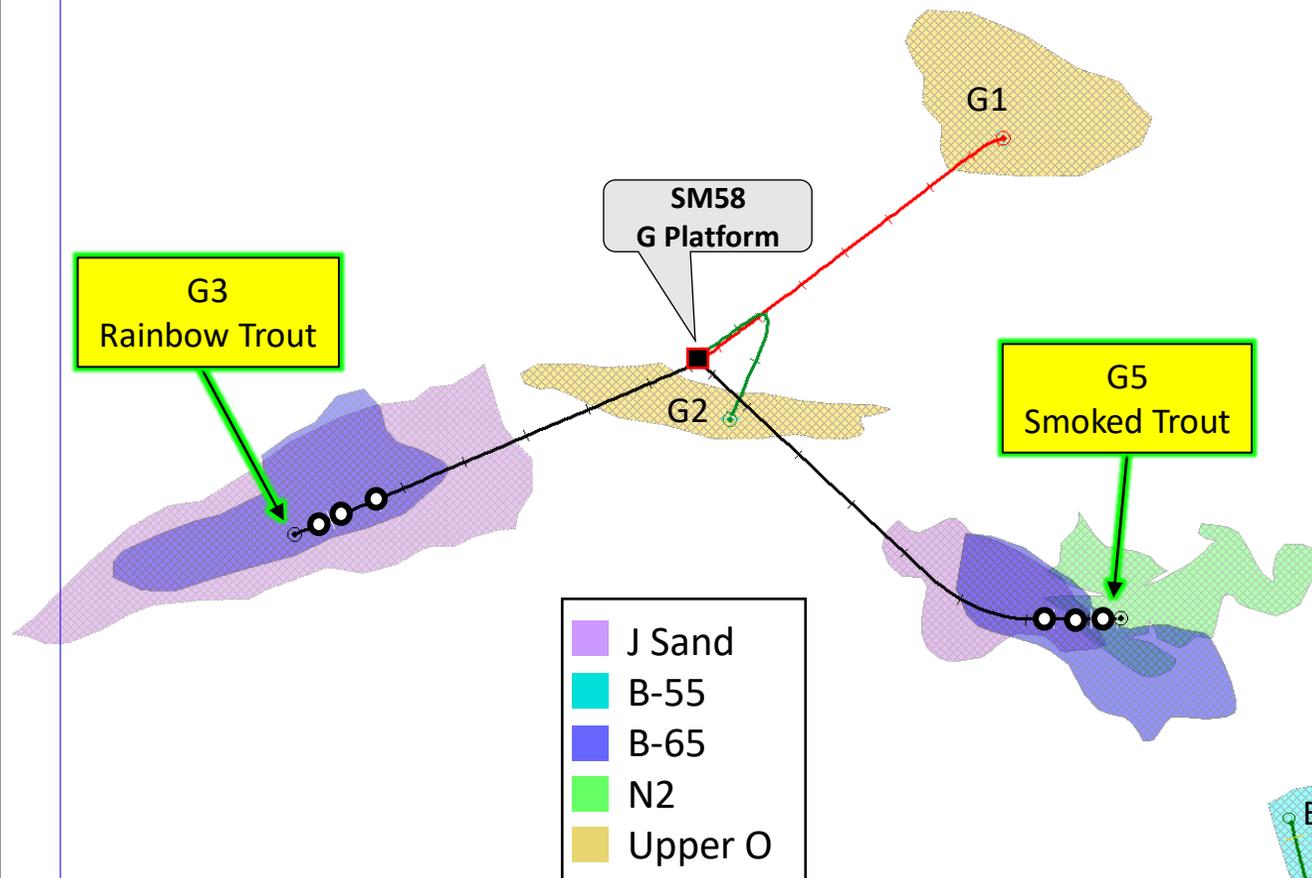
Reserves Cautionary Statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. The may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other 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 and these estimates have both an associated risk of discovery and a risk of development; and further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons..

SM 58

SM 58 G3 (Rainbow Trout) & G5 (Smoked Trout) Development Wells



SM 69

SM69 E Platform

