



26 March 2018

ASX Release

First Oil at South Marsh Island 71

- **Oil Production for the SM71 F1 and F2 wells commenced on 23 March in the US Gulf of Mexico**
- **Production rates are not fully established, but are in the upper ranges of expectations**
- **Combined restricted oil rates from both wells as of 25 March are approximately 4,000 BOPD**

Byron Energy Limited (“Byron” or the “Company”) (ASX: BYE) is very pleased to announce that production has commenced at its flagship South Marsh Island Block 71 (“SM71”) oil development, in the shallow water of the Gulf of Mexico. The commencement of maiden production has elevated the Company to producer status.

As previously reported over the past several months, Byron Energy Inc., a wholly owned subsidiary of the Company has been moving to initiate oil production from Company operated wells drilled on SM71 in the Gulf of Mexico. Three wells have been drilled, the SM71 F1 and F2 wells are completed and producing from the D5 Sand and B65 Sand respectively. Operations to complete the SM71 F3 in the D5 Sand are currently in progress.

At approximately 2 PM US Central Daylight Time (“USCDT”) on 23 March 2018, after final regulatory inspections were concluded, the Byron Energy operated SM71 F1 well was opened to the production system on the SM71 F platform. After all flow lines and production vessels were filled with fluid and operating pressures were established, the choke was slowly opened and the SM71 F1 well went into production. Within 5 hours, the SM71 F1 well was producing at rates approaching 2,000 bopd with little or no water. The well has been on continuous production ever since at a controlled rate. Last test data at 3 PM USCDT 25 March 2018 was 2,118 bopd of 42 degree API oil, approximately 1 mmcfpd and less than 1% water cut with 1500 psi flowing tubing pressure on a 22/64ths choke. Any water recovered is completion fluid and is not from the D5 Sand reservoir.

On Sunday, 25 March 2018 at 2 PM USCDT, the SM71 F2 well was opened to the system and is slowly being stepped up to a controlled rate. At 7 PM USCDT 25 March 2018 test data indicated a rate of 1944 bopd of 42 degree API oil, approximately 1 mmcfpd and less than 1% water cut with 1,540 psi flowing tubing pressure on a 20/64ths choke. Any water recovered is completion fluid, not water from the B65 Sand reservoir. Because the well has only been flowing just a few hours, final rates have not been established.

Neither the SM71 F1 nor the SM71 F2 well is currently producing at its maximum capacity due to facility commissioning. As with any new platform, there are minor facility related issues to resolve prior to producing the wells at their maximum safe. Currently, the wells are being restricted to a combined rate

of 4,000 bopd. Based on current reservoir models, both wells are capable of significantly higher production rates. The facility issues will be resolved over the next few days and production rates will then be optimized for the facility capacity.

Operations to remove stuck completion tools from the F3 wellbore are ongoing. Once the stuck tools are removed from the wellbore, and the completion finalised, it will be placed into production with the other two wells. The SM71 F3 well intercepted 211 feet of measured depth oil pay (174 feet true vertical thickness) in the D5 Sand. The Company perforated a 184-foot measured depth interval of D5 Sand and completed sand control measures, before the tools became stuck. The SM71 F3 well had the thickest D5 Sand development of any well drilled by Byron in the SM71 reservoir.

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

Byron will issue progress reports regarding the ongoing completion operations at SM71 as material developments occur.

CEO Comment:

Maynard V. Smith, Byron's CEO had this to say:

"To say we are extremely pleased with the rates from the SM71 F1 and F2 wells would be an understatement. The observed rates are toward the upper range of our expectations for each well. Both wells have come in to production easily which is the sign of both a high quality reservoir and a very good completion. We expect the facility issues to be easily resolved this week and then we can establish appropriate rates prior to bringing on the F3 well when it is ready."

"My congratulations go out to our team and to the hard-working crews we have on the SM71 F Platform. The process of commissioning a new platform is a very complicated task and everyone has done a wonderful and efficient job of initiating production with no safety or environmental issues."

"Commencement of production is a watershed event for Byron. It repositions the Company as an oil producer. SM 71 is expected to generate significant cash flow and to broaden Byron's investor appeal."

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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.