



# Capital Raising Presentation August 2017

*On the Path to Production,  
Cash Flow & Reserve Growth*



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## Net Present Worth at 10% (NPW-10)

NPW -10 figures are net present value of future net revenue, before income taxes and using a discount rate of 10%. The estimated future net revenue values utilised do not necessarily represent the fair market value of Byron's oil and gas properties. All evaluations of future net revenue in this presentation are after deduction of royalties, drilling and development costs, production costs and well abandonment costs.

Reserves and Resources – Information on the Company's reserves and resources calculations are provided at the end of this presentation.

# Presentation Outline

- Capital Raising
- Who we are
- Our track record
- Cutting edge technology
- SM 71 discovery and development plan
- Lease Sale 247 and near term growth through exploration opportunity

# Byron Energy \$26.5m Capital Raising

Byron Energy Ltd. (ASX:BYE) has successfully completed a \$26.5 million capital raising through a placement of ordinary shares. The proceeds will enable the Company to complete its development and drilling programme to bring SM71 into production. In addition the Company will undertake a Share Purchase Plan to raise a maximum of \$2 million.

Placement details	
Issue Price	A\$0.07
Placement Amount	A\$26,527,918
The Placement Amount includes:	
Directors' investment*	A\$3.6 million
Metgasco investment*	A\$2.7 million
Capital Structure	
Ordinary Shares on Issue	277,447,162
Placement Shares*	378,970,262
Total Shares On Issue*	656,417,424
Unlisted Options	23,150,000
Cash (30 June 2017) \$US million	3.4
Convertible Notes \$A million	8.0
*subject to shareholder approval on or about 18 September 2017	

*The Placement was well supported by a number of the Company's existing stakeholders including the directors, as well as new institutional and private investors*

*Existing shareholders, as of 11 August 2017 with registered addresses in Australia and new Zealand, will also have the opportunity to invest via a Share Purchase Plan at the same Issue Price as the Placement*

*The Placement will require approval by shareholders at an EGM scheduled on or around 18 September 2017*

# Strong Capital Position

The Placement & SPP provide a strong financial platform for Byron Energy to begin to monetise its portfolio in the Gulf of Mexico  
The initial focus will be executing its current development strategy for SM71

Application of Funds	A\$m*
SM 71 Manned Structure Facility (including completion of SM 71 #1)	10.8
SM 71 Development Drilling (SM 71 #2 Drill &Complete)	4.3
SM 6 P&A costs	0.6
Convertible Note (amortisation of principal and interest)	2.8
Corporate, Working Capital & Transaction Costs	8.0
<b>Total</b> *\$A1=\$US0.76	<b>26.5</b>

The funds raised through the issue of Placement Shares will be used to:-

- complete the development of SM 71 oil and gas discovery (manned tripod platform, production facilities and pipelines;
- completion of SM 71 #1 discovery well;
- drilling and completion of SM 71 #2 development well);
- bonding requirements
- fund repayment of convertible note principal and interest; and
- corporate costs, working capital and share issue costs

# Byron Energy Overview

Byron Energy Ltd. (BYE: ASX Listed) is focused on conventional opportunities in the shallow waters (10 – 60m) of the US Gulf of Mexico (GOM) Shelf & Onshore Coastal Louisiana. The Company’s strategy is underpinned by utilisation of established and cutting edge technology in its assessment of properties.

**Key features include:**

- Byron management team has over **140 years combined experience** operating in the GOM, **Byron is operator** on all of its current GOM leases
- Byron Lease Blocks are all located within or very **close to existing production** greatly enhancing the chances of success
- **Cutting Edge Technology** (RTM, Inversion)
- Currently building production facility to produce **6.3 mmbo\* discovery at SM71** providing foundation for **cash-flow and growth**
- SM71 oil discovery greatly **reduces the risk** for current and future investors
- **2P \$12/boe F&D&P** cost provides significant margin (and upside) vs unconventional plays
- **Counter cyclical timing** leverages low cost drilling, development, and production
- Substantial **drill ready exploration portfolio** in place
- **Near term production** commencing January 2018

