

# Quarterly Report for the Period Ended 31 March 2018

## Summary

- First oil production from the Byron operated SM 71 flagship oil project achieved in March 2018, elevating the Company to producer status;
- SM 71 F3 development well logged 211 measured depth feet of oil pay (175 feet TVT net oil pay) in the D5 sand, 45 TVT feet thicker than in the F2 well and 150 feet below the base of D5 Sand in the F2 well, extending the D5 Sand oil column further down dip;
- SM 71 F1 and F2 wells completed for production late in March, in D5 and B65 sands respectively, followed by SM 71 F3 well, in early April, also in the D5 Sand;
- Byron was high bidder on seven leases at the Gulf of Mexico OCS Lease Sale 250 including three leases with additional drilling opportunities near SM71 and four highly prospective Eugene Island leases;
- The original Bivouac Peak lease term has been extended for one-year to accommodate anticipated permit approvals; and
- Byron has secured two new Bivouac Peak leases (~330 Acres) in State water bottom tracts peripheral to and adjoining the existing Bivouac Peak lease area.

<b>Name:</b>	<b>Byron Energy Limited</b>
<b>ASX code:</b>	<b>BYE</b>
<b>Shares on issue at 31 March 2018:</b>	<b>685 million</b>
<b>Quoted shares:</b>	<b>685 million</b>
<b>Options on issue (unquoted):</b>	<b>51.8 million</b>
<b>Cash at Bank 31 March 2018:</b>	<b>US\$4.3 million</b>
<b>Convertible notes:</b>	<b>6.0 million @ \$A1.00 secured convertible notes</b>
<b>Market Capitalisation at 31 March 2018:</b>	<b>A\$260.0 million (@A\$0.38 per share)</b>

### 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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## Corporate

### Issued Capital

As at 31 March 2018, Byron's issued capital comprised:-

Securities	Total issued	Quoted	Unquoted
Shares (ASX:BYE)	684,987,034	684,987,034	Nil
Options	51,800,000	Nil	51,800,000
Convertible Notes	6,000,000	Nil	6,000,000

### Convertible Notes Outstanding

Balance at start of March 2018 quarter	Total redeemed during March 2018 quarter	Balance at end of March 2018 quarter
7,000,000 @ A\$1	1,000,000 @ A\$1 in January 2018	6,000,000 @ A\$1

8,000,000 @ A\$1.00 secured convertible notes (unquoted), were issued to Metgasco Limited in January 2017. 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. The convertible notes are repayable in A\$1.0 million quarterly instalments over 2 years commencing in October 2017, with the next quarterly repayment due in April 2018. For the terms of the Convertible Notes refer to Byron's ASX release dated 22 July 2016.

## Project Updates

### Salt Dome Projects (Byron Operated)

#### South Marsh Island 71

Byron owns the South Marsh Island block 71 ("SM71") a lease in the South Marsh Island Block 73 ("SM 73"). The SM 73 field encompasses nine OCS lease blocks (81 square miles) which overlie a large piercement salt dome. The salt dome is responsible for providing the trapping mechanism for production in all portions of the SM 73 field. The SM 73 field is productive from discrete hydrocarbon-bearing sandstone reservoirs which are primarily trapped in three-way structural closures bound either by salt or stratigraphic thinning, on their updip edge. These reservoirs are Pleistocene to Pliocene age sands ranging in depth from 5,000 ft to 8,800 ft TVD. The majority of the field production has come from depths less than 7,500 ft in high quality sandstone reservoirs.

Byron is the designated operator of SM71 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 the block. Water depth in the area is approximately 137 feet.

The March 2018 quarter was active and successful for Byron culminating in first oil production from the Byron operated SM71 oil project.

## **Salt Dome Projects (cont)**

### **SM71 Byron F2 Appraisal Well**

As previously reported in late December 2018, the Byron operated OCS G-34266 F-2 well ("F2") appraisal well encountered four discrete hydrocarbon bearing sands, including the B65 and D5, and that the drill pipe became stuck approximately 214 feet below the bottom of the D5 Sand. Byron attempted to free the stuck drill pipe while evaluating various alternatives including the optimization of the F2 wellbore and future F3 well. Consequently, it was decided to case the F2 well to a depth of 7,700 feet measured depth ("MD"), 130 feet MD below the base of the B65 Sand.

