

Quarterly Report for the Period Ended 31 March 2017

Summary

- The SM 71 project development is now planned to utilise a manned, Byron operated platform, rather than an outside operated unmanned facility, which will provide operational control and allow higher production rates upon commencement of production;
- The Development Operations Co-ordination Document application for SM 71 was sent to BOEM in late February and was “deemed” submitted on 28 March, 2017;
- Byron progressed the SM 71 platform deck modifications during the quarter;
- In January 2017, Byron issued \$A8 million of Convertible Notes under an agreement entered into with Metgasco Limited in July 2016; the proceeds from the Convertible Notes issue will be used primarily for the development of Byron’s SM 71 oil project; and

In March 2017, Byron was the apparent high bidder on four leases (South Marsh Island blocks 57, 59 & 74 and Vermilion 232) at the Central Gulf of Mexico OCS Lease Sale 247 held on 22 March, 2017.

Name:	Byron Energy Limited
ASX code:	BYE
Shares on issue at 31 March 2017:	277.5 million
Quoted shares:	277.5 million
Options on issue (unquoted):	23.2 million
Cash at 31 March 2017:	US\$6.26 million
Convertible notes at 31 March 2017:	8.0 million @ \$A1.00 secured convertible notes
Market Capitalisation at 31 March 2017:	A\$30.5 million (@A\$0.11 per share)

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

Metgasco Convertible Note

On 22 July 2016, Byron and Metgasco Limited (“Metgasco”) announced they had entered into a 3-year agreement to issue up to \$A8 million in Convertible Notes (“Convertible Notes”), repayable over the course of the agreement.

On 23 January 2017, Byron announced to the ASX that Metgasco has subscribed for a total \$A8.0 million of Convertible Notes. The Convertible Notes will be repayable over the remainder of the term of the agreement (that is by 21 July 2019). The proceeds from the Convertible Notes will be used primarily to advance development of the SM 71 oil project. The Convertible Notes are secured by a General Deed of Security and Priority (over Byron’s assets), a Negative Pledge from Byron and a registered interest over Byron’s share of SM 70/71 leases. For the terms of the Convertible Notes refer to Byron’s ASX release dated 22 July 2016.

The Convertible Notes are convertible at the election of the note holder (i) between 20 July 2018 and 21 July 2019; or (ii) on the occurrence of a change of control, at a price which is a 10% discount to the 30 day VWAP.

Proceeds from the Metgasco Convertible Notes will allow Byron to substantially progress development, however additional funding will be required by mid-2017 for the project to be completed and production to commence during the latter part of the December 2017 quarter. The Company continues to explore potential funding options.

Issued Capital

As at 31 March 2017, Byron’s issued capital comprised:-

Securities	Total issued	Quoted	Unquoted
Shares (ASX:BYE)	277,447,162	277,447,162	Nil
Options	23,150,000	Nil	23,150,000

In addition, at 31 March 2017 there are 8,000,000 @ A\$1.00 secured convertible notes (unquoted) outstanding, issued on 20 January 2017 to Metgasco.

Projects Update

Salt Dome Projects

South Marsh Island 70/71

Byron owns two leases in the South Marsh Island Block 73 (“SM 73”) Field: South Marsh Island blocks 70 (“SM 70”) and 71 (“SM 71”). Byron is the designated operator of both blocks and owns a 50% Working Interest (“WI”) and a 40.625% Net Revenue Interest (“NRI”) in each block, with ASX listed Otto Energy Limited (“Otto”) (ASX:OEL) holding an equivalent WI and NRI in each block. Water depth in the area is approximately 137 feet. Currently, there is no production from either block.

As previously reported in May 2016, the Company operated and drilled the Byron SM 71 #1 well which logged 151 feet of true vertical thickness hydrocarbons in four sands. An independent reserve assessment of the well indicates a total of 2.271 million barrels of oil equivalent net to Byron across all zones on a 2P basis*. The primary target, the D5 Sand, exhibits similar high quality reservoir qualities to analogous producing D5 wells on the adjacent blocks and is the focus of the planned future development of SM 71.

* The reserves and resources referred to in this report were reported on 25 July 2016 (refer to the Company’s ASX announcement dated 25 July 2016). Furthermore on 28 September 2016, the Company reported the impact of relinquishment of GI 95 on the Company’s contingent and prospective resources (refer to the Company’s ASX announcement dated 28 September 2016).

Salt Dome Projects (cont)

South Marsh Island 70/71 (cont)

Byron plans to initially complete the SM 71 #1 well in the D5 Sand with expectations of recording initial flow rates similar to those recorded on SM 72 and SM 73 blocks. After completion of the SM 71 #1 well there is potential to drill up to four additional development wells subject to permitting and funding.

