

Quarterly Report for the Period Ended 30 June 2017

Summary

- The SM 71 project development continued during the June quarter, mainly focused on platform deck modifications;
- The Development Operations Coordination Document application for SM 71 was approved on 30 June 2017;
- On 28 June 2017, Byron submitted 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; and
- In June 2017, Byron was awarded three of the four leases it bid for 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 30 June 2017:	277.5 million
Quoted shares:	277.5 million
Options on issue (unquoted):	23.2 million
Cash at 30 June 2017:	US\$3.395 million
Convertible notes:	8.0 million @ \$A1.00 secured convertible notes
Market Capitalisation at 30 June 2017:	A\$26.4 million (@A\$0.095 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

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Corporate

Funding

During the June quarter the Company advanced fund raising initiatives in light of current stage of development of SM 71. At this point in time these initiatives are not yet at a stage where an announcement can be made. The Company will keep shareholders and the market fully informed of further developments as they occur.

Issued Capital

As at 30 June 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
Convertible Notes*	8,000,000	Nil	8,000,000

*8,000,000 @ A\$1.00 secured convertible notes (unquoted), issued to Metgasco Limited. 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. For the terms of the Convertible Notes refer to Byron's ASX release dated 22 July 2016.

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 current development of SM 71. 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, starting with SM 71 #2 which will target the prospective B65 Sand and D5 Sand.

As announced on 23 January 2017, the SM71 project development was redesigned to utilise a manned, Byron operated platform, rather than an outside operated unmanned facility, to provide operational control and allow higher production rates upon commencement of production.

* 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)

During the June quarter, Byron has continued to progress the platform jacket and deck modifications at Laredo's onshore facility in Galveston, Texas. Modifications of the jacket portion of the production platform have been completed. Currently, painting operations are underway with a new coating system being applied to the top of the jacket and all deck areas. As each deck is completed, the yard will install instrument and electrical systems, hang interconnect piping and install skid mounted production equipment. Unless weather issues arise, the decks will be re-stacked and commissioning is expected to begin by mid-September. Load out of the jacket and decks is anticipated by mid to late October.

The Development Operations Co-ordination Document ("DOCD") application for SM 71, sent to Bureau of Ocean Energy Management ("BOEM") in late February and "deemed" submitted on March 28, 2017, was approved on 30 June 2017. In addition, the structural permit for the manned tripod and pipeline permits were also submitted to Bureau of Safety and Environmental Enforcement ("BSEE") in late February and are under review. On 28 June 2017, Byron submitted a request for a Suspension of Production ("SOP") 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 will take place in the second half of August, 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

As previously reported, Byron Energy Inc, a wholly owned subsidiary of the Company, was the high bidder on each of the four blocks bid at the Central Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 247 held on 22 March, 2017 in New Orleans, Louisiana ("Lease Sale 247 Leases").

As reported to the ASX on 22 June 2017, BOEM awarded Byron three leases and rejected one of the bids.

Salt Dome Projects (cont)

Lease Sale 247 (cont)

Block	Working Interest	Net Revenue Interest	Status
South Marsh Island Area Block 57 ("SM 57")	100.00%	81.25%	Awarded to Byron (refer ASX release dated 22 June 2017).
South Marsh Island Area Block 59 ("SM 59")	100.00%	81.25%	Awarded to Byron (refer ASX release dated 22 June 2017).
South Marsh Island Area South Addition Block 74 ("SM 74")	100.00%	81.25%	Awarded to Byron (refer ASX release dated 22 June 2017).
Vermilion Area Block 232 ("VR 232")	100.00%	81.25%*	Byron apparent high bidder; BOEM has rejected the bid as insufficient; Byron has appealed the bid decision to BOEM (refer to ASX release dated 22 June 2017).