In early January 2018, 7 5/8 inch casing was run before temporarily suspending the F2 well for a short period while the F3 well was drilled, before completing the F2 well for production.

### **SM71 Byron F3 Development Well**

Given the high quality and thickness of the D5 Sand encountered in the F2 well and the fact that Byron had a one-time option to drill a second well under the existing Ensco drilling contract, it was decided to drill OCS G-34266 F-3 well ("F3") well immediately using the Ensco 68 rig, rather than releasing it.

The F3 well was designed to intersect the D5 Sand very near the point that the F2 well intersected the D5 Sand. The F3 well was drilled to provide a second take point in the D5 Sand reservoir in addition to the up dip F1 well, which was drilled in 2016. The engineering design of the F3 well allowed for a lower borehole angle of 24 degrees with shorter measured depth than the F2 well which had an angle of 60 degrees.

The F3 well spudded on 9 January 2018 USA Central Daylight time ("USCDT").

On 29 January 2018, Byron announced that the F3 well was drilled to a final total depth of 7,717 feet MD on 26 January 2018. After logging the well with open hole triple combo logging tools on 27 January, operations to run 7 5/8" casing to total depth prior to temporary suspension for completion in the D5 Sand were underway. Hydrocarbons in five discrete intervals were measured using both Log While Drilling (LWD) gamma ray and resistivity tools and wireline Triple Combo porosity tools.

The primary target in the F3 well was the D5 Sand which logged 211 measured depth feet of oil pay (174 feet TVT net oil pay) as determined by open hole logs. While only 70 feet away from the previously drilled SM71 F2 well, the D5 Sand was 45 TVT feet thicker in the F3 and exhibits excellent rock properties with porosities in the 32% range. With the base of the D5 Sand in the F3 well 150 feet below the base of D5 Sand in the F2 well, the D5 Sand oil column has been further extended downdip. This means the total oil column proven by the three Byron D5 wells is an astounding 1,160 feet. The F3 well will be the second take point in the D5 Sand reservoir at SM71.

Because of the northerly well bore trajectory of the F3 well, only the very updip portions of the three other oil sands were penetrated. The J1, B55 and B65 Sands each logged approximately 5 feet TVT net oil pay in the F3 well, consistent with pre-drill expectations. The data points of these three sands will serve to help delineate the size of each reservoir for future reserve determinations.

In addition to the J1, B55 and B65 zones, the F3 well also intersected 12 feet TVT net oil pay in the C10 which is productive in other parts of the dome but, to date, not productive at SM71. Byron's pre-drill mapping did indicate that the F3 would be at the very updip edge of the C10 in this well bore and this result sets up a further opportunity to be exploited in future well bores or in the F3 wellbore.

## **Salt Dome Projects (cont)**

### **SM71 F1, F2 and F3 Well Completions**

#### **F1 Completion**

On 5 February 2018 Byron reported that the EnSCO 68 drilling rig had been repositioned over the SM71 F1 well and operations to complete the F1 as a producing well in the D5 Sand had begun. This marked the end of drilling operations which began in early December 2017 and the commencement of a three well completion program, commencing with the SM 71 F1 well.

The SM71 F1 well was drilled to a depth of 7,477 feet measured depth in April of 2016 and logged a total of 151 feet of TVT net hydrocarbons in four discrete sands. The primary target in the F1 well was the D5 Sand, a prolific oil producing sand in other portions of the SM73 salt dome field. The F1 well logged 91 feet TVT net oil pay in the D5 Sand and Byron committed to construction of a manned tripod production facility on that basis.

On 22 February 2018 Byron reported that the F1 well was completed for production. A 70-foot measured depth interval of the D5 Sand was perforated on 16 February, 2018 and sand control measures were pumped across the interval on 18 February, 2018. After rigging down the pumping equipment, 2 7/8" production tubing was run in the well. All operations were successful and after a short flow back that recovered completion fluids and oil, the F1 well was shut in by closing a surface controlled subsurface safety valve. No production rates were determined during this phase of the F1 completion due to limited oil storage tank capacity on location.

