

Quarterly Report for the Period Ended 30 September 2017

Summary

- A\$28.5 million equity raising successfully completed in September 2017;
- Significant progress with SM 71 development project in the September 2017 quarter with construction completed and the jacket and decks on schedule to be installed at SM 71 in late October, depending on weather conditions;
- EnSCO 68 jack-up rig contracted for drilling of the SM71 F2 well and then completion the SM 71 F2 and SM 71 F1 wells;
- Management estimate of prospective resources for SM 57/59/74 exceeded by approximately 30% (on BOE basis) by Collarini's third party estimate of prospective resources totaling 28.3 million barrels of oil and 295.5 bcf of gas on a gross basis (23.0 million barrels of oil and 240.0 bcf of gas net to Byron); and
- Byron was awarded the Grand Isle 95 lease at the Central Gulf of Mexico OCS Lease Sale 249, held on 16 August 2017.

Name:	Byron Energy Limited
ASX code:	BYE
Shares on issue at 30 Sep 2017:	685 million
Quoted shares:	685 million
Options on issue (unquoted):	49.8 million
Cash at 30 Sep 2017:	US\$22.6 million
Convertible notes:	8.0 million @ \$A1.00 secured convertible notes
Market Capitalisation at 30 Sep 2017:	A\$65.8 million (@A\$0.096 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

In September 2017, the Company raised a total of A\$28.5 million through a combination of a Placement, raising A\$26.5 million, and a Share Purchase Plan, raising A\$2.0 million, resulting in the issue of 407,539,872 ordinary shares. The Company is now sufficiently funded to complete the development of SM 71 project, expected to start production in late January 2018.

Issued Capital

As at 30 September 2017, Byron's issued capital comprised:-

Securities	Total issued	Quoted	Unquoted
Shares (ASX:BYE)	684,987,034	684,987,034	Nil
Options	49,800,000	Nil	49,800,000
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

Executive Directors' Service Agreements

On 15 September 2017, Byron announced that its Chief Executive Officer, Maynard Smith, Chief Operating Officer, Prent Kallenberger, and Executive Director, Bill Sack entered into new three year service agreements.

Projects Update

Salt Dome Projects

South Marsh Island 71

Byron owns a lease in the South Marsh Island Block 73 ("SM 73") Field: South Marsh Island block 71 ("SM 71"). Byron is the designated operator of SM 71 and owns a 50% Working Interest ("WI") and a 40.625% Net Revenue Interest ("NRI") in the 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 the block.

South Marsh Island blocks 70 ("SM 70") was relinquished in July 2017.

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 2.269 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.

* The reserves and resources referred to in this report were reported on 28 September 2017 (refer to the Company's ASX announcement dated 28 September 2017).

Salt Dome Projects (cont)

South Marsh Island 71 (cont)

Byron has made significant progress during the September quarter on construction of the manned platform and in obtaining the necessary permits. Notwithstanding delays due Hurricane Harvey, construction is nearly complete in Galveston, TX. Currently, the jacket and decks are on schedule to be installed at SM 71 in late October, depending on weather conditions. The construction crews are currently finishing interconnect piping and instrumentation and electrical work prior to beginning equipment testing.

Byron's Development Operations Coordination Document ("DOCD") has been approved. Byron has also received approval for the structural design, the facility permit, the oil and the gas pipelines and is only awaiting the approval of the metering permit which will not occur until the platform is set.

Byron received notice in August that its Suspension of Production ("SOP") request for SM 71 has been granted by the Bureau of Safety and Environmental Enforcement ("BSEE") and is effective from 1 August, 2017 through 30 November, 2017. The approved SOP is based on an activity schedule submitted by Byron. In accordance with this activity schedule, the Company will complete the platform fabrication, submit an Application for Permit to Modify (APM) for the initial completion of SM 71 F1 well and an Application for Permit to Drill (APD) to drill the SM 71 F2 well. Under the activity schedule, operations for drilling of SM 71 F2 well and completion of SM 71 F1 well are expected to commence before the end of November.

Pipeline work to lay a 4" oil pipeline (500 ft.) and a 6" gas pipeline (7,000 ft.) from the proposed platform location to the Crimson 8" oil pipeline and Kinetica 30" gas pipelines respectively commenced on October 11, 2017. Final connections to the sales lines and tie-ins to the platform will not be made until after the platform is set.

In early September 2017, Byron, on behalf of the joint interest, executed a drilling contract with Ensco Offshore Company, under which the Ensco 68 jack-up rig will be provided for Byron's SM 71 drilling and completion program. The 60-day contract will allow Byron to drill the SM 71 F2 well and then complete the SM 71 F2 and SM 71 F1 wells. The APD for the SM 71 F2 well was submitted in late September along with the APM for the F1 completion and both are under review by BSEE. Vendor selections are ongoing in preparation for drilling and completion operations.