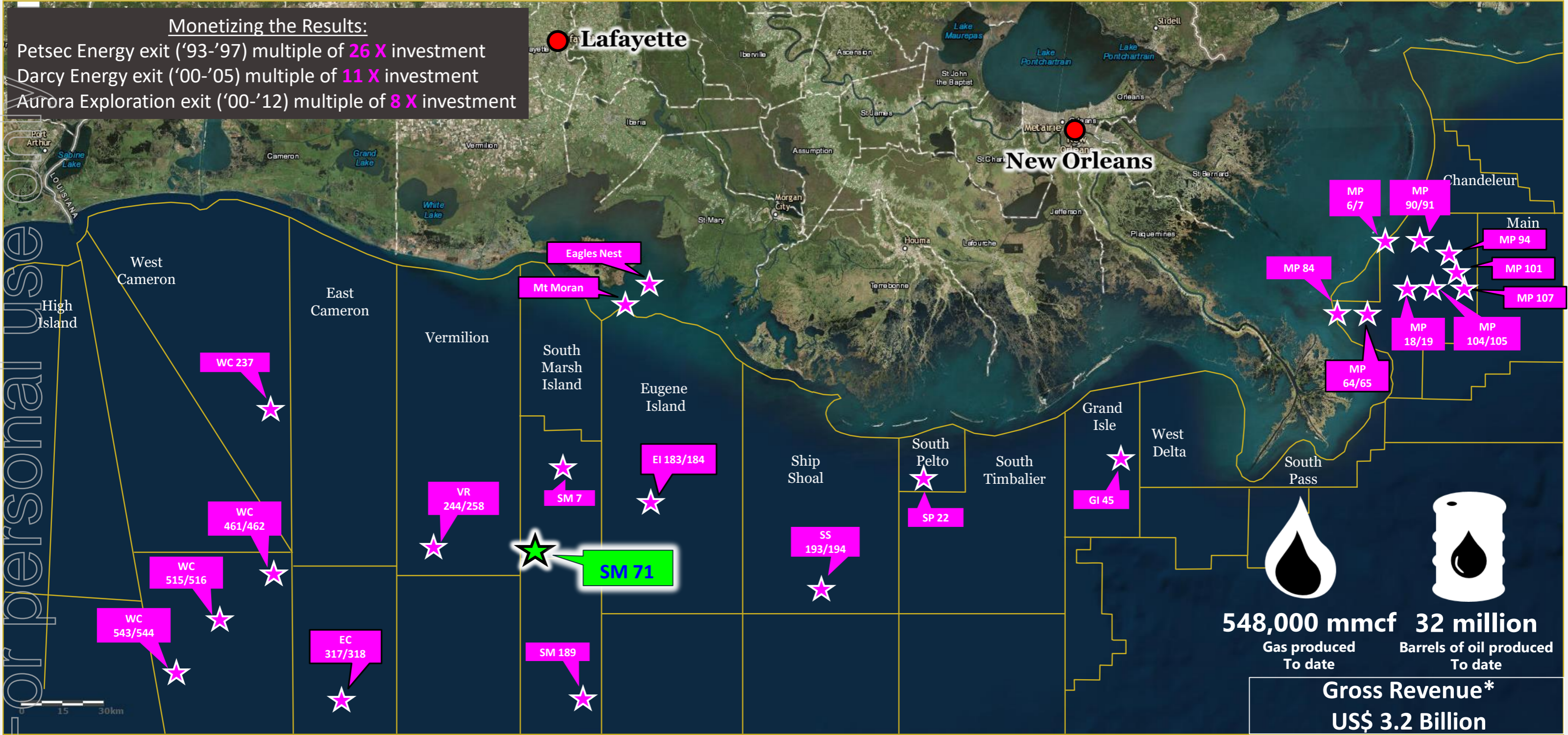
	Oil (mmbo)	Gas (mmcf)
3P Gross Reserves (SM71)*	6.3	4,500
3P Net Reserves (SM71)*	2.6	2,900


Board of Directors	
Doug Battersby	(Non-Executive Chairman)
Maynard Smith	(Director & Chief Executive Officer)
Prent Kallenberger	(Director & Chief Operating Officer)
William Sack	(Executive Director-Technical)
Charles Sands	(Non-Executive Director)
Paul Young	(Non-Executive Director)
Director Shareholdings	~25%

# Byron Exploration Team GOM & Near Shore Successes


Monetizing the Results:

Petsec Energy exit ('93-'97) multiple of **26 X** investment  
Darcy Energy exit ('00-'05) multiple of **11 X** investment  
Aurora Exploration exit ('00-'12) multiple of **8 X** investment