#### **F2 Completion**

After completion of the F1 well, the EnSCO 68 drilling rig skidded to position over the SM71 F2 well and completion operations in the B65 Sand began immediately. The B65 Sand in the F2 well was completed with sand control measures similar to the F1 well. These sand control measures are designed to improve the production rate and to minimize reservoir pressure drawdown, resulting in better performance and longevity.

On 5 March 2018 Byron reported that perforation and sand control operations have concluded on the F2 well. A 72-foot measured depth interval of the B65 Sand was perforated on 26 February, 2018 and sand control measures were pumped across the interval on 28 February, 2018. After rigging down the pumping equipment, 2 7/8" production tubing was run in the well. After the production tubing was landed, a short flow back to recover completion fluids and oil occurred before the F2 well was shut in by closing a surface controlled subsurface safety valve. As per F1 well completion, no production rates were determined during the F2 well completion due to limited oil storage tank capacity on location.

#### **F3 Completion**

The EnSCO 68 drilling then skidded into position over the SM71 F3 well and completion operations in the D5 Sand began.

A 184-foot interval of the D5 Sand was perforated and hydraulic sand control measures were pumped into the formation. After what appeared to be a normal and successful job, based on all surface pressure readings, the drill-pipe became mechanically stuck across the packer, leaving the drill pipe and other completion equipment in the wellbore. Attempts to pull this assembly free were unsuccessful. Because of the fragile nature of this type of equipment, it was considered imprudent to pull extremely hard on the stuck assembly.

The Company then mobilised coiled tubing equipment to the location to clean out the drill pipe and then attempt to pull it free with jarring equipment.

## **Salt Dome Projects (cont)**

### **F3 Completion (cont)**

On 29 March 2018, the final 290-foot-long portion of the collapsed completion assembly was successfully and completely removed from the SM71 F3 wellbore during fishing operations. Operations then focused on finalising the F3 well for production from the D5 Sand reservoir where over 200 feet of measured depth oil pay (174 feet true vertical depth thickness) was logged during drilling in January 2018.

The Haliburton Stim Star IV returned to SM71 on 31 March 2018 USCDT and a high rate water pack was performed to place sand on the backside of the completion screens. The operation was successful and the well responded positively to the process. In Monday, 2 April 2018 USCDT, 2 7/8" production tubing was run and landed into a completion packer inside the wellbore.

The F3 well is was opened to flowback equipment on the EnSCO 68 rig for an initial clean-up on Tuesday, 3 April 2018 USCDT. No production rates were established from the F3 well at that time, due to limited oil tankage on the rig. Once the flowback was accomplished, the EnSCO 68 began the process of de-rigging and jacking down before it was released. The Company then made the final flowline tie-ins to the F3 well and installed instrumentation equipment so that production can commence.

### **First Oil Production from SM 71**

Production from the Byron operated SM71 F platform began on 23 March 2018 when the SM71 F1 and F2 wells were opened to sales. The SM71 F3 began production on 6 April 2018. All three wells have been on production since 6 April 2018. From 23 March 2018 to 25 April 2018 (0700 hours USCDT), the three wells have combined to produce a total gross sales volume of 83,000 barrels of oil and 55.5 mm cubic feet of natural gas.

During a four day pipeline shut in period in April, the Company made several improvements to the oil and gas production system on the platform. Most of these improvements were focused on resizing valves to optimize production levels and minimize downtime on the platform. All three wells were returned to production on 22 April 2018 at a combined average rate of 4,650 bopd and 3,200 mcfcpd which is over 90% of the platform's throughput capacity. By producing at this rate, we will minimize facility issues and reduce downtime which is currently expected to average 4% per month. This rate of production also optimises drawdown on each of the wells and should maximise the ultimate long-term recovery from the reservoirs. Based on these rates, Byron's net daily sales are approximately 1,890 BOPD and 1,300 mcfcpd.

Operationally, the ENSCO 68 drilling rig was released on Sunday, 8 April 2018 USCDT and left the location 0200 hours 9 April 2018 USCDT when weather conditions allowed transit.

### **SM71 Production for March 2018 quarter**

First production from SM 71 was achieved late in March 2018.

