

29 January 2018

**ASX Release**

**Byron Energy Drills Third Successful Oil Well at SM 71**

- **D5 Sand logged 175 feet net true vertical thickness (TVT) oil pay**
- **The F3 intersection of the D5 extends the oil column down dip by an additional 150 feet**
- **SM71 F3 reached total depth of 7,717 feet MD in 22 days**
- **7 5/8" casing is being run to bottom for future D5 completion**

**Byron Energy Limited** ("Byron" or "the Company") (**ASX: BYE**) is pleased to advise that the Byron operated OCS-G34266 #F3 well ("F3") on South Marsh Island Block 71 ("SM 71), was drilled to a final total depth of 7,717 feet Measured Depth ("MD") on 26 January 2018. After logging the well with open hole triple combo logging tools on 27 January, operations to run 7 5/8" casing to total depth prior to temporary suspension for completion in the D5 Sand are underway. Hydrocarbons in five discrete intervals were measured using both Log While Drilling (LWD) gamma ray and resistivity tools and wireline Triple Combo porosity tools.

The primary target in the F3 well was the D5 Sand which logged 211 measured depth feet of oil pay (175 feet TVT net oil pay) as determined by open hole logs. While only 70 feet away from the previously drilled SM71 F2 well, the D5 Sand was 45 TVT feet thicker in the F3 and exhibits excellent rock properties with porosities in the 32% range. With the base of the D5 Sand in the F3 well 150 feet below the base of D5 Sand in the F2 well, the D5 Sand oil column has been further extended downdip. This means the total oil column proven by the three Byron D5 wells is an astounding 1,160 feet. The F3 well will be the second take point in the D5 Sand reservoir at SM71. The SM71 F1 well drilled in 2016 will be the other D5 producer and contains 91 feet TVT net oil pay in an updip position.

With the additional penetration of the D5 Sand in the F3 well, Byron has re-evaluated pay counts in the F2 well based on bed geometry and well bore angle. This has resulted in an increase in TVT oil pay thickness in the F2 well from the previously reported 117 feet TVT net oil pay to 132 feet TVT net oil pay. These net pay counts will be used in the Company's annual reserve review and will result in a reserve upgrade for the D5 Sand. The Company will release its annual third-party assessed reserves and resources in its normal course of business later in 2018.

Because of the northerly well bore trajectory of the F3 well, only the very updip portions of the three other oil sands were penetrated. The J1, B55 and B65 Sands each logged approximately 5 feet TVT net oil pay in the F3 well, consistent with pre-drill expectations. The data points of these three sands will serve to delineate the size of each reservoir for future reserve determinations.

In addition to the J1, B55 and B65 zones, the F3 well also intersected 12 feet TVT net oil pay in the C10 which is productive in other parts of the dome but, to date, not productive at SM71. Byron's pre-drill mapping did indicate that the F3 would be at the very updip edge of the C10 in this well bore and this result sets up a further opportunity to be exploited in future well bores.

The F3 well marks the end of the 2017 drilling program. The next phase of the SM71 project will be to complete the F1, F2 and F3 wells for production utilizing modern sand control techniques common to the Gulf of Mexico to optimize production rates and longevity. Concurrently, final piping and instrumentation work on the SM71 F platform is nearing completion. Production start-up is targeted for mid-March. It is anticipated that the three wells will utilize a high percentage of the SM71 F Platform's oil and gas production capacity.

Byron, through its wholly owned subsidiary Byron Energy Inc. is the operator of SM 71 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.

Byron will issue progress reports regarding the ongoing completion operations at SM71 as material developments occur.

**CEO Comment:**

**Maynard Smith, Byron Energy Ltd CEO had this to say about the SM71 F3 well:**

*"The results of the SM71 F3 well in the D5 certainly were at the very high end of our expectations with the substantial increase in thickness in the D5 Sand interval. The other zones in the well were in line with our predrill expectations and will be useful in our reserve analysis. The results in the J1, B55, B65 and C10 Sands may also set up future drilling prospects as we finish our evaluations".*

*"Once the F3 is suspended, the Ensco 68 drilling rig will skid over to the F1 well and completion operations will begin. Right now, we are on track to begin production for the SM71 F Platform in mid-March with production ramping up over a few weeks to ensure the wells and platform are brought on line in a safe and efficient manner".*

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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](http://www.byronenergy.com.au).