

ASX Release
Byron Energy SM71 Update: SM71 F4 Well

- **Byron will drill the SM71 F4 well on a 100% basis**
- **Enterprise 264 jack up rig will be available in January 2020**

Byron Energy Limited (“Byron or the Company”) (ASX: BYE) is pleased to provide an update on the status of the proposed South Marsh Island 71 (“SM71”) F4 well.

Byron has been advised by Enterprise Offshore Drilling Company (“EOD”) that the EOD 264 jack up drilling rig will be available to drill the SM71 F4 exploration well, targeting the D5 Sand, in early January 2020, subject to final release of the rig by the current operator. Byron intends to drill the SM71 F4 well on a 100% basis, as originally indicated in Byron’s ASX release of 2 October 2019, and is preparing to spud the well in January 2020, subject to rig availability.

Having previously notified Byron that it would not participate in the drilling of the SM71 F4 well, Otto Energy Limited (“Otto”) (ASX:OEL) recently reindicated its interest to Byron in participating in the SM71 F4 well, given the delay in timing from November 2019 to January 2020. Following meetings and discussions between Byron and Otto earlier this month, it was mutually agreed that Otto would be given a second opportunity to participate in the drilling of the F4 well under exactly the same terms and at the same D5 Sand target location proposed previously by Byron in August 2019. Byron subsequently issued a second election notice to Otto for the F4 well, as proposed in August 2019.

However, on 21 November, Byron was advised that Otto had resolved to decline participation in the SM71 F4 well a second time, as is Otto’s right under the SM71 Offshore Operating Agreement (“OOA”) and, once again, Otto provided notice of non-participation to Byron.

After re-evaluating the SM71 F4 well for geological and drilling risks, Byron has decided to drill the F4 well on a 100% basis and is preparing to spud the well in January 2020 when the EOD 264 jack up rig is expected to be available. Representations made by Byron regarding participation by Otto in the F4 well during the recent investor presentations were based on anticipating an affirmative election from Otto, a soundly based expectation given the discussions that had taken place.

The OOA provides for participation in proposed operations by fewer than all parties, including the right for the non-participating party to revert to their working interest after the participating party has recouped, out of 100% of production, an amount of six hundred percent (600%) of all costs associated with drilling and completion, as outlined in Byron’s ASX release of 2 October 2019.

The SM71 F4 well is designed to test the highly productive D5 Sand outboard of the main D5 field area on SM71 where the F1 and F3 wells have combined to produce 1.83 million barrels of oil and 2.6 billion cubic feet of gas since production began in March 2018. If successful, the F4 well would extend and prove up additional reserves in the D5 Sand reservoir. If the SM71 F4 is not successful, the upper portion of the wellbore can be used for the SM71 F5 or another well; costs of which would be partially recouped from participating parties in the future well.

The SM71 F5 well has not yet been officially proposed by Byron (as operator) due to the structure of the OOA. For clarity timing of the SM71 F5 well, which would also target the D5 Sand, is yet to be determined.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and currently has a 50% working interest and a 40.625% net revenue interest in SM71. Otto holds the remaining interest in SM71.

Mr. Maynard Smith, Byron CEO, said:

"Byron still remains focused on our SM58 development program and work in the construction yard is on schedule and going to plan. I was surprised to learn that, after expressing a renewed interest to participate, Otto has chosen not to participate in the SM71 F4 well when offered a second time. The F4 is a good opportunity to expand our reserve base, increase daily oil production from our SM71 F Platform and expand our borrowing base with Crimson. We look forward to spudding the F4 early next year. In the unlikely event the F4 well fails to find commercial hydrocarbons, Byron will still be left with the option to cheaply sidetrack the wellbore to the F5 target. This seems like a win-win for Byron to me."

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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.