

14 February 2019

ASX Release

Byron to Acquire South Marsh Island 58 Production and Lease Block

- **Byron has executed an agreement to acquire a 100% working interest (“WI”) in the SM58 Lease Block to a depth of 13,639’ TVD and 50% WI below 13,639’ TVD, as well as a non-operated 53% WI in the SM58 #E1 producing wellbore and the SM69 E Platform.**
- **The strategic SM58 acquisition provides Byron with contiguous acreage on the north flank of the SM73 Field, access to production infrastructure, a small amount of existing production and additional exploration upside.**
- **Byron’s internally mapped reserves include 215 Mbo + 0.1 Bcfg split between Proved Producing & Proved Developed Behind Pipe (net to Byron).**
- **As of January 1, 2019, the SM58 E1 wellbore was producing approximately 120 bopd + 150 mcfgpd from the K4 Sand and is set up for a future up-hole selective completion.**

Byron Energy Limited (“Byron” or the “Company”) (ASX: BYE) is very pleased to announce it has executed a Purchase and Sale Agreement (“PSA”) with a private USA company, for the acquisition of all of their rights, title, and interest in and to South Marsh Island Block 58 (“SM58”) Lease (being 100% WI and 83.33% net revenue interest (“NRI”) above 13,639’ True Vertical Depth (“TVD”), 50% WI and 41.67% NRI below 13,639’ TVD, and a 53% WI (44.165% NRI) in the associated non-operated producing assets, the E1 wellbore and the SM69 E Platform located on adjacent block SM69 (see Attachment 1) for US\$4.25 million. SM58 is within Byron’s recently announced 2018 Reverse Time Migration (“RTM”) and Vector Imaging Partition (“VIP”) seismic reprocessing project and is located immediately between Byron’s South Marsh Island Block 57 and 59 leases which when combined provide Byron with contiguous exploration acreage across the northern half of the SM71 Area Salt Dome and SM73 Field.

The prolific SM58 lease has produced 36 MMBO and 265 BCFG to date from 65 producers of 120 wells drilled with all pre-existing wells (excluding the E1 wellbore) and platforms fully decommissioned by the previous operators. The SM58 block has been the most productive block in the SM73 Field to date, yet the drilling results have suggested a complex structural-stratigraphic setting, one which is well suited for further evaluation with Byron’s 2018 RTM/VIP data set. Acquisition of the lease includes access to existing production reserves and infrastructure as well as additional exploration and development acreage within the newly reprocessed RTM/VIP seismic data set used to identify the Company’s nearby SM71 oil discovery in 2016.

Production from the SM58 E1 wellbore flows from the SM69 E Platform to the ANKOR Energy LLC (“Ankor”) Operated SM69 B Platform where separation and processing occurs. The SM69 E Platform is a recently constructed (2013) two slot structure with one well slot utilized and offers expansion potential of an additional slot.

The PSA includes the acquisition of the following assets:

- 100% WI (83.33% % NRI) in the SM58 Lease to a depth of 13,639 ft. TVD; and 50% WI (41.67% NRI) below 13,639 ft. TVD with a third party currently holding the remaining 50% WI under an existing Joint Exploration Agreement.
- 53% WI (44.165% NRI) in the SM58 E1 production, reserves, and associated SM69 E Platform and Flowlines
 - Proved Developed Producing Reserves of 86 Mbo + 0.04 Bcfg Net to Byron
 - Proved Developed Behind Pipe Reserves of 129 Mbo + 0.07 Bcfg_Net to Byron
- Operating Rights to all depths on SM58, excluding the E1 wellbore which is operated by the adjacent operator, Ankor Energy off the jointly owned SM69 E Platform.
- E1 Production processed under an existing Production Handling Agreement (“PHA”) between Ankor and Byron.

