

Quarterly Report for the Period Ended 30 September 2015

Highlights

- Work continued on project planning and permitting for the proposed drilling of the first well on SM 70/71 prospect;
- Byron continued discussions with potential farm-in partners, in relation to drilling of the SM 71 #1 and SM 6 #2 wells; and
- Interpretation of the Anisotropic Reverse Time Migration ("ARTM") reprocessing of 3D seismic data over Grand Isle 63/72/73 Salt Dome Project commenced.

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 Sep 2015:	US\$3.7 million
Market Capitalisation at A\$0.15	A\$29 million

Corporate

Funding

A proposed Shareholder Purchase Plan ("SPP") approved by shareholders at an EGM held on 19 June 2015 did not proceed. Unfortunately a sharp fall in the oil price immediately after the EGM resulted in a drop in Byron's share price such as to eliminate the viability of the planned raising of A\$3 million via the SPP. During the September quarter, Byron continued to pursue further funding initiatives, including farm-outs, with the aim of expediting exploration and development on its Gulf of Mexico ("GOM") leases.

Issued Capital

At 30 September 2015 Byron's issued capital comprised:-

	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

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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Projects Update

Salt Dome Projects

At 30 September 2015 Byron holds acreage over four salt domes in the shallow waters of the GOM, comprising South Marsh Island 6, Eugene Island 63/76, South Marsh Island 70/71 and Grand Isle 63/72/73.

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 with production commencing in 1963. There is no current production from SM 70/71.

As previously reported the analysis of full wave inversion of 3D seismic data was completed and confirmed the hydrocarbon prospectivity in both J sand and D5 target sands. Mapping has detailed D5 analog production and stratigraphic components on the dome. Interpretation work is ongoing to optimise future drilling locations.

During the September 2015 quarter, work continued on well permitting and project planning for drilling of the first well on the SM 70/71 prospect, including preparation of an Exploration ("EP") for approval by the Bureau of Ocean Energy Management ("BOEM"). In early October 2015, Byron was advised by the BOEM that the EP for the proposed SM 71 #1 well was deemed submitted. Prior to drilling of the proposed SM 71 #1 well, Byron will require BOEM to approve the EP and the Bureau of Safety and Environmental Enforcement ("BSEE") approval for the Application for Permit to Drill ("APD") in relation to the proposed well. Byron has also commenced the process of selecting and contracting a suitable drilling rig to undertake the drilling of SM 71 #1 well.

The current intention is to drill SM 71 #1 well very early in 2016, subject to BOEM/BSEE approval and funding. Byron continues to work on putting in place an appropriate funding structure for the SM 71 #1 well to finance the drilling of this well, the economics of which are still very attractive even at the current low oil price.

South Marsh Island Block 6

South Marsh Island Block 6 ("SM 6") is 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 September 2015 quarter, Byron finalised the completion of the Byron Energy SM 6 #1 BP 02 well for future production. The Hercules 205 drilling rig was used to re-enter the well and perforated the lower of the two hydrocarbon bearing sand lobes in the F40 Sand.

The project was completed on schedule and on budget with the Hercules 205 rig demobilised on 5 July 2015.

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 enabled the SM 6 lease expiry date to be extended from 30 June 2015 to 27 December 2015.

Salt Dome Projects (Cont.)

During the September quarter, Byron progressed drilling plans for the SM 6 #2 well, continuing to work on the APD, in relation to the second well, which must be filed and approved by the BSEE before drilling can commence. Byron continued discussions with potential farm-in partners, with the intention of drilling the second well, subject to farm-out, 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 also evaluated and pursued production alternatives, including remote processing by an offset lease operator through nearby production platform facilities.

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 significant salt overhang 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.

Interpretation of the ARTM reprocessing of 3D seismic 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 June 2015 quarter. Interpretation work commenced during the September quarter and will continue into the December 2015 quarter.

Other salt dome blocks

In July 2015, Byron relinquished the EI 190/191/210 blocks after a thorough review of the seismic data.

Other Lease Blocks (non-salt dome projects)

Grand Isle Block 95

Byron has a 100% working interest in a 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 has a 100% working interest in Eugene Island Block 18 ("EI 18"), a non-salt dome project in 10 feet (3 metres) of water, approximately 50 miles (81 kilometres) south of Morgan City, Louisiana. This block was awarded to Byron during the June 2015 quarter.

No exploration activity was undertaken on EI 18 during the quarter and the block will be subjected to enhanced seismic reprocessing techniques in the future.

New Ventures

At the time of Bill Sack's appointment as a director of the Company, on 3 October 2014, Byron advised that it had entered into a one year exploration option agreement ("Exploration Option Agreement") with Aurora Exploration, L.L.C. ("Aurora") a company associated with Mr Sack giving Byron the option to acquire specified exploration projects from Aurora on terms disclosed at the time of Mr. Sack's appointment. Since then, Byron has reviewed the specified exploration prospects under the Exploration Option Agreement. Byron is currently in the process of securing leases over one of the projects, a multi-play prospect in Louisiana State Waters/Onshore Louisiana.

Properties

As at 30 September 2015, Byron's portfolio of properties, all 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
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")

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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$US'000	Year to date (3 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	(1,222) - - (549)	(1,222) - - (549)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(28)	(28)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) - Refundable Security deposits	(250)	(250)
Net Operating Cash Flows	(2,047)	(2,047)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(269) - -	(269) - -
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	(269)	(269)
1.13 Total operating and investing cash flows (carried forward)	(2,316)	(2,316)

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1.13	Total operating and investing cash flows (brought forward)	(2,316)	(2,316)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	171	171
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - equity raising expenses	(28)	(28)
	Net financing cash flows	143	143
	Net increase (decrease) in cash held	(2,173)	(2,173)
1.20	Cash at beginning of quarter/year to date	5,970	5,970
1.21	Exchange rate adjustments to item 1.20	(60)	(60)
1.22	Cash at end of quarter	3,737	3,737

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	186
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*	\$A700 \$US612	\$A700 \$US612
3.2 Credit standby arrangements	-	-

*The loan amount outstanding is repayable on 1 July 2016.

***Estimated cash outflows for next quarter**

	\$US'000
4.1 Exploration and evaluation	525
4.2 Development	-
4.3 Production	-
4.4 Administration	510
Total	1,035

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	3,737	5,970
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,737	5,970

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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			
	Eugene Island 190	Relinquished	100%	0%
	Eugene Island 191	Relinquished	100%	0%
	Eugene Island 210	Relinquished	100%	0%
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 Preference securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	192,919,735	192,919,735		
7.4 Changes during quarter (a) Increases through issues of (i) released from escrow (ii) placement (b) Decreases through returns of capital, buy-backs	900,000	900,000	\$A0.25	\$A0.25

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	+Convertible debt securities <i>(description)</i>	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	36,995,984	Nil	<i>Exercise price</i> \$A0.50	<i>Expiry date</i> 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 <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: 20 October 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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