The SM 71 F2 well has two targets, the B65 Sand and the D5 Sand. The D5 Sand is the primary focus of the development at SM 71 and the SM 71 F2 well will provide a second take point in the D5 Sand reservoir. The secondary target of the SM 71 F2 is the B65 Sand which lies above the D5 Sand and was stratigraphically pinched-out in the SM 71 F1 well. Byron's RTM and proprietary inversion processing indicates a positive anomaly at the B65 Sand level that is analogous to known productive reservoirs of the B65 Sand; this well will test the prospective resources attributable to the B65 Sand and provide further calibration for those data sets as Byron explores in the greater SM 71 area. Collarini has assigned a gross 4.8 mmbo and 4.7 Bcfg to the B65 target, (2.0 mmbo and 2.0 Bcfg net to Byron) to the B65 Sand as Prospective Resources*. The B65 has produced 13 million barrels of oil from four trapping areas around the SM 73 field.

The SM 71 F2 well is currently programmed to a depth of 8,965 feet/2,608 metres measured depth (7,555 feet/2,303m True Vertical Depth) and is expected to take less than 30 days to drill. After drilling the SM 71 F2 well, rig operations will convert to completing the SM 71 F1 and SM 71 F2 wells before the rig is released. Production is expected to start in in late January 2018 or approximately 10 days after the rig leaves location upon final hook-up of production equipment.

* The reserves and resources referred to in this report were reported on 28 September 2017 (refer to the Company's ASX announcement dated 28 September 2017).

Salt Dome Projects (cont)

South Marsh Island blocks 57, 59 & 74

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 comprising South Marsh Island Area Block 57 ("SM 57"), South Marsh Island Area Block 59 ("SM 59") and South Marsh Island Area South Addition Block 74 ("SM 74"). Byron's bid for the fourth lease, Vermilion Area Block 232 ("VR 232") was rejected by the BOEM as insufficient. Byron has appealed the bid decision to BOEM and a decision from the BOEM is expected by year end.

If VR 232 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 instead 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 one such newly acquired asset under the Participation Agreement has been satisfied by the participation rights noted above and have otherwise expired effective 31 March 2017.

The SM 57/59/74 blocks increased Byron's footprint near Byron's existing 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). Subsequently Collarini completed a review of SM 57/59/74 prospective resources as part of the Company's 2017 annual reserves and resources report to be released to the ASX on 28 September 2017. Collarini assigned a prospective resource of 28.3 million barrels of oil and 295.5 bcf of gas on a gross basis (23.0 million barrels of oil and 240 bcf of gas net to Byron). The ongoing evaluation and maturation of multiple prospects across the area has led to an increase in both internal and third party estimated Prospective Resources of approximately 30% (on a BOE basis), compared to Byron's preliminary in-houses estimates announced to the market on 19 July 2017.

Refer to the Company's ASX release dated 28 September 2017, for additional details.

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 owned a 100% working interest and an 81.25% net revenue interest in the block before it was relinquished in July 2016.

Having earlier obtained permits to plug the two wellbores and remove the caisson on SM 6, removal commenced in late August, 2017. Otto was responsible for a portion of the plugging liability associated with the SM 6 #2 well. Byron was responsible for all other abandonment liabilities on SM 6. Work to remove the wellbores and caisson was successfully completed in mid-September 2017 and was completed on budget.

Eugene Island Blocks 63/76

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

Non-salt dome projects

Bivouac Peak Leases

In October 2015 Byron acquired the Bivouac Peak Prospect, an onshore/marshland lease from private landowners over approximately 2,400 contiguous acres (9.7 square kilometres) along the southern Louisiana Gulf Coast inboard of Byron's existing shallow water projects in the Federal OCS leasing areas. The Bivouac Peak Prospect is located in the highly productive transitional zone comprising the northernmost shallow waters of the Louisiana State Waters, and onshore coastal Louisiana.

Byron is the operator of the lease, through its wholly owned subsidiary Byron Energy Inc, and holds a 90% WI position while a non-operating private Louisiana based exploration entity holds a 10% WI. Byron has a NRI of 67.05%. Since the end of the 30 June 2016, both Otto and Metgasco have acquired an option to earn a 45% and 10% working interest respectively in Byron's Bivouac Peak leases through the participation and disproportionate carry of dry hole costs in the Initial Test Well in the lease area, together with other customary terms. If Otto and Metgasco both earn a working interest in the Bivouac Peak project, Byron's WI and NRI will reduced to 35% and 26.075% respectively.

