



19 September 2018

ASX Release

South Marsh Island 71 Update

- **Cumulative gross production as of 19 September 2018 is approximately 641,737 barrels of oil and 556 million cubic feet of gas, on a gross basis with no formation water**
- **The current field production rate, as of 19 September 2018, is 3,600 bopd and 6.0 mmcfpd, on a gross basis**
- **Recompletion operations from the B65 Sand to the B55 Sand expected to commence during the last week of September 2018**

Byron Energy Limited (“Byron” or “the Company”) (ASX: BYE) is pleased to provide the following update on the Company’s South Marsh Island Block 71 (“SM71”) Project.

Since oil and gas production began from the Byron operated South Marsh Island 71 F Platform in March 2018, 641,773 barrels of oil and 556 million cubic feet of gas, on a gross basis, and zero formation water have been produced from the three wells on the SM71 F Platform, making the SM 71 the number one producing oil lease on the shelf in the Gulf of Mexico. The success of this project has placed Byron as the 12th ranked oil producer out of 119 operators in the Gulf of Mexico shelf area over the past two months.

The Company’s ranking is based solely on Byron’s 50% working interest share of the oil production from the SM71 F Platform. This is an outstanding result given that one year ago, the Company went to the equity market to raise the necessary funds to finish the construction of the platform and subsequently initiate production from all three wells on the platform. The Company’s goal is to build on this ranking over the next couple of years.

Production Update

Now that we have produced a significant volume of oil and gas from the SM 71 D5 reservoir and consequently collected a large volume of data associated with this production, we are starting to understand some of the more subtle characteristics of the reservoir. The current field sales, as of 19 September 2018, have stabilised at approximately 3,600 bopd and 6.0 mmcfpd, on a gross basis after shrinkage at the sales meter. Over the last couple of weeks, the gas has slowly increased due to preferential flow and the oil has decreased to the stabilized rates reported above. Daily hydrocarbon production has lowered the reservoir pressure below bubble point which is consistent with the original assumptions made by both Byron and Collarini that the D5 reservoir is a combination gas expansion/water drive reservoir. Last week Byron shut in the SM71 F1 due to platform maintenance. This was the first time either well has been shut in since mid-May which is confirmation of the excellent work that our people are doing to keep this platform running around the clock seven days a week.

During the shut in of the F1 well we noticed an almost immediate increase in the calculated reservoir pressure at the F3 well providing further evidence that the two wells are clearly connected and further confirms Byron’s original interpretation of the seismic anomaly. As part of our routine reservoir management we currently plan on doing further downhole pressure work on both the F1 and F3 in November. Byron’s goal is to maximise the ultimate recovery from the reservoir and this downhole pressure work is an important part of the production process.

Operations Update

The Company had announced on 4 July 2018 that recompletion operations from the B65 Sand to the B55 Sand would occur in September. At this stage a lift boat is scheduled to arrive to the SM71 production facility in the last week of September to undertake the recompletion work, subject to final permit approval and weather. The estimated cost for the recompletion is approximately US\$1.1 million (gross) and is expected to take three weeks.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and holds 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.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding the status of the SM71 project:

“The first five months of production from the SM71 lease has exceeded our original expectations and we expect it to continue to be an important cash flow generator well into the future. We also look forward to completing the B55 for production and getting the F2 back online in the very near future.”

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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.