The effective date of the transaction is 1 January 2019. The PSA is subject to customary regulatory approvals and closing conditions, and the transaction is currently expected to close by late February 2019.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding SM58:

“The pursuit and fruition of this deal is a further testament to the strategic thinking of the Byron team in their effort to grow the company. This transaction is mutually beneficial to all companies involved and demonstrates Byron’s commitment to work with other operators similarly looking to focus their resources on their own core areas of interest. We see additional opportunity in the now contiguous SM57, 58 and 59 area and look forward to formulating a future drilling program on that part of the dome. “

“The consistent production from our nearby SM71 Field has provided the cash flow and financial resources to access this growth opportunity for our company. This is a significant step in expanding our position in the Gulf of Mexico and we plan to leverage this acreage into additional drilling locations and revenue streams in the near future.”

For further information, please contact:

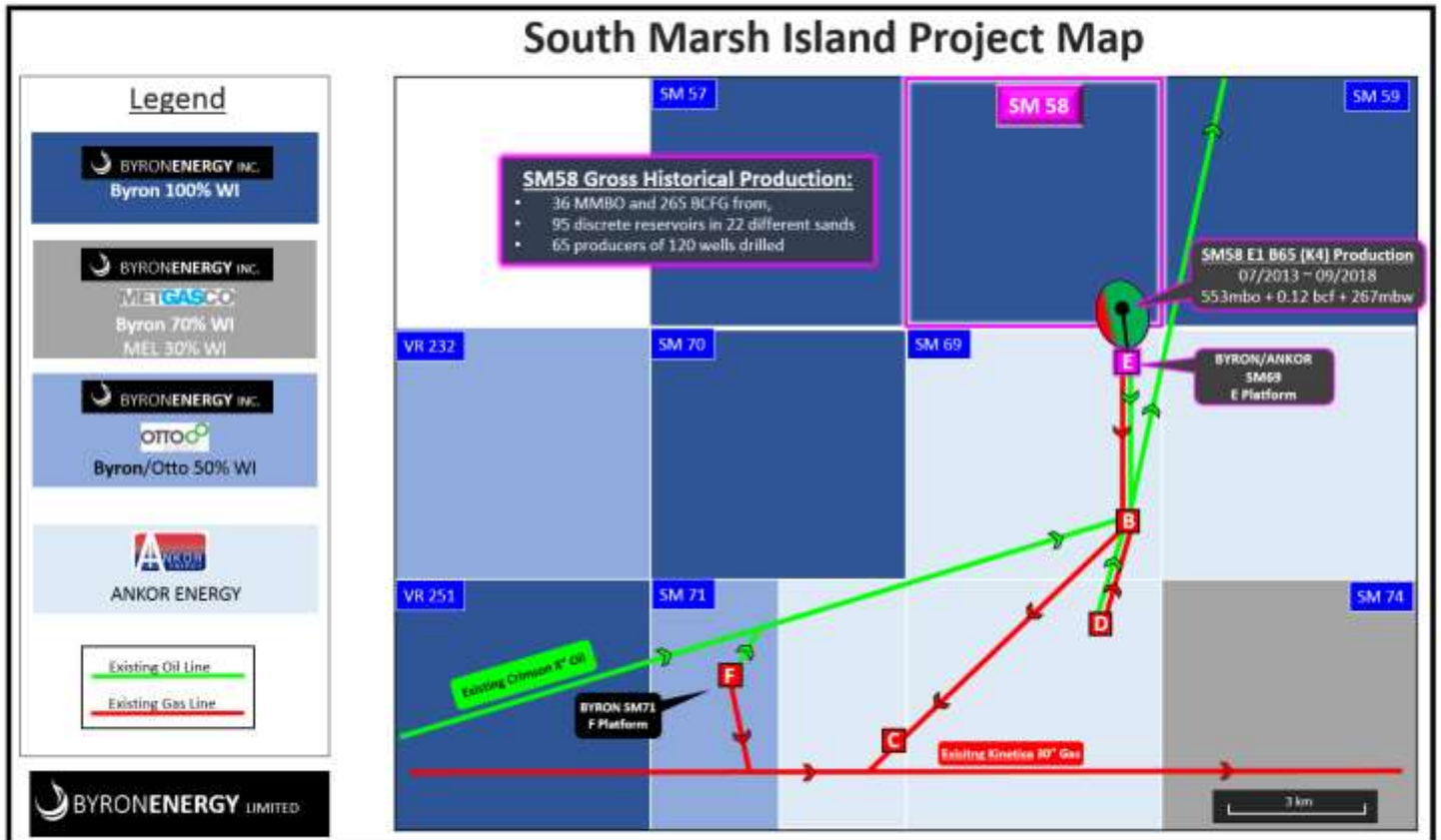
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About Byron:

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.

