



28 March 2018

ASX Release

South Marsh Island 71 Operations Update

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

SM71 Production Update

On 26 March 2018, Byron announced that oil production had commenced from the SM71 F1 and F2 wells had commenced. Currently the F1 well is producing from the D5 Sand and is flowing oil at a stable rate of 2,055 bopd, 937 mcfpd, and 0 bwpd on a 22/64” choke at 1,500 psi of flowing tubing pressure. The rate and pressure have been consistent over the past 48 hours. The D5 Sand completion is a very good completion and the reservoir appears to be high quality.

Shortly after the Company made the 26 March 2018 release, pressure fluctuations in the SM71 F2 well B65 Sand completion were observed. The production choke was then reduced on 25 March 2018, US Central Daylight Time (“USCDT”), to 14/64” which has resulted in a rate of 468 bopd, 410 mcfpd and 0 bwpd on a 14/64” choke at 1380 psi flowing tubing pressure. Since that time, oil rates have remained relatively stable and the flowing tubing pressure has continued to decline.

The observed pressure decline in the F2 is thought to be due to the proximity of the F2 wellbore to the updip depositional margin of the B65 Sand and variability within the B65 Sand reservoir itself. Byron’s SM71 F2 and F3 wells demonstrate that the F2 well is very close to the updip depositional boundary of the B65 Sand which may affect the production profile. As evidenced by downdip well control, the B65 Sand may become finer grained away from the wellbore which may affect oil as it migrates to wellbore. Either of these factors could contribute to the observed pressure drop and although the well is capable of higher rates it is being managed to produce at a rate appropriate for the reservoir conditions. More data will become available over the next few weeks.

Despite the reduced rate in the SM71 F2 well, oil and gas sales have averaged 2,517 bopd of oil and 1,363 mcfpd of gas (after platform usage) over the first two full days of production for both wells. Overall, there has been very little production downtime during the start-up phase of the SM71 F Platform and all production systems are functioning to designed specifications.

SM71 F3 Well Update

Fishing operations to remove stuck completion tools and assemblies in the SM71 F3 well are progressing. Two of the three stuck components have now been removed from the wellbore and work to remove the last portion has started. The SM71 F3 well intercepted 211 feet of measured depth oil pay (174 feet true

vertical thickness) in the D5 Sand. The Company perforated a 184-foot measured depth interval of D5 Sand and completed sand control measures, before the tools became stuck. The SM71 F3 well had the thickest D5 Sand development of any well drilled by Byron in the SM71 reservoir.

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.

Byron will issue progress reports regarding the ongoing production and completion operations at SM71 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 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.