

25 September 2020

ASX Release

SM71 Reserve Statement and Clarification

Byron Energy Limited (“Byron” or the “Company”), (**ASX: BYE**) would like to provide the following comments on the South Marsh Island 71 (“SM71”) reserve report released by Otto Energy Limited (“Otto”) (**ASX: OEL**) on 24 September 2020, to the extent it is relevant to Byron.

- Byron has received several questions regarding Otto’s 2020 reserves report and the stated reclassification of SM71 Proven and Probable undeveloped reserves
- Byron stands by the 2020 Collarini Associates Report as an independent report compiled by a third party following their analysis of the best available seismic, log, production, fluid and rock property data
- The 2020 Otto internally compiled reserve report generated by Otto staff and audited by *Collarini Energy Experts*, is notably not based on either the proprietary seismic data base licensed by Byron Energy nor the third party compiled *Collarini Associates 2020* report due to various data access restrictions
- Collarini Energy Experts is not affiliated with Collarini Associates that has provided third party reports for the SM71 Field for 5 years, since its discovery

While Byron respects the right of any non-operating participant to make their own assessment of reserves, in this case we need to provide some additional background information.

In past years, the partners have shared annual third-party reports compiled by Collarini Associates of Houston, Texas. These reports have utilized seismic data licensed by Byron from WesternGeco (a Schlumberger company) with that data having been reprocessed proprietarily for Byron by WesternGeco as recently as 2019. Byron utilizes this proprietary seismic data on both a regional and field level and it is provided to Collarini Associates in the generation of their annual reserve reports along with log data, rock property data and annual production data. Byron has also licensed seismic data from other seismic contractors and, after working all the data sets, has determined that the WesternGeco data fits the well data most accurately. The WesternGeco reprocessed data was instrumental in the 2016 discovery well at SM71. It’s interesting to note that 3D data over SM71 had been available to many large companies who owned the rights to explore and produce on SM71 but it wasn’t until Byron reprocessed the WesternGeco data that it became apparent that a substantial D5 Sand accumulation existed immediately below the already produced J Sand.

Consistent with past years, Otto was provided a copy of the 2020 Collarini Associates SM71 a draft reserve report in July of 2020. Otto has now chosen to use an entirely different and unrelated company, Collarini Energy Experts, an entity unrelated to the historical third party auditors of the past 5 years, Collarini Associates, to instead audit its own internal report compiled by a contractor of Otto. A report Byron must assume is not based on any portion of the Collarini Associates report, or any underlying seismic data, as permission to use the 2020 Collarini Associates report was not given to Otto. In doing so, Otto has chosen to disregard the 2020 report produced by Collarini Associates, which has previously been accepted by both Byron and Otto in all previous years and has consistently fit annual production to date.

Byron disagrees with Otto on the changes to reserve classifications by Otto in their 2020 Collarini Energy Experts report. Byron fully stands by the report it released on 10 September 2020 compiled by Collarini Associates. The Company would like to note, that statements in the Otto press release do not reflect the technical interpretation or opinion of Byron as Operator of the SM71 project in any way.

Specifically, Byron disagrees with Otto's statement that the SM71 F5 well found 36 feet of true vertical gas pay in the "primary D5 Sand". In Byron's opinion, that gas bearing sand is not the field wide D5 Sand, but rather a stray sand. Because of the gas content and depth of the stray sand, it cannot be part of the D5 reservoir currently being produced by the SM71 F1 and F3 wells. Rather, it is Byron's opinion that the SM71 F5 well penetrated this stray sand well above the D5 Sand target depth and stopped drilling in the top few feet of the primary D5 Sand with an oil show as noted in several Byron press releases. Downhole conditions prevented the F5 well from being drilled to its planned total depth, leaving the D5 Sand partially penetrated. After the SM71 F5 well was drilled, WesternGeco ran a series of models utilizing rock property data from the D5 Sand reservoir and the models confirmed that the F5 well did not fully penetrate the D5 Sand and there was a mis-tie due to low frequency seismic data in the vicinity of the F5 well.

The results of the SM71 F5 well provided no negative information to justify reserve reclassification. Due to the onset of the COVID-19 pandemic and Byron's belief that the show tied to the D5 sand, the SM71 F5 well was left in a manner that allows it to be sidetracked to fully test the D5 Sand in the future should the F1 & F3 not otherwise drain this area, therefore the rig was released. Byron does not agree with the reclassification of reserves related to the SM71 F5 well as stated by Otto but rather that the D5 Sand partial penetration and oil show support the reserves in the 2020 Collarini Associates report.

Because of the similar names of the two third-party engineering companies involved, Byron would like to provide the following clarifying statement from Mitch Reece, President, Collarini Associates:

"Collarini Associates is not affiliated with Collarini Energy Experts. It appears Otto disregarded the Joint Venture's Official Report from Collarini Associates which the Joint Venture has used for the past five years. By the statement provided by Otto, it appears Otto interpreted reserves with a different data base than that used in the Official Joint Venture Report, and then went to a company named Collarini Energy Experts, which again has no relationship with Collarini

Associates, and had them sign off on a reserve report using Otto's data base and a signed report from Collarini Energy Experts which could create confusion given the similar name. Collarini Associates stands by its current Official Joint Venture Report issued to Byron Energy and to Otto Energy."

Authorised by:
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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 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.