For the quarter ended 31 March 2018 Byron's share of production is shown in the table below.

## Salt Dome Projects (cont)

### SM71 Production for March 2018 quarter (cont)

Production	For three months ended 31 March 2018	Financial year to date 31 March 2018
<b>Gross production</b>		
Oil (bbls)	18,342	18,342
Gas (mcf)	11,542	11,543
<b>Byron share of Gross Production (50% working interest)</b>		
Oil (bbls)	9,171	9,171
Gas (mcf)	5,771	5,771
<b>Net production (BYE share 40.625% net of royalty)</b>		
Oil (bbls)	7,451	7,451
Gas (mcf)	4,689	4,689

Production operations at the Byron operated SM71 F platform began on 23 March USCDT when the SM71 F1 well was brought on line. The SM71 F2 well, completed in the B65 Sand, was opened to the system on 25 March USCDT. On 6 April 2018, at approximately 4 PM USCDT, production from the SM71 F3 well was initiated.

For the most recently reported daily production rates refer to the Company's ASX release dated 26 April 2018.

The Company's production for the June 2018 quarter will be affected by the shut in of the third-party oil pipeline. Crimson Gulf, LLC, the operator of the oil pipeline that carries SM71 oil to market, undertook maintenance on sections of the oil pipeline commencing on 19 April 2018 which lasted 4 days. As a result Byron's SM71 wells were offline during that time and resumed production on 22 April 2018 USCDT.

### South Marsh Island 57/59/74

Following the Lease Sale 247, held on 22 March 2017, the Bureau of Ocean Energy Management ("BOEM") awarded Byron three leases comprising South Marsh Island Area Block 57 ("SM57"), South Marsh Island Area Block 59 ("SM59") and South Marsh Island Area South Addition Block 74 ("SM74").

The SM 57/59/74 blocks substantially increased Byron's footprint near Byron's existing SM71 oil project in the SM 73 Field.

Planning and technical work continued during the March quarter and is very advanced on the SM 74 Block.

### Lease Sale 250

The Company bid on seven blocks at the Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 250 ("Lease Sale 250") held in New Orleans, Louisiana on 21 March 2018.

## Salt Dome Projects (cont)

### Lease Sale 250 (cont)

The prospects identified in these seven blocks, in and around salt domes, were generated by interpretation of the Company's high quality Reverse Time Migration and Inversion processed 3D seismic data.

Byron Energy Inc, a wholly owned subsidiary of the Company, was the apparent high bidder on seven blocks bid at Lease Sale 250. An apparent high bid is subject to OCS bid adequacy review and under the BOEM rules may be rejected if deemed inadequate. The BOEM review process can take up to 90 days.

The Company exposed approximately US\$ 2.6 million in gross bonus bids on the following blocks:

Block	Gross Bonus Amount (US\$ Million) 31 March 2018	Working Interest ("WI") March 2018	Net Revenue Interest ("NRI")
Eugene Island Area Block 62 ("EI62")	0.25	100.00%	87.50%
Eugene Island Area Block 63 ("EI63")	0.25	100.00%	87.50%
Eugene Island Area Block 76 ("EI76")	0.25	100.00%	87.50%
Eugene Island Area Block 77 ("EI77")	0.25	100.00%	87.50%
Vermilion Area Block 232 ("VR232") *	1.10	50.00%*	43.75%*
Vermilion Area Block 251 ("VR251")	0.23	100.00%	87.50%
South Marsh Island Area Block 70 ("SM70")	0.27	100.00%	87.50%
<b>Byron's Total Gross Bonus Exposure</b>	<b>2.60</b>		
<b>Byron's Total Net Bonus Exposure*</b>	<b>1.87</b>		

\* WI and NRI interest and net bonus amount stated is after Otto Energy (Louisiana) LLC ("Otto"), a wholly owned subsidiary of Otto Energy Limited (ASX:OEL) farm in election for VR 232

Eugene Island Area Blocks 62, 63, 76 and 77 comprise the Eugene Island Block 77 Field, located offshore Louisiana, 110 miles southwest of New Orleans, LA in approximately 25 feet of water. This dome has been a prolific oil and gas producer in the past beginning in 1959 with total production of 6.5 million barrels of oil and 361 billion cubic feet of gas from 13 pay sands. There is no production on these blocks currently.