**548,000 mmcf**  
Gas produced  
To date




**32 million**  
Barrels of oil produced  
To date

**Gross Revenue\***  
**US\$ 3.2 Billion**


Petsec , Darcy, Aurora   
Byron 



**>80% success rate**  
(115 producing wells  
from 141 attempts)



**24 Structures & Facilities**  
Operated and/or set in the GOM



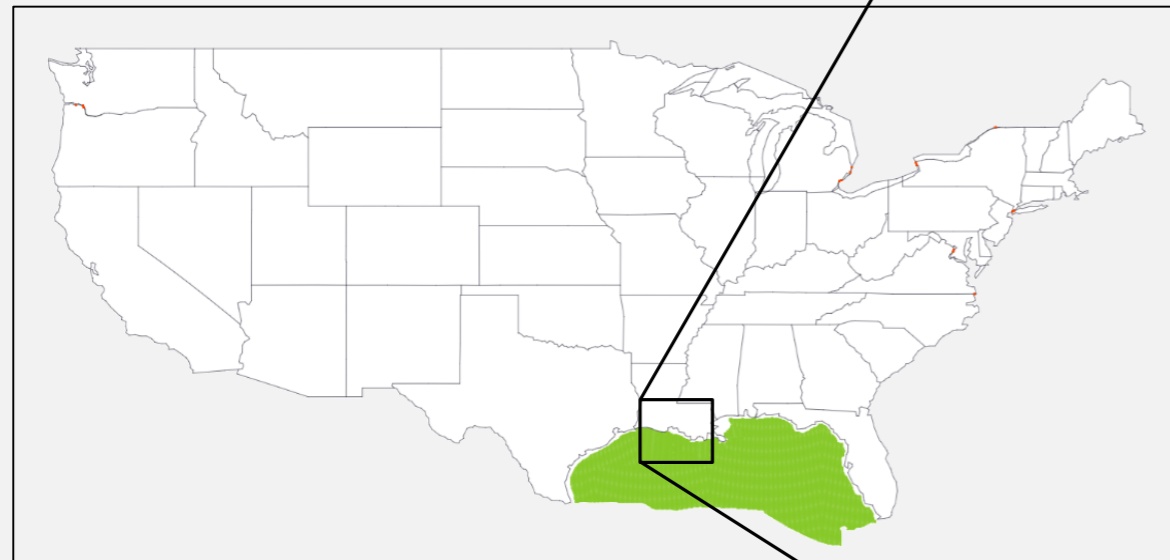
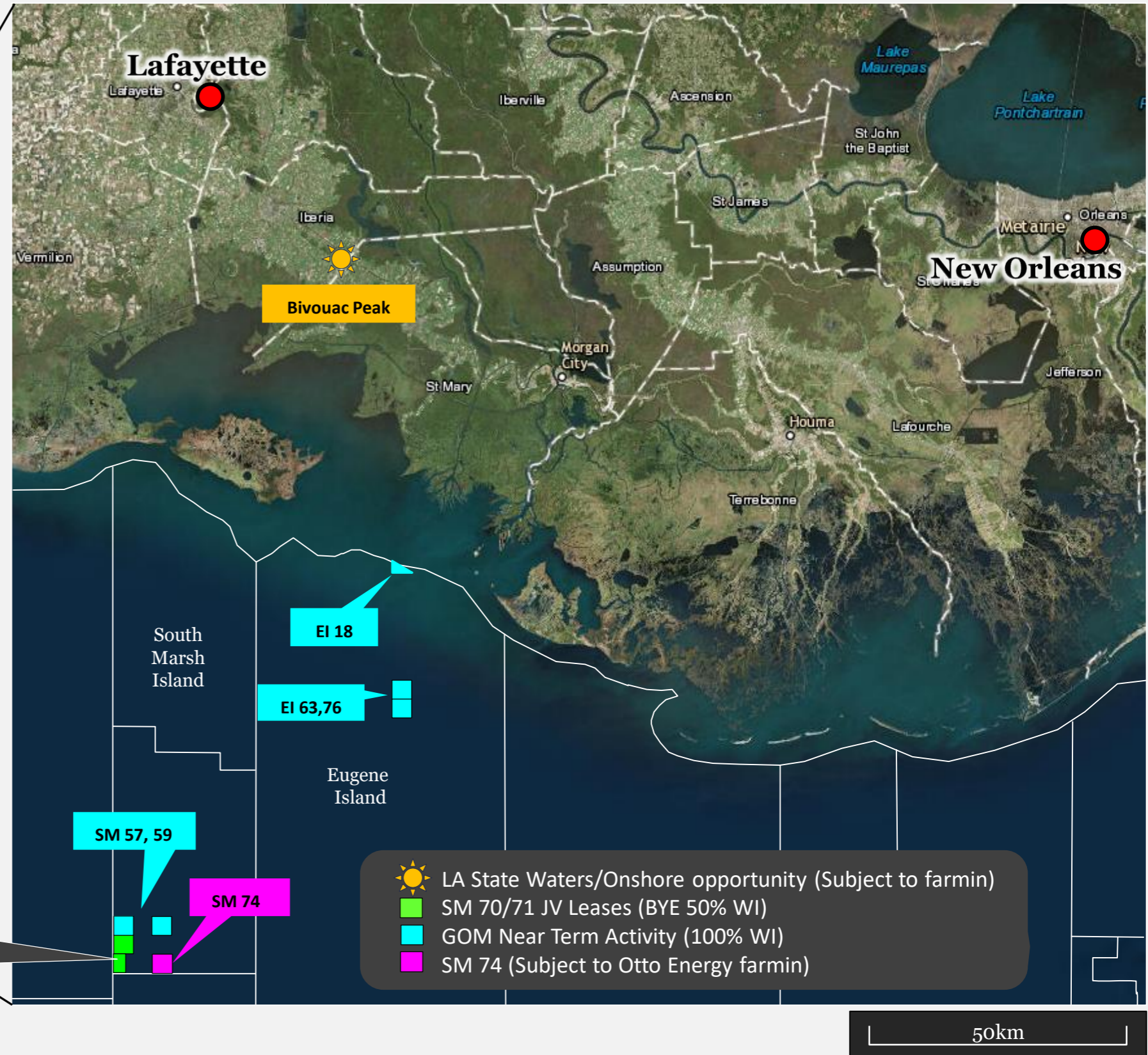
**29 Pipelines**  
Installed in the  
GOM