Byron has utilized advanced 3D seismic to identify multiple exploration objectives on the acreage which lies within a regionally proven trend with prolific Miocene production.

The Company will focus on two prospect locations, East Prospect and Deep Prospect, with stacked plays of 665 and 400 acres, respectively, with a gross prospective resource of 16.0 million barrels of oil and 177.7 billion cubic feet of natural gas. Byron's net share of prospective resources, based on its NRI of 67.05% as at 30 June 2017 is 10.7 million barrels of oil and 119.1 billion cubic feet of natural gas. Should both Otto and Metgasco exercise their options to earn a working interest in Bivouac Peak, Byron's interest in the Bivouac Peak leases would reduce to 35% WI and 26.075% NRI, resulting in prospective resources of 4.2 million barrels of oil and 46.3 bcf of natural gas (net to Byron).

Now that the Company is capitalised, survey and permit work on the Bivouac Peak prospect has begun with a goal of beginning drilling operations in the second half of calendar year 2018.

**The resources referred to in this report were reported on 28 September 2017 (refer to the Company's ASX announcement dated 28 September 2017).*

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.

Grand Isle Block 95

In the ASX release dated 17 August 2017, Byron reported that it was the apparent high bidder on the Grand Isle Block 95 ("GI 95") lease at Central Gulf of Mexico OCS Lease Sale 249 ("Lease Sale 249") held on Wednesday 16 August 2017 in New Orleans, Louisiana.

In early September 2017, Byron was advised by the BOEM that its bid for GI 95 has been deemed acceptable by the BOEM and the lease was awarded to Byron.

With revised Federal Government royalty rates in place for new leases in the Gulf of Mexico shelf blocks, Byron will hold a 100% working interest and an 87.5 % net revenue interest in GI 95. This lower royalty rate does not apply to Byron's leases acquired prior to Lease Sale 249.

The GI 95 lease was previously held by Byron before being relinquished in August of 2016.

Non-salt dome projects (cont)

Grand Isle Block 95 (cont)

GI 95 is a gas prone prospect with economics that will only improve as gas prices firm up and rise over the 5-year term of the lease. With a potentially large gas resources, the block will be very attractive as gas prices improve from their current levels. Prospective Resources will be evaluated for potential inclusion in future reserve reports as the lease had not yet been acquired at the time of Byron's most recent third-party reserve report dated July 1, 2017 as the lease had not yet been acquired at the time of Byron's most recent third-party reserve report dated July 1, 2017.

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 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
Grand Isle Block 95	Byron	100.00/87.65	September 2022	18.37
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 28 June, 2017 Byron requested a Suspension of Production ("SOP") for lease SM 71. The request was granted in August 2017 by the Bureau of Safety and Environmental Enforcement ("BSEE"). The SOP is effective from 1 August, 2017 through 30 November, 2017 and is based on an activity schedule submitted by Byron. In accordance with this activity schedule, the Company will first complete the platform fabrication, submit an Application for Permit to Modify the initial completion of SM 71 F1 well and an Application for Permit to Drill SM 71 F2 well. Under the activity schedule, operations for drilling of SM 71 F2 well and completion of SM 71 F1 well are expected to commence before the end of November.

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	Quarter ended ("current quarter")	
88 113 436 141	30 September 2017	
Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3.months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(196)	(196)
(b) development	(3,978)	(3,978)
(c) production	-	-
(d) staff costs	(216)	(216)
(e) administration and corporate costs	(174)	(174)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(214)	(214)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	(150)	(150)
- Advisory Fees	(15)	(15)
- Cash contributions from farminees / JV partners	2,925	2,925
1.9 Net cash from / (used in) operating activities	(2,016)	(2,016)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	(174)	(174)
(c) investments	-	-
(d) other non-current assets	-	-

+ See chapter 19 for defined terms
1 September 2016

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 (3 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	(174)	(174)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	22,337	22,337
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(958)	(958)
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	21,379	21,379
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,395	3,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,016)	(2,016)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(174)	(174)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	21,379	21,379
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	Cash and cash equivalents at end of period	22,599	22,599

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	22,599	3,395
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)	22,599	3,395

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	139
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 secured convertible notes, comprising 8,000,000 \$1 notes, to be used for SM 71 project development and general corporate purposes.

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)	350
9.2	Development (net to Byron)	6,000
9.3	Production	-
9.4	Staff costs	415
9.5	Administration and corporate costs	330
9.6	Other - Financing charges and loan repayments	970
9.7	Total estimated cash outflows	8,065

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	Gulf of Mexico, USA Lease block South Marsh Island 70	Lease expiry	50%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Gulf of Mexico, USA Lease block Grand Isle 95	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: 19th October 2017

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 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.