

10 January 2018

ASX Release

BYRON SM71 F3 DEVELOPMENT WELL SPUDS

- **Drilling operations on the F3 development well have begun at SM71**
- **SM71 F3 well will provide a second take point in the D5 Sand reservoir**
- **First Production from F1, F2 and F3 wells expected in early March 2018**

Byron Energy Ltd (ASX: BYE) ("Byron" or the "Company") is pleased to announce that the Byron operated OCS G-34266 #F3 development well ("F3") is currently, at 3 PM Tuesday, 9th January 2018 USA Central Standard time, drilling ahead at 668 feet Measured Depth ("MD").

The SM71 F3 development well will be drilled to planned total depth of 7,624 ft/2,324 metres MD, equivalent to 7,423 ft/2,263 metres true vertical depth ("TVD"). F3 is expected to be drilled and evaluated by early February 2018. Operations on the F3 commenced over the weekend, after 7 5/8" casing was run on the SM 71 F2 appraisal well, which is now temporarily suspended prior to B65 perforation and completion procedures. Completion operations on all wells will commence sequentially once drilling of the F3 is finished. As previously reported, SM71 F2 appraisal well encountered four discrete hydrocarbon bearing sands, including the B65 and D5.

The SM71 F3 well is designed to intersect the D5 Sand very near the point that the F2 well intersected the D5 Sand which logged 117 feet of True Vertical Thickness ("TVT") oil pay. The F3 well will provide a second take point in the D5 Sand reservoir in addition to the F1 well (91 ft TVT oil pay), which was drilled in 2016. The engineering design of the F3 well has a borehole angle of 24 degrees resulting in shorter measured depth than the F2 well which had an angle of 60 degrees. The design will also provide an optimal completion configuration in the reservoir.

Byron would also like to announce that final pipeline tie-ins from Byron's SM71 F Platform to oil and gas sales lines have now been fully completed in the field. Instrumentation and electrical crews are also working on the SM71 F platform daily to complete facility work and ensure a timely transition from drilling to production when the Ensco 68 rig leaves location after drilling and completion operations are finished.

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:

Commenting on progress at SM71 F3 well, Byron's CEO, and Maynard Smith said: "Despite cold, difficult conditions offshore last week, our contractors and vendors did an excellent job finishing work on the F2 well and we have now efficiently moved over to the F3 well. With a lower borehole angle than the F2, we expect that operations on the F3 will move along quickly with the result being a very good take point in the D5 Sand to compliment the D5 completion in the 2016 F1 well. Accelerating the timing of the F3 well, adds a third completion to the SM71 field in a very cost-effective manner with production expected to commence from all three wells in early March 2018."

Byron will issue progress reports on the operations at the F3 well as material developments occur.

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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 track record 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.