\* Gross revenues using \$50/bbl oil & \$3.00/mcf gas

# Byron Energy Asset Description

## Gulf of Mexico & Louisiana State Waters

Area	Operator	Interest WI/NRI* (%)	Lease Expiry Date	Area (Km2)
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 70*	Byron	50.00/40.625	July 2017	22.13
South Marsh Island Block 71	Byron	50.00/40.625	SOP**	12.16
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
Bivouac Peak*** (Transition Zone Offshore LA)	Byron	90.00/67.05	September 2018	9.70



### SMI 71 development

Discovery Well SM71#1 drilled Q2 2016  
 Logged 151 feet TVT net oil pay across four reservoirs.  
 Production expected to commence in 1Q/2018  
 Projected flow rates between 1,500 and 2,000 bbls/day/well

\* SM 70 has been relinquished

\*\* Suspension of Production requested, under review by BOEM

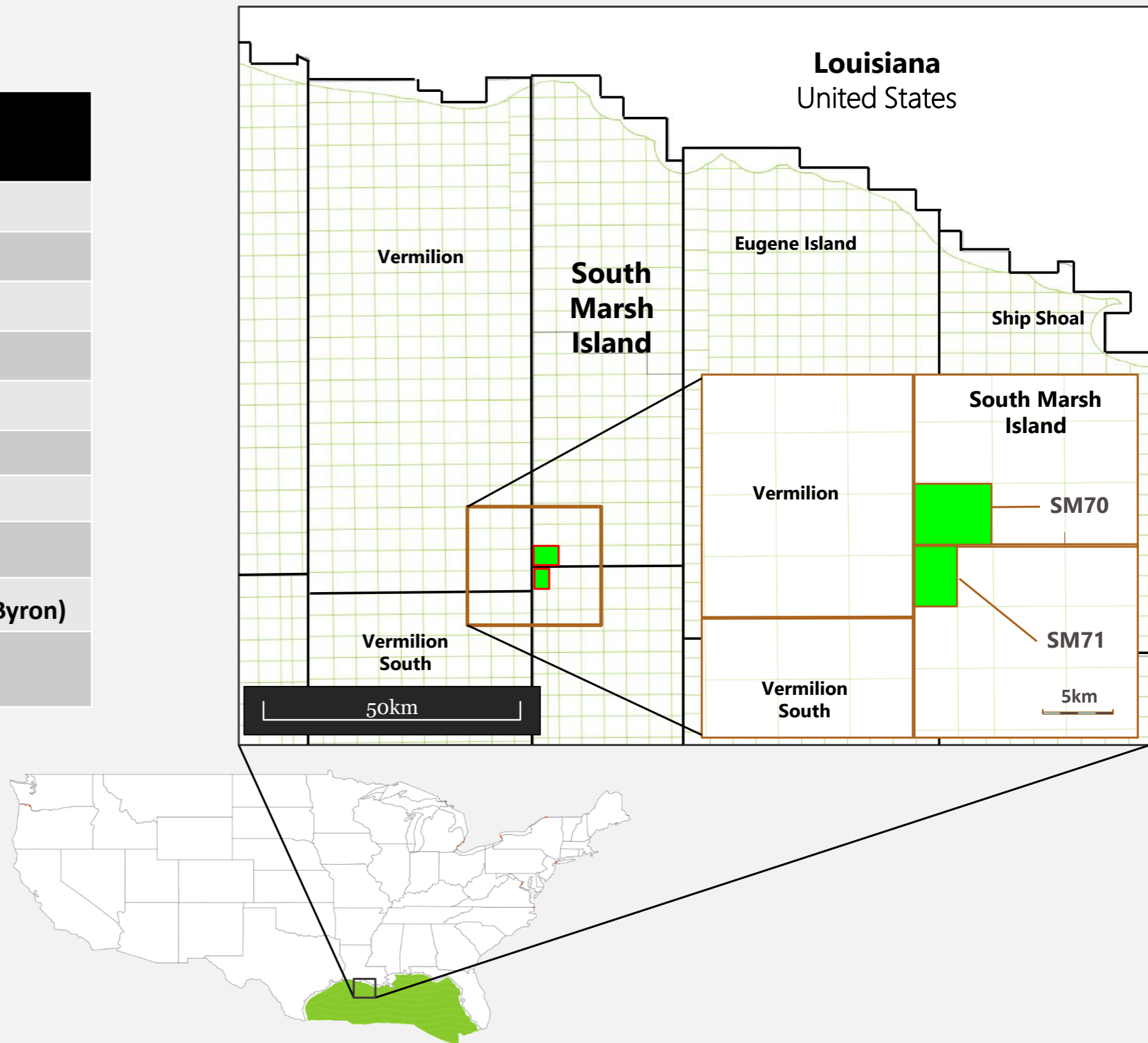
\*\*\* Otto and Metgasco have a right to acquire a 45% and 10% working interest respectively

# South Marsh Island 70/71 (SM71)

## Project Summary

Joint Venture Partners	Byron Energy <i>Otto Energy</i>
Operator	Byron Energy Inc.
Water Depth	<b>40 meters (131')</b>
Previous SM71 Production	3.9 mmbo + 10 bcf
Acquired	OCS Sale 222 June 2012
Byron Working Interest	<b>50%</b>
Byron Net Revenue Interest	40.625%
Forecast Gross Production Per Well	<b>&gt;1500 bopd</b>
Initial Production (Two Wells)	January 2018
Gross Development Cost (Two Wells)	USD \$27.4m ( <b>USD \$13.7 Net to Byron</b> )
Forecast 2 Well Monthly Cash Flow Net to Byron	<b>USD\$2m @ USD\$50/barrel</b>

