

Quarterly Report for the Period Ended 31 March 2015

Highlights

- During the March 2015 quarter, Byron progressed drilling plans for SM 6 #2 well, a follow up well to SM 6 #1 BP02 drilled and temporarily suspended during May-July 2014. It is the Company's current intention to return to SMI 6 and drill a second well into the G, H and I sands utilising the existing caisson that was driven for the SM 6 #1 well, subject to funding;
- Work continued on project planning for permitting and drilling of the first well on SM 70/71 prospect;
- Interpretation of the Anisotropic Reverse Time Migration ("ARTM") reprocessing on 3D data over Eugene Island 63/76 Salt Dome Project which became available in October 2014 is nearing completion having identified numerous attractive leads and prospects;
- On 19 March 2015 Byron announced that it was the high bidder on Eugene Island Block 18 ("EI 18") in the Eugene Island Area of the Outer Continental Shelf ("OCS") in 10 feet of water, approximately 50 miles (81 kilometres) south of Morgan City, Louisiana. Subsequent to the end of the March 2015 quarter the Bureau of Ocean Energy Management ("BOEM") formally awarded the lease to Byron;
- All disputes and legal proceedings relating to drilling costs for SM 6 #1 BP01 and BP02 have been settled;
- Byron had a cash balance of \$US0.6 million at 31 March 2015 with \$US 1.2 million in an undrawn loan facility the repayment date of which has been extended from 1 July 2015 to 1 July 2016.

Name:	Byron Energy Limited
ASX code:	BYE
Shares on issue:	148.9 million
Quoted shares:	129.5 million
Options on issue (unquoted):	38.7 million
Cash at 31 Mar 2015:	US\$0.6 million
Market Capitalisation at A\$0.38	A\$57 million

Directors

Doug Battersby (Non-Executive Chairman)
 Maynard Smith (Chief Executive Officer)
 Prent Kallenberger (Chief Operating Officer)
 Charles Sands (Non-Executive Director)
 Paul Young (Non-Executive Director)
 William Sack (Executive Director)

Company Secretary and Chief Financial Officer

Nick Filipovic

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Corporate

Funding

As reported in the Company's ASX release on 15 December 2014, Byron has been pursuing strategic approaches to fund the Company's drilling programme in the Gulf of Mexico ("GOM"). While discussions with an unnamed party progressed substantially during the March 2015 quarter, the expression of interest did not become sufficiently binding to warrant announcement. Discussions subsequently ceased as the party was unable to secure the necessary funding commitments to proceed.

Byron is continuing discussions around other initiatives, with the aim of sourcing capital to fund drilling on its GOM leases.

As previously reported the Company entered into an unsecured loan facility in July 2014, with four of the Company's directors and several other shareholders, comprising A\$1,400,000 and US\$1,225,000. As at 31 March 2015 half of the facility was drawn down. Since the end of the March 2015 quarter, Byron has obtained the lenders' agreement to extend the repayment date of the facility from 1 July 2015 to 1 July 2016.

In an effort to conserve cash all of the Company's executive directors and the CFO & Company Secretary have agreed to reduce their remuneration by 33% effective 1 April 2015. In addition, executive directors, the non-executive directors and the CFO & Company Secretary have agreed to defer their remuneration, effective 1 April, 2015 providing the Company with greater financial flexibility.

Issued Capital

There was no change in issued capital during the March 2015 quarter. At 31 March 2015 Byron's issued capital comprised:-

	Total issued	Quoted	Unquoted	Escrowed*
Shares (ASX:BYE)	148,919,735	129,469,217	19,450,518	19,450,518
Options	38,695,984	Nil	36,995,984	13,687,083

* escrowed until 30 May 2015.

Projects Update

South Marsh Island Block 6

Byron's primary area of focus in the 2014 year was South Marsh Island Block 6 ("SM 6"), located offshore Louisiana, in the shallow waters of the GOM, 216km southwest of New Orleans in approximately 65 feet (20 metres) of water. Byron owns a 100% working interest and an 81.25% net revenue interest in the block.

SM 6 covers a salt dome which has previously produced 18.6 million barrels of oil and 37.1 bcf of gas from this block commencing in 1962. There is currently no production from SM 6.

As previously reported, the Byron Energy SM 6 #1 well ("SM 6 #1") spudded on 24 May 2014 (USA Central Time). Two bypass wells, SM 6 #1 BP01 and SM 6 #1 BP02, were drilled in June and July 2014 from the original wellbore to overcome mechanical problems. As a result of the net pay intersected in the F Sands by the second bypass well, the SM 6 #1 BP02, Byron left the well in a condition that allows completion in the F 30 and F 40 Sands in the future. The well was not drilled deep enough to evaluate the highly prospective G, H and I series of sands. However,

Projects Update (Cont.)

because of the potential for numerous pay sands in this prospect, it was always intended that multiple wellbores would be required to be drilled to produce from all of the sands.

