



15 October 2018

ASX Release

South Marsh Island 74 Update: Drilling Contract Executed

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

The Company has now executed a drilling contract with White Fleet Drilling 350, LLC to utilise the White Fleet Drilling 350 rig ("WFD 350") to drill the initial well from the SM73 D platform to test Byron's SM74 prospect. As previously announced on 19 September 2018, Byron signed an agreement with the offset operator of SM73 to drill from and, in the success case, produce through the SM73 D platform. 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.

The Company is now focussing its efforts on preparations for drilling the SM74 D-14 well to a depth of 16,464 feet Measured Depth ("MD") (14,741 feet True Vertical Depth). The SM74 D-14 well will test three amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil and 13 billion cubic feet of gas *.

Byron has also been advised by White Fleet Drilling that the WFD 350 is now expected to be available in early February when the preceding operator releases it. The WFD 350 is one of the few active rigs in the Gulf of Mexico configured in such a way as to allow proper access to the SM73 D platform.

Byron has farmed-out a 30% working interest share of the SM74 prospect to Metgasco (**ASX: MEL**) 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. The SM74 D-14 well will be operated by Byron.

*The Company's 2018 Annual Reserves and Resources Report was released to the ASX on 19 September 2018. The report was prepared by Collarini Associates ("Collarini"), an independent petroleum engineer, based in Houston, Texas, USA, with an effective date of 30 June 2018. 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 SM 74 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.

CEO Comment:

Maynard Smith, Byron’s CEO has this to say about the upcoming SM74 well:

“Byron is pleased to have secured the services of a high quality rig to drill our SM74 prospect. The White Fleet 350 has a very good track record of operating in the Gulf of Mexico and is well suited to set up over the SM73 D Platform. In addition, the timing for the rig has moved up and we should be underway in February. We look forward to testing this Reverse Time Migration (RTM) based prospect from an existing platform location which not only speeds up cycle time to first production but also greatly enhances the project economics.”

“This is another step in evaluating Byron’s leasehold acreage on the Gulf of Mexico shelf over the next 2-3 years. We expect to be in a fairly continuous cycle of drilling funded by the production from the Byron operated SM71 oil production that was brought on line earlier in 2018.”

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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.