*If the lease is ultimately awarded to Byron, Otto will have a right to acquire a 50% working interest/40.625% net revenue interest, leaving Byron with a 50% working interest/40.625% net revenue interest. Should Byron ultimately not acquire VR 232, Otto will have a right to acquire 50% of SM 74, on same terms, for an amount equal to a gross one hundred thirty-three percent (133%) of Otto's fifty percent (50%) interest share of certain acquisition costs, including the Dry Hole Costs of an Initial Test Well (as defined in the Participation Agreement between Byron and Otto) incurred by Byron plus an amount equal to a gross fifty percent (50%) of certain other acquisition expenses (as defined in the Participation Agreement) incurred and paid by Byron., Otto's rights to acquire further new assets under the Participation Agreement expired effective 31 March 2017.

The SM 57/59/74 blocks were awarded in June and increased Byron's footprint near Byron's previously announced South Marsh Island block 71 ("SM 71") discovery in the SM 73 Field. The bids were generated by interpretation of the Byron's high quality ARTM and Inversion processed 3D seismic data.

On 19 July 2017, Byron announced the Company's current own internal total prospective resources estimate for SM 57/59/74 blocks of 27.5 million barrels of oil and 193.0 bcf of gas on a gross basis (22.4 million barrels of oil and 156.8 bcf of gas net to Byron). SM 57/59/74 will be included in the Company's 2017 annual reserves and resources report to be prepared by Collarini, expected to be completed in late August 2017. Refer to the Company's ASX release dated 19 July 2017, for additional details.

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.

Non-salt dome projects (cont)

Bivouac Peak Leases (cont)

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 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.

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.

With SM 71 project being prioritised, survey and planning work relating to the permitting process for the first Bivouac Peak well has slowed with drilling not expected until after production has commenced at SM 71.

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.

** 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).*

Properties

As at 30 June 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
South Marsh Island Block 57	Byron	100.00/81.25	June 2022	21.98
South Marsh Island Block 59	Byron	100.00/81.25	June 2022	20.23
South Marsh Island Block 74##	Byron	100.00/81.25	June 2022	20.23
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 Energy Limited ("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.

*** SM 70 will expire at the end of July 2017.

**** On June 28, 2017 Byron requested a Suspension of Production ("SOP") for lease SM 71. The request is under review by the Bureau of Safety and Environmental Enforcement ("BSEE"), which has sole discretion over the process. Byron anticipates the SOP will be granted before the end of August.

Otto has a 50% working interest in Byron's SM 70/71 leases.

If VR 232 is not awarded to Byron (see Lease Sale 247 section in this report), Otto will have a right to acquire a 50% working interest/40.625% net revenue interest in SM 74, under promoted terms (as noted above) leaving Byron with a 50% working interest/40.625% net revenue interest.

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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(182)	(2,358)
(b) development	(2,385)	(4,904)
(c) production	-	-
(d) staff costs	(303)	(1,178)
(e) administration and corporate costs	(252)	(1,139)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(208)	(468)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	-	175
- Advisory Fees	(20)	(218)
- Cash contributions from farminees / JV partners	1,002	3,242
1.9 Net cash from / (used in) operating activities	(2,348)	(6,846)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	(508)	(620)
(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 (12.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	(508)	(620)
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
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	-	9,963
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,257	883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,348)	(6,846)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(508)	(620)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,963
4.5	Effect of movement in exchange rates on cash held	(6)	15
4.6	Cash and cash equivalents at end of period	3,395	3,395

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	3,395	6,257
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)	3,395	6,257

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	208
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, (inc rehabilitation)	360
9.2	Development (net to Byron)	2,560
9.3	Production	-
9.4	Staff costs	210
9.5	Administration and corporate costs	290
9.6	Other - Financing charges	210
9.7	Total estimated cash outflows	3,630

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	Gulf of Mexico, USA Lease blocks			
		South Marsh Island 57	Acquired	0%	100%
		South Marsh Island 59	Acquired	0%	100%
		South Marsh Island 74	Acquired	0%	100%

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: 
(Company secretary)

Date: 31st July 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.