As announced on 23 January 2017, following extensive engineering due diligence, the SM71 project development is now planned to utilize a manned, Byron operated platform, rather than an outside operated unmanned facility, which will provide operational control and allow higher production rates upon commencement of production.

During the March quarter, Byron has continued to progress the platform jacket and deck modifications at Laredo's onshore facility in Galveston, TX. Work to modify the jacket portion of the production platform is nearly complete. The next phase is to install the production equipment on each deck. All components of the production train have been ordered and are in fabrication at various vendors in south Louisiana and Texas. Once completed, the components will be transported to the construction yard and installed. The Development Operations Co-ordination Document ("DOCD") application for SM 71 was sent to BOEM in late February and was "deemed" submitted on March 28, 2017. Approval time from this milestone is normally within 120 days. In addition, the structural permit for the manned tripod and pipeline permits were also submitted to BSEE in late February and are under review. At the appropriate time, Byron will submit a request for a Suspension of Production to allow time to complete the design, fabrication and installation and commissioning of the tripod and pipeline installation later in 2017.

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.

The permits to plug the two wellbores and remove the caisson on SM 6 are now approved and removal must take place prior to August 6, 2017. Byron, through its wholly owned subsidiary Byron Energy Inc., held a 100% working interest and an 81.25% net revenue interest in SM 6 and is the operator of the block. In December 2015, Byron had farmed out a 50% working interest to Otto Energy Limited ("Otto"). Otto did not earn an interest in the SM 6 lease because earning depth was not achieved in the SM6 #2 wellbore. Consequently, Otto is only responsible for a portion of the plugging liability associated with the SM6 #2 well. Byron is responsible for all other abandonment liabilities on SM 6.

Eugene Island Blocks 63/76

No exploration activity was undertaken on the Company's EI 63/76 salt dome project, during the quarter.

Lease Sale 247 – Byron High Bidder on South Marsh Island blocks 57, 59 & 74 and Vermillion 232

Byron Energy Inc, a wholly owned subsidiary of the Company, was the apparent high bidder on each of the four blocks bid at the Central Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 247 held on March 22, 2017 in New Orleans, Louisiana ("Lease Sale 247 Leases"). An apparent high bid is subject to OCS bid adequacy review and under the Bureau of Ocean Energy Management ("BOEM") rules and may be rejected if deemed inadequate. The BOEM review process can take up to 90 days. As at the date of this Report, Byron had not been awarded any leases by BOEM.

Salt Dome Projects (cont)

The Company bid a total of \$US561,000 in bonus bids on the following blocks:

Block	Working Interest	Net Revenue Interest
South Marsh Island Area Block 57	100.00%	81.25%
South Marsh Island Area Block 59	100.00%	81.25%
South Marsh Island Area South Addition Block 74	100.00%	81.25%
Vermilion Area Block 232	100.00%	81.25%

These lease sale blocks are near Byron's previously announced South Marsh Island block 71 ("SM 71") discovery and if awarded will increase Byron's footprint in the SM 73 Field. The bids were generated by interpretation of the Byron's high quality ARTM and Inversion processed 3D seismic data.

Pursuant to the Participation Agreement, effective December 1, 2015, between Byron Energy Inc, a wholly owned subsidiary of the Company, and Otto Energy (Louisiana) LLC ("Otto"), a wholly owned subsidiary of Otto Energy Limited, (the "Participation Agreement"), Otto has a right to elect to participate for up to a 50% interest in the acquisition of one new asset acquired by Byron, through to March 2017. Consequently, Otto has a right to elect to participate for up to a 50% interest in the acquisition of one of the above Lease Sale 247 Leases, if acquired by Byron, for an amount equal to a gross 133% of Otto's 50% interest share of certain acquisition costs (as defined in the Participation Agreement) incurred by Byron plus an amount equal to a gross 50% of certain other acquisition expenses (as defined in the Participation Agreement) incurred and paid by Byron. Whether or not Otto elects to acquire an interest in one of the Lease Sale 247 Leases, Otto's rights to acquire further new assets under the Participation Agreement expired effective 31 March 2017.

Non-salt dome projects

Bivouac Peak Leases

Bivouac Peak comprises an onshore/marshland lease, acquired from private landowners, over approximately 2,500 contiguous acres (9.7 square kilometres) along the southern Louisiana Gulf Coast inboard of Byron's existing shallow water projects in the Federal Outer Continental Shelf ("OCS") leasing areas. The Bivouac Peak acquisition was announced on 5 November 2015 as a significant addition to Byron's position in the highly productive transitional zone comprising the northernmost shallow waters of the Federal Gulf Of Mexico Shelf, Louisiana State Waters, and onshore coastal Louisiana.