SM71 Undeveloped Reserves* (Net to Byron)	Oil (Mbbbl)	Gas (MMcf)
1P	582	404
2P	2,028	1,462
3P	2,568	1,835
Prospective Resources	2,043	1,990



# Metgasco Convertible Note

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

Terms	
Quantity	8,000,000 Convertible Notes @ A\$1.00 (A\$8,000,000 issued in January 2017)
Term	3-year to 20 <sup>th</sup> July, 2019*
Interest	12% p.a + Line Fee of 2% p.a.
Repayment	8 x A\$1m quarterly instalments over 2 years, commencing Oct-2017
Options	10m Options, exercisable at A\$0.25, expiring on 21 July 2019
Conversion rights	Notes convertible at Metgasco’s option between 20 July 2018 and 21 July 2019 at 10% discount to 30 day VWAP
Security	General Deed of Security and Priority over SM70/71 leases

- Metgasco has a first right of refusal to participate up to 10% in any placement until 20th July, 2019; Metgasco has exercised its right to participate in the current placement for 10% of the issue
- To expedite Byron’s drilling program in the Gulf of Mexico, Byron has agreed to enhance Metgasco’s farm-in right, under the Convertible Note Deed, by granting Metgasco the right to farm into one new project, including the Lease Sale 247 blocks, (excluding SM 71), at Metgasco’s option; farm-in option working interest shall be no less than 15% other than if it is a project subject to Otto’s farm-in rights in which case it will be no less than 10%; Metagsco will reimburse Byron for past costs and a disproportionate share of the cost for the first test

