

2 October 2019

ASX Release

SM71 Update: SM71 F4 Well Participation

- **Byron has been notified that Otto Energy has elected not to participate in the drilling of the SM71 F4 well**
- **The SM71 F4 well is fully permitted and is expected to spud in January 2020 as a 100% Byron well after a compressor upgrade at SM71**

Byron Energy Limited ("Byron or the Company") (ASX: BYE) would like to provide the following update relating to the drilling of the SM71 F4 well.

As announced on 22 August 2019, Byron proposed the SM71 F4 well, a D5 Sand extension well designated the Sausage Prospect, to its 50% partner, Otto Energy group (ASX:OEL) ("Otto"). Under the terms of the SM71 Offshore Operating Agreement ("SM71 OOA"), Otto had until 30 September 2019 to respond with their election. Byron has been notified that Otto has elected not to participate in the drilling of the SM71 F4 well.

The D5 Sand target location of the SM71 F4 well has been defined by Byron's proprietary Reverse Time Migration (RTM) and full waveform inversion reprocessed seismic data, received earlier this year, under the South Marsh Island Project Seismic Reprocessing project from WesternGeco, a Schlumberger subsidiary. Those combined datasets delineate an area of stratigraphically isolated D5 Sand that the Company believes will not be drained by the existing SM71 F1 or F3 wells (refer to the attached schematics). The SM71 F4 well was assigned a gross 1.26 million barrels of oil and 0.75 Bcf of gas as a prospective resource by Byron's third-party engineers, Collarini and Associates in the Company's 2019 annual reserve and resource assessment, released on 19 September 2019. Under the SM71 OOA Byron has 120 days to spud the SM71 F4 well.

In August, Byron also submitted an Authority For Expenditure ("AFE") to Otto for a compressor upgrade to the jointly owned SM71 F Platform. Otto has approved the compressor upgrade AFE and in order to minimise production downtime while drilling, the two companies have mutually agreed the SM71 F4 well will not be drilled until after the new compressor is installed in late November or early December this year. Byron expects to spud the SM71 F4 well in January of 2020 with completion operations to follow immediately if the well is successful. The SM71 F4 well is fully permitted and ready to drill and it is anticipated that the Enterprise 263 will be used to drill the SM71 F4 well.

Under the SM71 OOA, Otto will be due certain onetime fees relating to the use of a well slot and production facilities. As an Exploration Operation, Byron will have the right to recover 600% of those fees and costs attributable to Otto's non-consent interest, to drill and complete, as well as 100% of those costs attributable to such interest in utilising, operating and maintaining the platform and facilities, including marketing & transportation of production, and the associated lessor's royalty. Upon such recovery, Otto will then have the right to regain their relinquished interest in the SM71 F4 well.

During the 30-day election period, Byron and Otto also discussed the SM71 F5 well which was not officially proposed due to restrictions on proposing multiple operations, under the Offshore Operating Agreement. Byron will submit the SM71 F5 AFE and proposal in due course. If the SM71 F4 well is not successful, the well will be left in manner that it can be used for future wells such as the SM71 F5 well by side-tracking below surface casing.

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 the SM71 Lease. Otto Energy Limited group ("Otto") (ASX: OEL) holds the remaining interest in SM71.

CEO Comment:

Maynard V. Smith, Byron CEO, had this say about the SM71 F4 well:-

"The SM71 F4 well is an attractive target from both a reserve and risk standpoint and we look forward to drilling it early next year. Our RTM seismic data does a very good job of delineating the Sausage Prospect and if successful, will increase D5 Sand reserves. We are disappointed that Otto will not be a part of this well, but this is the right time to drill and bring on new production in the life cycle of the SM71 platform and project."

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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.