Attachment: 1



Competent Persons Statement

The information in this report that relates to oil and gas reserves was compiled by Mr William Sack (BSc. Earth Sci./Physics, MSc. Geology, MBA), an Executive Director of Byron Energy Limited. Mr William Sack is a member of American Association of Petroleum Geologists. The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this release are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Sack. Mr Sack is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Forward Looking Statements

This document 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.

Reserves Cautionary Statement

Oil and gas reserves 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.

ASX Reserves Reporting Notes

General

- (i) The reserves information in this document is effective as at 31 December, 2018 (Listing Rule (LR) 5.25.1)
- (ii) The reserves information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- (iii) The reserves and prospective resources information in this document is reported according to the Company's economic interest in the reserves net of royalties (LR 5.25.5)
- (iv) The reserves information in this document has been estimated and prepared using the deterministic method (LR 5.25.6)
- (v) The reserves information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- (vi) The reserves information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5)
- (vii) The method of aggregation used in calculating estimated reserves was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)
- (viii) SM 58 reserves are located in the shallow waters of the Gulf of Mexico, offshore Louisiana; furthermore, all of SM 58 reserves referred to in this document are developed.

ASX Reserves Reporting Notes

LR 5.31 - 5.32 (reporting reserves for the first time)

Reserves Material Oil and Gas Projects – SM 58 (included for the first time)	
LR 5.31.1 – Material economic assumptions used to calculate the estimates of petroleum reserves	<p>Oil and gas prices – prices used in this report represent [spot prices as of 31 December 2018 - WTI oil of \$US45.15/bbl and Henry Hub gas of \$US2.94/mmbtu]</p> <p>Capex – gross capital costs were estimated by Byron</p> <p>Opex - gross operating costs were estimated by Byron, based on current operating experience</p> <p>Discount rate - pre-tax discount rate of 10%</p>
LR 5.31.2 Operator or non-operator interests	Byron Energy Inc, a wholly owned subsidiary of Byron Energy Limited, will become operator on closing of the transaction and has a 100% working interest in the project.
LR 5.31.3 Permits or Licenses	South Marsh Island Block 58 is located in the shallow waters of the Gulf of Mexico, offshore Louisiana, USA.
LR 5.31.4 Description of:	
- Basis for confirming commercial producibility and booking reserves.	The commercial producibility of developed reserves is based on current production rates, allowing for expected decline, at expected operating costs.
- Analytical procedures used to estimate the petroleum reserves	Reserves are estimated using a combination of structure mapping from 3D and RTM seismic, well logs and production history of previous and currently producing well on this block.
- Proposed extraction method and any specialised processing required following extraction	Water drive reservoirs with sand control completions.
LR 5.31.6 – Underdeveloped petroleum reserves	SM 58 reserves are developed.
LR 5.31.7 – Unconventional petroleum resources	Not applicable.
LR 5.31.8 Why in the absence of 1P, 2P and 3P have been determined and reported	Not applicable.
LR 5.32 – Project estimates that have materially changed from when the estimates were previously reported	Not applicable. This is the first time estimates of petroleum reserves for SM 58 have been reported.

Glossary

Mbo=thousand barrels

Mmbo=million barrels

Mmboe=million barrels of oil equivalent

Bcf = billion cubic feet

Bcfg = billion cubic feet of gas Bopd = barrels of oil per day

Mcfgpd = thousand cubic feet of gas per day