Byron previously held the leases over EI63 and EI76 but relinquished the leases in January 2018 with the intent of rebidding at Lease Sale 250. Proprietary Reverse Time Migration seismic processing, like that utilised at SM71, was undertaken by Byron over the EI77 salt dome in 2015 and defined several prospective areas.

The remaining three Lease Sale 250 blocks, VR232, VR251, and SM70, are adjacent to the Byron operated SM 71 discovery and upon award, will substantially increase Byron's footprint in the South Marsh Island 73 Field. Byron evaluated these blocks with the same high-quality Reverse Time Migrated 3D seismic data and proprietary Inversion processed seismic data used in the discovery of oil and gas at SM71 in 2016. Byron also holds 100% working interests under primary term leases on SM57, SM59 and SM74.

Byron was high bidder for VR232 at OCS Lease Sale 247 one-year ago, but the bid was rejected by BOEM. An appeal was filed in July 2017 and the Company was informed the appeal had been denied in January 2018. Byron's bid represents the value placed on the block by BOEM. Pursuant to the Participation Agreement, effective 1 December 2015, between Byron Energy Inc, and Otto Energy (Louisiana) LLC ("Otto"), a wholly owned

## **Salt Dome Projects (cont)**

### **Lease Sale 250 (cont)**

subsidiary of Otto Energy Limited, Otto has the right to participate for a fifty percent (50%) interest in VR232, or SM74 if Byron's bid is rejected by BOEM. Under that agreement, Otto must pay an amount equal to a gross one hundred thirty-three percent (133%) of Otto's fifty percent (50%) interest share of lease acquisition costs plus a gross fifty percent (50%) of other past costs paid by Byron. Upon the award of VR232, Otto will have no further rights to participate in any blocks or projects under the December 2015 Participation Agreement.

## **Non-salt dome projects (Byron Operated)**

### **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.

On 11 January, 2018 Byron was deemed the high bidder on two peripheral, non-core tracts adjoining the Bivouac Peak lease at the Louisiana State lease sale and subsequently awarded State Lease #21778 (~200 Acres), with a state royalty rate of 21.5% and an overriding royalty of 2.5%, and State Lease #21779 (~130 Acres), with a state royalty rate of 25% and an overriding royalty of 2.5%, for a three-year primary term. Byron's partners in the Bivouac Peak Prospect Area have the right to participate for their proportionate share of the State Lease acquisitions as provided by their respective participation agreements over the Bivouac Peak Prospect Area.

During the March 2018 quarter Byron negotiated the extension of the term of the original Bivouac Peak lease with the private landowners through 1 September 2019, to facilitate likely permit approval and anticipated drilling activity.

Byron's permitting and well planning activities on Bivouac Peak are progressing as planned with anticipated approvals currently expected in 2H/2018. The process is ongoing and has included site specific survey work, pre-application geologic review, and the submission of the joint application coastal use permit to the Louisiana Coastal Management and the US Army Corps of Engineers for review.

Additionally, Byron has increased its WI position by 5% to 95% and the private US entity has reduced their interest by the same amount retaining a 5% WI. Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of Bivouac Peak Prospect Area and now holds a 95% WI and a 70.775% NRI in the Bivouac Peak lease; a portion of Byron's working interest is subject to a reduction based on a promoted farm-in by both Otto Energy Limited group (ASX: OEL), and Metgasco Energy Limited (ASX: MEL) as each hold an option to participate for a 45% WI and 10% WI respectively by electing to participate in the initial test well and paying their disproportionate share of costs to earn. Assuming all partners elect to participate for their respective interests Byron will hold a 40% WI and a 29.8% NRI in the Bivouac Peak lease.

## Non-salt dome projects (cont)

### 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

Grand Isle Block 95 ("GI 95") is located in US Federal waters, approximately 100 miles (161 kilometres) southeast of New Orleans, Louisiana, at a water depth of approximately 201 feet (61 metres). The Company has a 100% operated WI and an 87.5% NRI.

No exploration activity was undertaken on the Company's GI 95 gas project during the quarter.

