

9 April 2018

ASX Release

Oil Production Commences from Three Wells at South Marsh Island 71

- **SM71 F3 well is now in production with rates of 1,559 bopd and 808 mcfgpd**
- **Platform production levels are 4,288 bopd and 2,132 mcfgpd as of 9 April 18 USCDT**

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

On 6 April 2018, at approximately 4 PM US Central Daylight Time (“USCDT”), production from the SM71 F3 well was initiated. The F3 well was completed in the D5 Sand reservoir over a 184-foot interval of high quality oil bearing sand. After 48 hours of production, the F3 well is producing at a restricted rate of 1,559 bopd and 808 mcfgpd with 82 bbls of completion fluid per day at a FTP of 1,495 psi. Production of completion fluids from the F3 well was expected and in fact, the trend has reduced over the past 24 hours. Further increases in the F3 well rate will be made when the well is fully cleaned up of completion fluids and as the newly commissioned production facilities are further optimised to allow maximum throughput from all wells.

Production operations at the Byron operated SM71 F platform began on 23 March USCDT when the SM71 F1 well was brought on line. The F1 well was also completed in the D5 Sand and production levels from the well have remained steady since it began producing. The SM71 F2 well, completed in the B65 Sand, was opened to the system on 25 March USCDT. As announced last week, after initial high flow rates, the F2 well experienced a drop in flowing tubing pressure and the choke was reduced to assess the issue. The choke has now been increased and the F2 well is showing modest signs of pressure support along with increased oil and gas rates, however, additional time and production data is needed before a complete assessment can be made.

Current production levels from all three wells are summarized below:

Well	Reservoir	BOPD	MCFGPD	BWPD	FTP (psi)	Choke
SM71 F1	D5 Sand	2,067	976	0	1,465	22/64
SM71 F3	D5 Sand	1,559	808	*82	1,495	20/64
SM71 F2	B65 Sand	662	348	0	1,189	15/64
<i>Well test data as of 3 PM 8 April 2018 USCDT</i>						
<i>*Bbls of completion fluid, not reservoir water</i>						

All wells are being monitored and managed to ensure rates are appropriate and remain stable for the reservoir conditions in each sand. As production increases on the SM71 F platform, each component of the production system continues to be optimised to allow oil and gas rates to be at levels that are optimum for each reservoir. There are several valves and other components that require upgrades. Currently, the platform is limited to about 4,300 barrels of oil per day. This process will take time as new system components are activated and each well will be managed appropriately during this process.

Operationally, the ENSCO 68 drilling rig has been released and will leave the location on Sunday 8 April 2018 (USCDT) when weather conditions allow transit.

Byron advised the market, on 3 April 2018, that Crimson Gulf, LLC, ("Crimson") the operator of the oil pipeline transporting the SM71 oil to market planned to undertake maintenance on other sections of the oil pipeline commencing on 10 April 2018. Crimson has now indicated that the pipeline work will not begin on 10 April 2018 due to expected weather conditions in the Gulf of Mexico. As such, the Company expects to have continuous production until further notice from Crimson.

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

CEO Comment:

Maynard V. Smith, Byron's CEO had this to say:

"Establishing production from all three SM71 wells is a major achievement for Byron and we are very pleased to see the performance from these wells. Given the extended operations on the F3 wellbore, it is gratifying to see it in production with initial performance suggesting stabilised rates will be well within or exceed Byron's pre-completion expectations."

"SM71 is the culmination of six years of hard work by a group of dedicated professionals across many disciplines in the oil business. Byron is now moving toward a position of financial strength that will allow us to pursue other opportunities in our portfolio of high quality Byron generated 3D RTM based Gulf of Mexico prospects and expand upon the success of SM71. As can be seen by Byron's recent lease sale activity, we believe there is considerable prospectivity remaining in the greater SM71 salt dome area. Planning and technical work is very advanced on the next Byron generated dome project at SM74."

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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.