

Quarterly Report for the Period Ended 30 June 2015

Highlights

- During the June 2015 quarter, Byron successfully completed the Byron Energy SM 6 #1 BP 02 ("SM 6 #1 BP 02") well for future production; Byron re-entered the well and perforated the lower of the two hydrocarbon bearing sand lobes in the F40 Sand;
- Work continued on project planning for drilling of SM 6 #2 well ("SM 6 #2") and 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 completed having identified numerous attractive leads and prospects;
- During the June 2015 quarter, the Bureau of Ocean Energy Management ("BOEM") formally awarded the Eugene Island Block 18 ("EI 18") lease to Byron; Byron was the high bidder on EI 18 in 10 feet (3 metres) of water, approximately 50 miles (81 kilometres) south of Morgan City, Louisiana;
- Byron successfully completed a share placement (44.0 million shares at \$A 0.25 per share) raising \$A11.0 million before costs (equivalent to \$US8.6 million); and
- Byron had a cash balance of \$US6.0 million at 30 June 2015 and borrowings of \$US 1.15 million repayable on 1 July 2016.

Name:	Byron Energy Limited
ASX code:	BYE
Shares on issue:	192.9 million
Quoted shares:	192.9 million
Options on issue (unquoted):	38.7 million
Cash at 30 Jun 2015:	US\$6.0 million
Market Capitalisation at A\$0.23	A\$44 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

Contact Details

Level 4, 480 Collins Street
 Melbourne Vic 3000
 Telephone: +61 3 8610 6583
 Email: info@byronenergy.com.au
 Web: www.byronenergy.com.au

Corporate

Funding

On 7 May 2015 Byron announced a placement of 44,000,000 fully paid new ordinary shares at \$A0.25 per share to raise \$A11.0 million (before issue costs). The placement, in two tranches, was largely completed in May and June with the balance of 0.9 million shares issued on 3 July 2015.

The Company also announced a proposed Share Purchase Plan ("SPP") to raise up to \$A3.0 million, allowing shareholders who at the record date of 5pm (Sydney time) on 6 May 2015, have a registered address in Australia or New Zealand, the opportunity to subscribe for a maximum of \$A15,000 worth of ordinary shares in the Company at a subscription price of \$A0.25 per share (being the issue price of the Placement). The proposed SPP was approved by shareholders at an EGM held on 19 June 2015. Byron is continuing to pursue further funding initiatives, including farm-outs, with the aim of expediting exploration and development 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 \$US1,225,000. As at 30 June 2015 half of the facility was drawn down with the undrawn portion expiring at the end of May 2015. Borrowings of approximately US\$1.15 million (as at 30 June 2015) are repayable on 1 July 2016.

Issued Capital

Post completion of the placement announced on 7 May 2015, Byron's issued capital comprises:-

	Total issued	Quoted	Unquoted	Escrowed*
Shares (ASX:BYE)	192,919,735#	192,919,735	Nil	Nil
Options	38,695,984	Nil	38,695,984	Nil

*The escrowed shares and options were released from escrow on 30 May 2015.

#192,019,735 issued shares as at 30 June 2015, with a further 900,000 shares issued on 3 July 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.

During the June 2015 quarter, Byron successfully completed the Byron Energy SM 6 #1 BP 02 well for future production. Utilising the Hercules 205 drilling rig, Byron re-entered the well and perforated the lower of the two hydrocarbon bearing sand lobes in the F40 Sand.

The project was completed on schedule and the Hercules 205 rig has been demobilised. The pressures encountered during the completion operation were as expected, based on data obtained whilst drilling in June/July 2014.

Projects Update (Cont.)

As previously reported the SM 6 #1 BP 02 well:-

- encountered two hydrocarbon bearing sands with combined net pay of 82 feet (25 metres) in the F40 Sand and several thin hydrocarbon bearing sands with combined net pay of 17 feet (5 metres) in the F30 Sand, and
- was cased and suspended inside a caisson in July 2014.

The completion operation in the F40 Sand has enabled the lease expiry date to be extended to 27 December 2015. During this period Byron will pursue various drilling options. Subject to a farm-out, the Company intends to pursue drilling of a second well to test the deeper G, H and I sands utilising the existing caisson that was installed for the SM 6 #1 BP 02 well. Byron will also evaluate and pursue production alternatives, which may include remote processing by an offset lease operator through nearby production platform facilities. In the event that Byron is unable to commence drilling by the end of December 2015, it currently intends to conduct further operations on the block which would extend the lease period to 30 June 2016. The SM 6 lease can be extended by another six months, beyond December 2015, by conducting further operations on the block.

During the June 2015 quarter Byron continued work on drilling plans for the Byron Energy SM 6 #2 well. Drilling of the second well is subject to a successful farmout.

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

As reported in the previous ASX quarterly report, Byron Energy Inc (“BEI”), a wholly owned subsidiary of Byron Energy Limited and operator of the SM 6 block, settled all disputed drilling costs and litigation in relation to the drilling of SM 6 #1 BP 01 and BP 02, with the last remaining matter settled in April 2015.