High quality 3D seismic data has been used to define gross prospective resource* potential of 15,990 Mbo and 177,666 Mmcf on Byron's Bivouac Peak leases. An initial test well is planned at Bivouac Peak in 2017 which will expose the Company to 10,818 MBOE (net). Byron currently holds a 90% working Interest (67.05% Net Revenue Interest) at Bivouac Peak. For further information, in relation to the Bivouac Peak prospective resources, refer to the Company's ASX announcements dated 25 July 2016.

* The reserves and resources referred to in this report were reported on 25 July 2016 (refer to the Company's ASX announcement dated 25 July 2016). Furthermore on 28 September 2016, the Company reported the impact of relinquishment of GI 95 on the Company's contingent and prospective resources (refer to the Company's ASX announcement dated 28 September 2016).

Non-Salt Dome Projects (cont.)

As previously announced, Byron's Bivouac Peak 90% Working Interest ("WI") is subject to a promoted farm-in by both Otto Energy Limited ("Otto") and Metgasco Limited ("Metgasco"). After Metgasco acquired an option, in September 2016, to earn a 10% working interest, both companies have reimbursed Byron for past costs and currently have an option to earn a working interest, Otto 45%WI and Metgasco 10%WI, in the Bivouac Peak lease by electing to participate in the initial well and paying their disproportionate share of drilling costs and drilling to a specified earning depth. If both companies elect to participate, and upon earning, Byron's working and net revenue interest would be reduced proportionately.

During the March 2017 quarter, Byron continued the survey and planning work related to the permitting process for the first Bivouac Peak well.

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. No exploration activity was undertaken on EI 18 during the quarter.

Properties

As at 31 March 2017, Byron's portfolio of properties, all in the shallow waters of the Gulf of Mexico, and coastal marshlands of 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 2016	20.23
South Marsh Island Block 70##	Byron	50.00/40.625	July 2017	22.13
South Marsh Island Block 71##	Byron	50.00/40.625	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
Transition Zone (Coastal marshlands Louisiana) Bivouac Peak Leases ##	Byron	90.00/67.05	September 2018	9.70

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

** On 26 August 2016, Byron announced that it had decided to relinquish the lease and the Bureau of Ocean Energy Management ("BOEM") accepted Byron's voluntary relinquishment of the SM 6 lease. Byron has until mid -August 2017 to plug and abandon the two wellbores and remove the temporary caisson that holds the wells. Otto is only responsible for a portion of the plugging liability associated with the SM6 #2 well. Byron is responsible for all other abandonment liabilities on SM 6. Under current BOEM regulations.

Otto Energy Limited ("Otto") has a 50% working interest in Byron's SM 70/71 leases. Both Otto and Metgasco Limited ("Metgasco") have acquired an option to earn a 45% and 10% working interest respectively in Byron's Bivouac Peak leases. If both Otto and Metgasco earn into the Bivouac Peak project, Byron's working interest and net revenue interest will be reduced to 35% and 26.075% respectively.

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, 01/05/13, 01/09/16

Name of entity

Byron Energy Limited

ABN

88 113 436 141

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9.months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(213)	(2,163)
(b) development	(1,418)	(2,532)
(c) production	-	-
(d) staff costs	(285)	(875)
(e) administration and corporate costs	(209)	(887)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(180)	(260)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	-	175
- Advisory Fees	(33)	(198)
- Cash contributions from farminees / JV partners	849	2,240
1.9 Net cash from / (used in) operating activities	(1,488)	(4,498)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements - Refundable bids	(112)	(112)
(c) investments	-	-
(d) other non-current assets	-	-

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Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(112)	(112)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,156
3.2	Proceeds from issue of convertible notes	6,010	6,010
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(203)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	6,010	9,963
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,830	883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,488)	(4,498)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(112)	(112)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,010	9,963
4.5	Effect of movement in exchange rates on cash held	17	21
4.6	Cash and cash equivalents at end of period	6,257	6,257

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	6,257	1,830
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,257	1,830

6. Payments to directors of the entity and their associates	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	190
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities*	8,000	8,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

* On 20th January 2017 Metgasco Limited (“Noteholder”) subscribed for \$A8 million in convertible notes, comprising 8,000,000 \$1 notes, to be used for SM 71 project development and general corporate purposes.

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Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

9.	Estimated cash outflows for next quarter	\$US'000
9.1	Exploration and evaluation	180
9.2	Development (assumes BOEM approval of the SM71 Dev)	1,770
9.3	Production	-
9.4	Staff costs	280
9.5	Administration and corporate costs	310
9.6	Other - Lease bid costs and advanced rentals	320
	- Financing charges	210
9.7	Total estimated cash outflows	3,070

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

N. Filipovic

(Company secretary)

Date: 26th April 2017

Print name: Nick Filipovic.

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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