During the March 2015 quarter Byron continued work on drilling plans for the Byron Energy SM 6 #2 ("SM 6 #2") well. It is the Company's current intention to return to SM 6 and drill a second well into the G, H and I sands utilising the existing caisson that was driven for the SM 6 #1 well, subject to funding. A second well will also allow Byron to properly size and design future production facilities at SM 6.

As reported in previous ASX quarterly activity reports, the primary lease term for the SM 6 block will expire on 30 June 2015 ("Expiry Date"), unless the lease term is extended through additional activities or initiation of production. The lease term will be extended by 180 days if the SM 6 #2 well spuds prior to Expiry Date. If in Byron's opinion, SM 6 #2 is unlikely to spud prior to Expiry Date, Byron will apply for an extension of the primary lease term with the application being made closer to Expiry Date. Although it is at the discretion of BOEM, Byron expects to obtain an extension, should it be required. This is because such an extension is to allow Byron to drill a second well, SM 6 #2, to:- (i) allow proper sizing and design of production facilities, and (ii) access the deeper sands not penetrated by the first well, SM 6 #1 BP02. The extension request would not be solely for exploration purposes, but rather development delineation, as Byron has already drilled a discovery well on the block, being SM 6 #1 BP02.

South Marsh Island 6 – SM 6 #1 BP01 and BP02 disputed drilling costs and litigation

Byron has settled all disputed drilling costs and litigation in relation to the drilling of SM 6 #1 BP01 and BP02.

As reported in previous ASX quarterly reports, Byron Energy Inc ("BEI"), a wholly owned subsidiary of Byron Energy Limited and operator of the SM 6 block, initiated legal proceedings against two contractors involved in the drilling of the SM 6 wells, disputing certain amounts sought by the contractors. The two contractors responded to BEI's claims and brought counter claims against BEI for disputed invoices totalling \$US4.6 million. BEI disputed the amounts counter-claimed and continued to pursue its claims in the US courts.

As reported in the half year financial report, released on 6 March 2015, BEI settled all disputed amounts with one of the contractors with the settlement amount included as a current liability in the Consolidated Statement of Financial Position as at 31 December 2014.

Subsequent to 31 March 2015, BEI settled all disputed amounts with the second contractor. The settlement amount was less than the amount provided in the Consolidated Statement of Financial Position as at 31 December 2014 in respect to this dispute.

Salt Dome Projects

At 31 March 2015 Byron holds acreage over six salt domes in the shallow waters of the GOM, comprising SM 6, Eugene Island 63/76, South Marsh Island 70/71, Grand Isle 63/72/73, West Cameron 263 / East Cameron 154/155 and Eugene Island 190/191/210.

South Marsh Island 70/71 Salt Dome Project

South Marsh Island Blocks 70/71 ("SM 70/71") covers a portion of a large piercement salt dome which has previously produced 75 million barrels of oil from sands above 7,500 feet true vertical depth. While there is no current production from SM 70/71, the dome has in the past produced approximately 116 million barrels from all depths, and 75 million barrels above 7,500 feet commencing in 1963.

Salt Dome Projects (Cont.)

As previously reported the analysis of full wave inversion was completed and confirmed the hydrocarbon prospectivity in both J sand and D5 target sands and mapping has detailed D5 analog production and stratigraphic components on the dome. Interpretation work is ongoing to optimise future drilling locations.

During the March 2015 quarter, work continued on project planning for permitting and drilling of the first well on SM 70/71 prospect.

Eugene Island 63/76 Salt Dome Project

Eugene Island Blocks 63/76 ("EI 63/76") cover the western portion of a salt dome that exhibits a salt overhang around the entire dome making it an ideal candidate for ARTM processing. This dome has been a prolific oil and gas producer in the past beginning in 1958 with total production of 6.5 million barrels of oil and 361 billion cubic feet of gas from 13 pay sands. Currently, there is no production from EI 63/76.

The WesternGeco processing project was completed during the September 2014 quarter with final ARTM becoming available in October 2014. Interpretation of the ARTM reprocessing on 3D data over Eugene Island 63/76 Salt Dome Project is nearing completion having identified numerous attractive leads and prospects.

Other salt dome blocks

There was no exploration activity during the March 2015 quarter on the Company's remaining salt dome projects comprising Grand Isle 63/72/73, Eugene Island 190/191/210 and West Cameron 263 / East Cameron 154/155.

Subsequent to the end of the March 2015 quarter, Byron relinquished West Cameron 263 and East Cameron 154/155 blocks after a thorough review of the seismic data.

Other Lease Blocks (non-salt dome projects)

Grand Isle Block 95

In addition to the salt dome projects, Byron has a 100% working interest in one non-salt dome project comprising Grand Isle Block 95 ("GI 95"). No exploration activity was undertaken on GI 95 during the quarter.