Salt Dome Projects

At 30 June 2015 Byron holds acreage over five 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 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 (75 million barrels above 7,500 feet) commencing in 1963.

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 June 2015 quarter, work was initiated on well permitting and project planning for drilling of the first well on the SM 70/71 prospect. Drilling is subject to permitting, rig availability and farm-out.

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.

Salt Dome Projects (Cont.)

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 was completed during the June 2015 quarter having identified numerous attractive leads and prospects. Interpretation work is ongoing.

Grand Isle 63/72/73 Salt Dome Project

Byron licensed spec 3D RTM seismic data from TGS in the second quarter. Interpretation work will be ongoing over the next several months.

Other salt dome blocks

During the June 2015 quarter, Byron relinquished West Cameron 263 and East Cameron 154/155 blocks after a thorough review of the seismic data. This will result in an estimated non-cash charge of \$US697,547 to the profit and loss for the financial year ended 30 June 2015. During the quarter Byron also thoroughly reviewed the seismic data on the EI 190/191/210 leases and decided that these three leases would be relinquished at the end of July 2015 resulting in an estimated non-cash charge of \$US1,122,576 to the profit and loss for the financial year ended 30 June 2015.

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

Byron was the high bidder on Eugene Island Block 18 ("EI 18") in the Eugene Island Area of the OCS in 10 feet (3 metres) of water, approximately 50 miles (81 kilometres) south of Morgan City, Louisiana. During June 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 30 June 2015, Byron's portfolio of properties in the shallow waters of the Gulf of Mexico, offshore Louisiana, USA comprised:-

Properties	Operator	Interest WI/ NRI* (%)	Lease Expiry Date	Area (Km ²)
South Marsh Island Block 6	Byron	100.00/81.25	December 2015	20.23
South Marsh Island Block 70	Byron	100.00/81.25	July 2017	22.13
South Marsh Island Block 71	Byron	100.00/81.25	July 2017	12.16
Eugene Island Block 18	Byron	100.00/78.75	April 2020	2.18
Eugene Island Block 63	Byron	100.00/81.25	May 2018	20.23
Eugene Island Block 76	Byron	100.00/81.25	May 2018	20.23
Eugene Island Block 190**	Byron	100.00/81.25	July 2018	20.23
Eugene Island Block 191**	Byron	100.00/81.25	July 2017	20.23
Eugene Island Block 210**	Byron	100.00/81.25	July 2017	20.23
Grand Isle Block 63	Byron	100.00/81.25	April 2019	20.23
Grand Isle Block 72	Byron	100.00/81.25	April 2019	20.23
Grand Isle Block 73	Byron	100.00/81.25	April 2019	20.23
Grand Isle Block 95	Byron	100.00/79.75	September 2017	18.37

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

** These blocks are expected to be relinquished in July 2015.

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")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (12 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	(2,004) - - (578)	(12,589) - - (2,244)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	10
1.5 Interest and other costs of finance paid	(30)	(96)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,610)	(14,919)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(80) - -	(86) - -
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	(80)	(86)
1.13 Total operating and investing cash flows (carried forward)	(2,690)	(15,005)

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,690)	(15,005)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	8,419	13,963
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	(325)	(482)
	Net financing cash flows	8,094	13,817
	Net increase (decrease) in cash held	5,404	(1,188)
1.20	Cash at beginning of quarter/year to date	577	7,233
1.21	Exchange rate adjustments to item 1.20	(11)	(75)
1.22	Cash at end of quarter	5,970	5,970

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	457
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes remuneration of \$US220k and payments of \$US237k to Aurora Exploration, LLC, a company associated with Bill Sack (a director of the Company), under exploration option agreements, whereby Byron has an option to acquire specified exploration projects including Eugene Island 18.

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

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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 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*	\$A700 \$US612	\$A700 \$US612
3.2 Credit standby arrangements	-	-

*The loan facilities expired on 31 May 2015. The loan amount outstanding is repayable on 1 July 2016.

***Estimated cash outflows for next quarter**

	\$US'000
4.1 Exploration and evaluation	1,575
4.2 Development	-
4.3 Production	-
4.4 Administration	580
Total	2,155

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	5,970	577
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,970	577

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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	Gulf of Mexico, USA Lease blocks			
	East Cameron 154	Relinquished	100%	0%
	East Cameron 155	Relinquished	100%	0%
	West Cameron 263	Relinquished	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	Gulf of Mexico, USA Lease blocks			
	Eugene Island 18	Acquired	0%	100%

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 Preference securities (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	192,019,735	192,019,735		
7.4 Changes during quarter (a) Increases through issues of (i) released from escrow (ii) placement (b) Decreases through returns of capital, buy-backs	- 43,100,000	19,450,518 43,100,000	\$A0.25	\$A0.25
7.5 +Convertible debt securities	Nil			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	(description) Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	36,995,984	Nil	Exercise price \$A0.50	Expiry date 31 December 2016
		1,700,000	Nil	\$A0.65	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 (totals only)	Nil			
7.12	Unsecured notes (totals only)	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: 24 July 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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