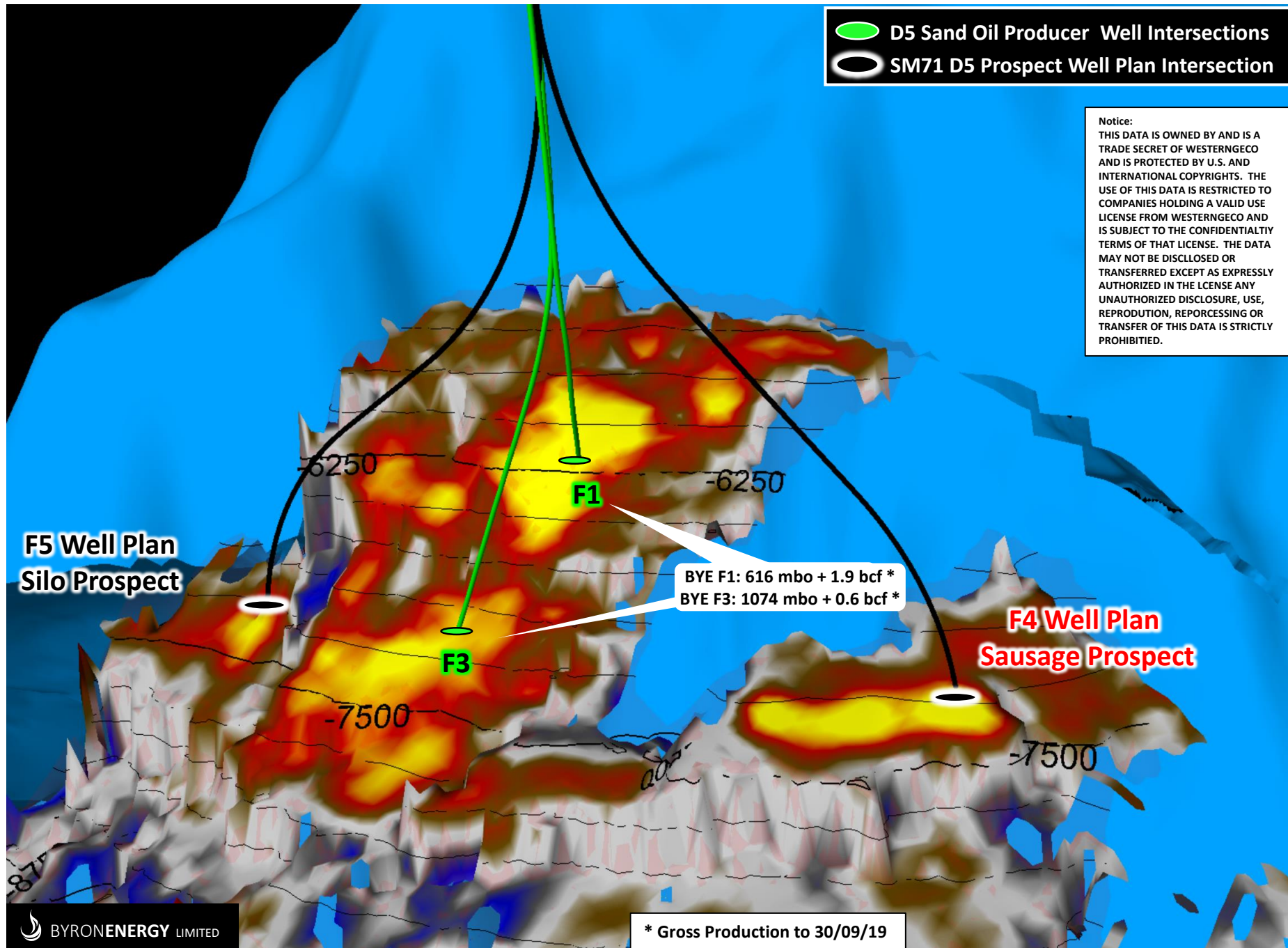
Forward Looking Statements

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.

Prospective Resources – Information in respect of LR 5.25

The Company's 2019 Annual Reserves and Resources Report was released to the ASX on 19 September 2019, including prospective resources for SM71 F4 well. Prospective resources for SM71 F4 were estimated by Collarini Associates, an independent petroleum engineer, based in Houston, Texas, USA, with an effective date of 30 June 2019. 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 71 F4 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.

SM71 D5 Sand



SM71 2018 RTM NLS Seismic