Eugene Island Block 18

As reported to the ASX on 19 March 2015 the Company, through BEI, was the high bidder on a block in the Central Gulf of Mexico Lease Sale 235 held in New Orleans on 18 March, 2015.

Byron was the high bidder on Eugene Island Block 18 ("EI 18") in the Eugene Island Area of the OCS in 10 feet of water, approximately 50 miles (81 kilometres) south of Morgan City, Louisiana. Subsequent to the end of the March 2015 quarter, the BOEM awarded the lease to BEI with BEI having a 100% working interest (78.75% net revenue interest). The EI 18 block will add a new project to Byron's existing portfolio of projects in the shallow waters of the GOM, inboard of Byron's existing projects and adjacent to Louisiana State Waters. EI 18 will be subjected to enhanced seismic reprocessing techniques in the future.

Properties

As at 31 March 2015, Byron's portfolio of properties in the shallow waters of the Gulf of Mexico, offshore Louisiana, USA comprised:-

Properties#	Operator	Interest WI/NRI* (%)	Status	Primary Lease Expiry Date	Area (Km ²)
South Marsh Island Block 6	Byron	100.00/81.25	Exploration	June 2015	20.23
South Marsh Island Block 70	Byron	100.00/81.25	Exploration	July 2017	22.13
South Marsh Island Block 71	Byron	100.00/81.25	Exploration	July 2017	12.16
West Cameron Block 263**	Byron	100.00/81.25	Exploration	May 2018	20.23
East Cameron Block 154**	Byron	100.00/81.25	Exploration	July 2017	20.23
East Cameron Block 155**	Byron	100.00/81.25	Exploration	May 2018	20.23
Eugene Island Block 63	Byron	100.00/81.25	Exploration	May 2018	20.23
Eugene Island Block 76	Byron	100.00/81.25	Exploration	May 2018	20.23
Eugene Island Block 190	Byron	100.00/81.25	Exploration	July 2018	20.23
Eugene Island Block 191	Byron	100.00/81.25	Exploration	July 2017	20.23
Eugene Island Block 210	Byron	100.00/81.25	Exploration	July 2017	20.23
Grand Isle Block 63	Byron	100.00/81.25	Exploration	April 2019	20.23
Grand Isle Block 72	Byron	100.00/81.25	Exploration	April 2019	20.23
Grand Isle Block 73	Byron	100.00/81.25	Exploration	April 2019	20.23
Grand Isle Block 95	Byron	100.00/79.75	Exploration	September 2017	18.37

* Working Interest ("WI") and Net Revenue Interest ("NRI")

excludes EI 18 block; Byron was the high bidder on EI 18 at Lease Sale 235 held in March 2015 with the block formally awarded to Byron by the BOEM subsequent to the end of the March 2015 quarter.

** Subsequent to the end of the March 2015 quarter, Byron relinquished West Cameron 263 and East Cameron 154/155 blocks

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Byron Energy Limited

ABN

88 113 436 141

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (9 months) \$US'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,008) - - (467)	(10,585) - - (1,666)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	8
1.5 Interest and other costs of finance paid	(38)	(66)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,511)	(12,309)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(6) - -	(6) - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(6)	(6)
1.13 Total operating and investing cash flows (carried forward)	(1,517)	(12,315)

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,517)	(12,315)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5,544
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,189
1.17	Repayment of borrowings	-	(1,853)
1.18	Dividends paid	-	-
1.19	Other - equity raising expenses	(7)	(157)
	Net financing cash flows	(7)	5,723
	Net increase (decrease) in cash held	(1,524)	(6,592)
1.20	Cash at beginning of quarter/year to date	2,150	7,233
1.21	Exchange rate adjustments to item 1.20	(49)	(64)
1.22	Cash at end of quarter	577	577

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$US'000
1.23	Aggregate amount of payments to the parties included in item 1.2	251
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$'000	Amount used \$'000
3.1 *Loan facilities	\$A1,400 \$US1,225	\$A700 \$US612
3.2 Credit standby arrangements	-	-

*Part of the undrawn balance of the loan facilities may be drawn down during the June 2015 quarter to meet the estimated cash outflows below.

*Estimated cash outflows for next quarter

	\$US'000
4.1 Exploration and evaluation	540
4.2 Development	-
4.3 Production	-
4.4 Administration	430
Total	970

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$US'000	Previous quarter \$US'000
5.1 Cash on hand and at bank	577	2,150
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	577	2,150

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Nil			
7.2				
7.3	148,919,735	129,469,217		
7.4				
7.5	Nil			
7.6				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.7	Options (<i>description and conversion factor</i>)	36,995,984	Nil	<i>Exercise price</i> \$Ao.50	<i>Expiry date</i> 31 December 2016
		1,700,000	Nil	\$Ao.65	30 September 2017
7.8	Issued during quarter	Nil	Nil		
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	Debentures (<i>totals only</i>)	Nil			
7.12	Unsecured notes (<i>totals only</i>)	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 30 April 2015.

Print name: Nick Filipovic

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Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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