## Properties

As at 31 March 2018, 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 <sup>2</sup> )
<b>Gulf of Mexico (Shallow water, OCS)</b>				
South Marsh Island Block 71	Byron	50.00/40.625	Production	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
Grand Isle Block 95	Byron	100.00/87.50	September 2022	18.37
<b>Transition Zone (Coastal marshlands Louisiana)</b>				
Bivouac Peak Leases ##	Byron	90.00/67.05	September 2018	9.70
Bivouac Peak State Lease number 21778##	Byron	100.00/76.00	January 2021	0.81
Bivouac Peak State Lease number 21779##	Byron	100.00/72.50	January 2021	0.53

\*The table above does not include the GOM Lease Sale 250 blocks, where Byron was high bidder, pending award by the BOEM.

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

# If VR 232 is not awarded to Byron (see Lease Sale 250 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 Landowner Leases and State Leases. If both Otto and Metgasco earn into the Bivouac Peak project, Byron's working interest and net revenue interest will reduced to 40% and 29.8% respectively. With reference to the two State leases acquired in the March 2019 quarter, Otto and Metgasco have the same working interest options in these leases and a private party has a yet to be assigned and transferred a 5% working interest in the leases.

## Glossary and Conversions

Bbl = barrels

Bopd = barrels of oil per day

Btu = British Thermal Units

mcf = thousand cubic feet

mcfcpd = thousand cubic feet of gas per day

mcf = thousand cubic feet

mcmf = million cubic feet

mmbtu = million British Thermal Units

NGL = Natural gas Liquids, such as ethane, propane and butane

1 mcf = 1,087 btu's currently for SM 71 production; the heat content of SM 71 gas may vary over time

## 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 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(588)	(1,331)
(b) development	(18,478)	(33,730)
(c) production	-	-
(d) staff costs	(385)	(1,028)
(e) administration and corporate costs	(148)	(792)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	(196)	(626)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	450	300
- Advisory Fees	-	(15)
- Cash contributions from farminees / JV partners	10,442	19,089
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(8,901)</b>	<b>(18,125)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	(522)	(696)
(c) investments	-	-

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
(d) other non-current assets	-	-
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(522)</b>	<b>(696)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	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	-	(1,034)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings / convertible notes	(794)	(1,573)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(794)</b>	<b>19,730</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	14,510	3,395
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(8,901)	(18,125)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(522)	(696)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(794)	19,730
4.5 Effect of movement in exchange rates on cash held	(1)	(12)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>4,292</b>	<b>4,292</b>

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

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1 Bank balances	4,292	14,510
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,292</b>	<b>14,510</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter US\$'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	211
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	

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter US\$'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end A\$'000</b>	<b>Amount drawn at quarter end A\$'000</b>
8.1 Loan facilities*	6,000	6,000
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 20<sup>th</sup> January 2017 Metgasco Limited (“Noteholder”) originally subscribed for A\$ 8 million in secured convertible notes, comprising 8,000,000 \$1 notes, to be used for SM 71 project development and general corporate purposes. A\$ 2 million of convertible notes were redeemed by the end of the March 2018 quarter.

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

<b>9.</b>	<b>Estimated cash outflows for next quarter*</b>	<b>US\$'000</b>
9.1	Exploration and evaluation [(inc new lease acquisitions)]	(740)
9.2	Development (net to Byron)	(5,950)
9.3	Production*	(250)
9.4	Staff costs	(480)
9.5	Administration and corporate costs	(290)
9.6	Other - Financing charges and loan repayment	(920)
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(8,630)</b>

\*First oil production from the Byron operated SM 71 flagship oil project achieved in late March 2018 (as previously reported) with first sales receipts received in April 2018. During the June quarter, Byron expects to receive substantial cash flows from the sale of its 50% share of SM 71 oil production from its 50% owned SM 71 oil field, not included in the table above.

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Gulf of Mexico USA Eugene Island blocks 63 and 76		100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Bivouac Peak State Leases*  Bivouac Peak Landowner Leases*		0%	100%
				90%	95%

\*Please see the Properties Table narrations for options of working interest dilutions on these leases

**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: 27 April 2018

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.