## SM71 Byron #1

### Discovery

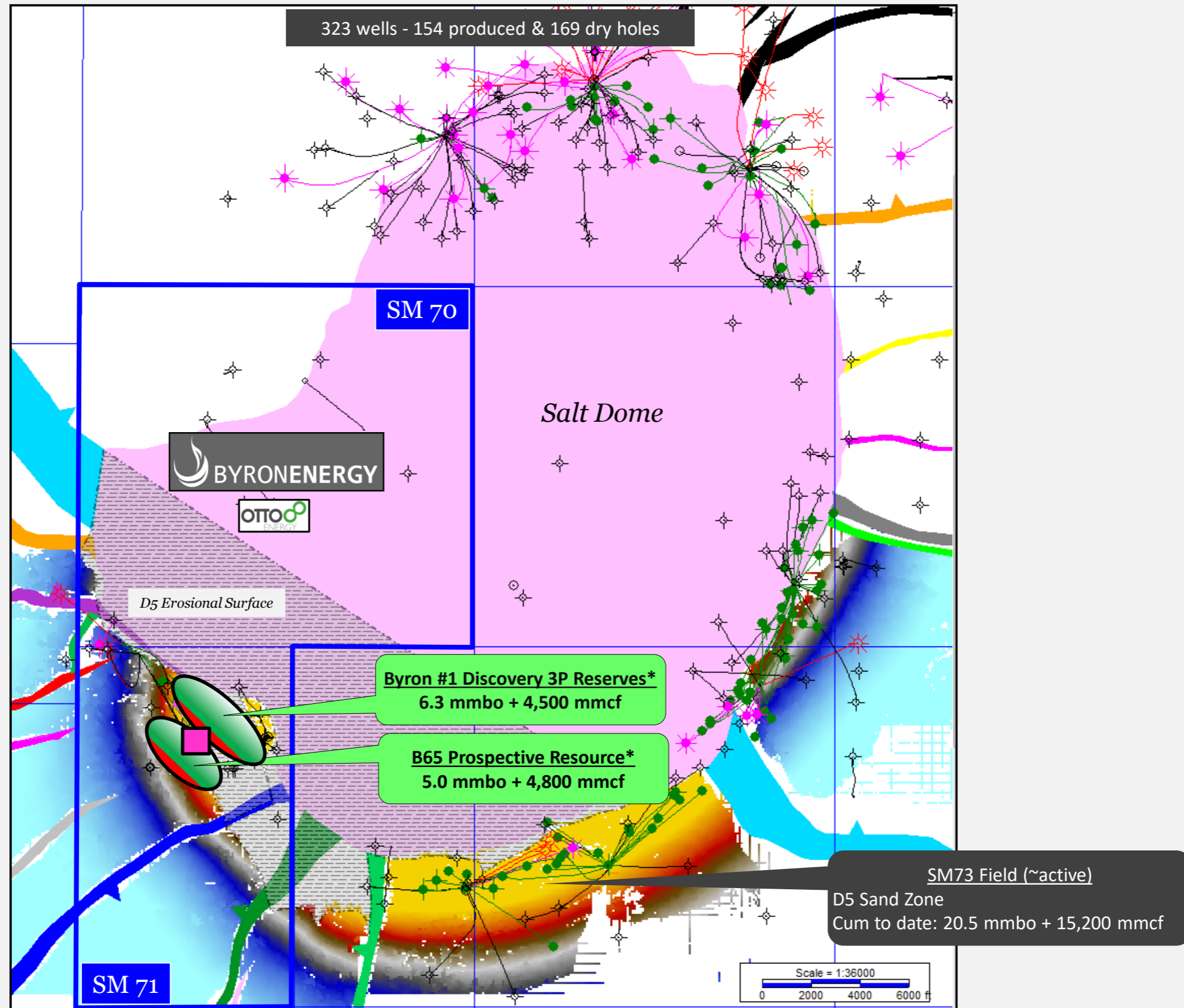
Gross 3P Reserves\*  
6.3 mmbo + 4,500 mmcf

## SM71 B65

Gross Prospective Resource\*  
5.0 mmbo + 4,800 mmcf

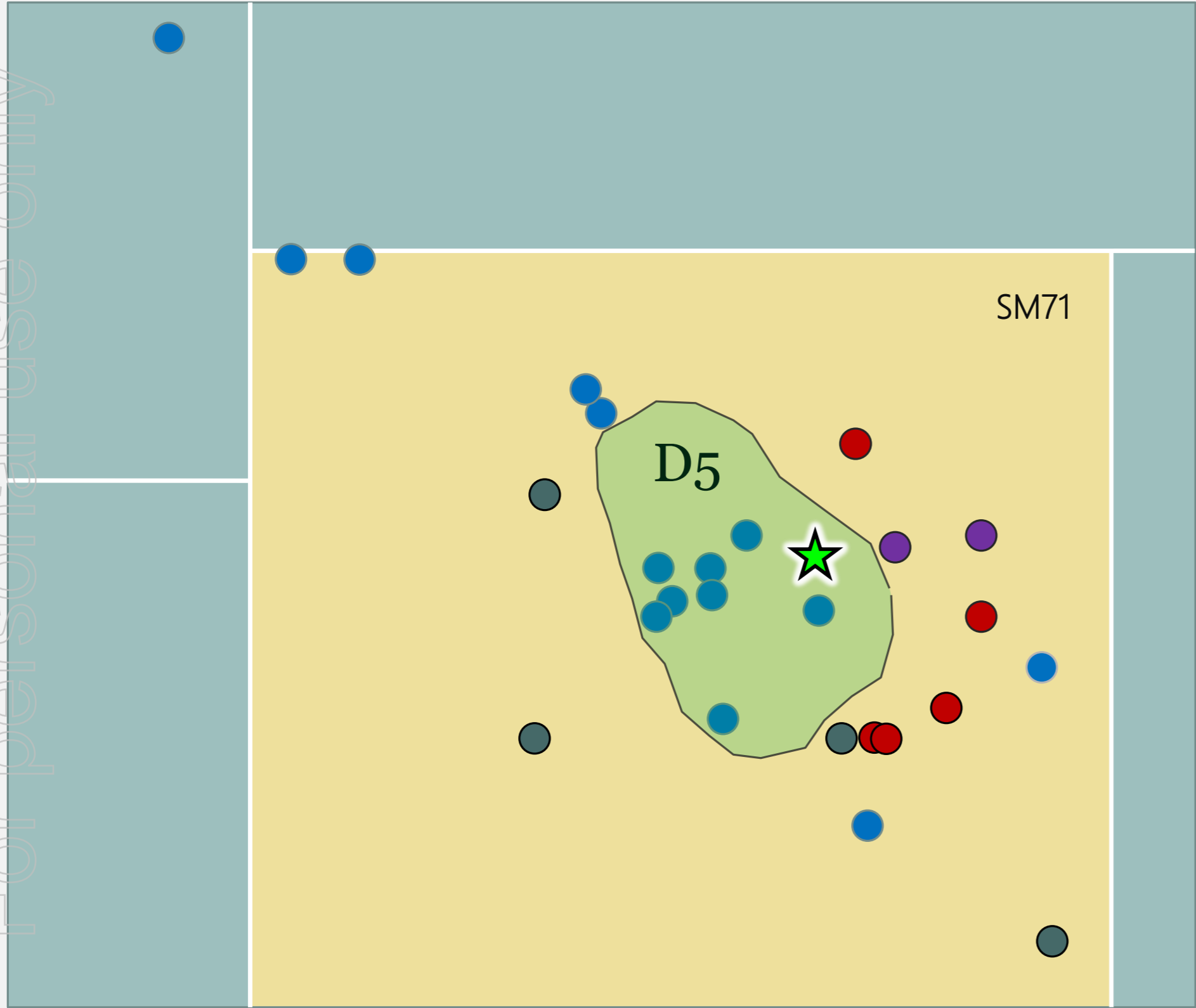
# SM 70/71 D5 Structure Map

Total Field Production 116 mmbo + 375 BCF



# South Marsh Island Block 71

## Lease & Drilling History



**Shell Oil** ●

Drilled 4 Wells  
1962 - 1973

**Superior, Transco, McMoRan, et. al** ●

Drilled 5 wells  
1977 - 1982

**Tenneco** ●

Farmed out to Taylor  
Drilled 2 Wells  
1983 - 1988

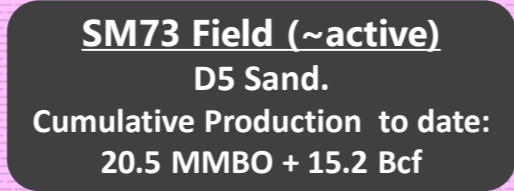
**Shell Oil** ●

Farm out 1st well to Newfield  
Drilled 14 wells (Horizontal Dev.)  
Produced 3.9 mmbo + 9,700 mmcf  
Sold to Apache in 1999  
1990 - 2010

**Byron Energy #1 April 2016** ★

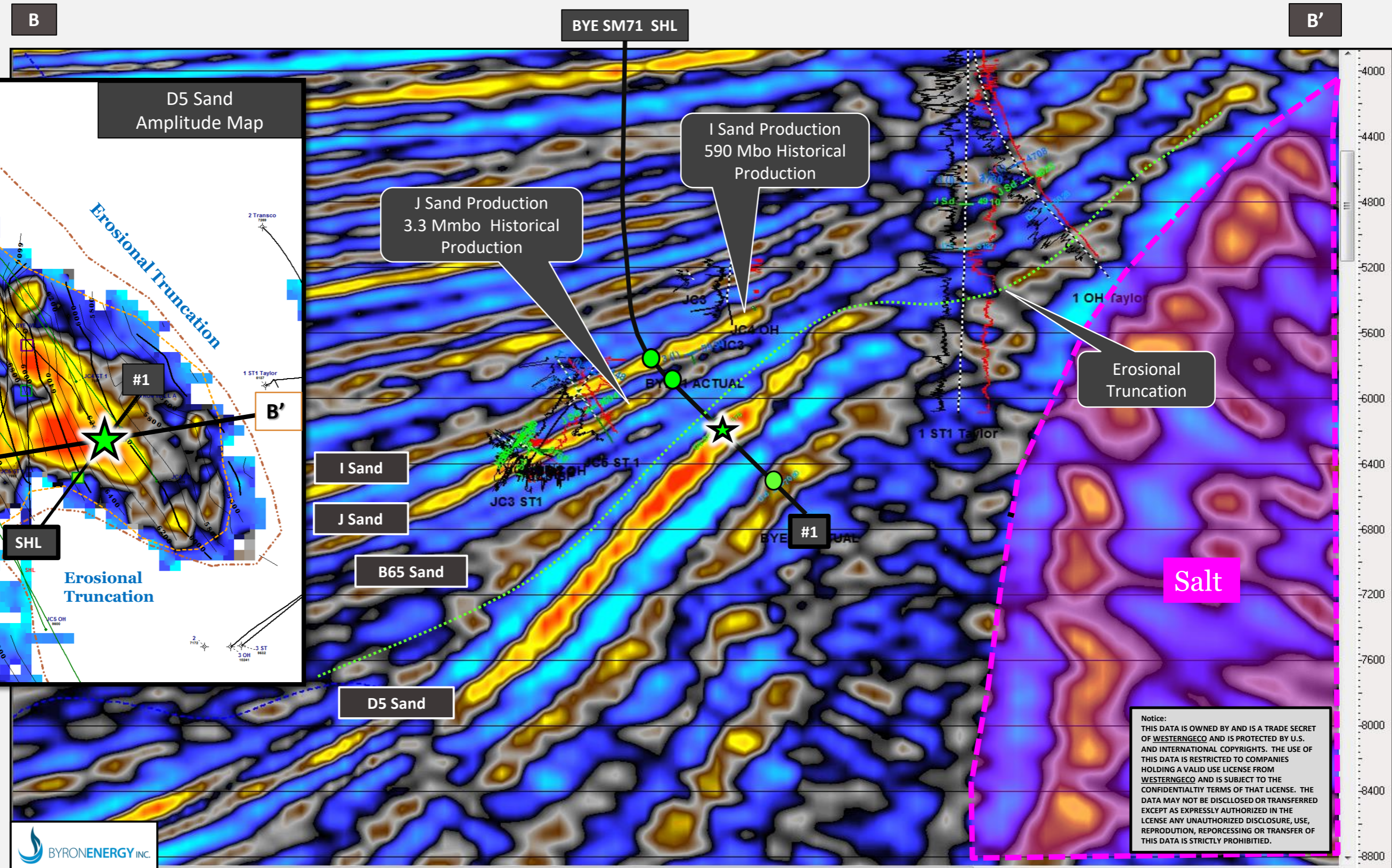
The RTM Advantage

**B**



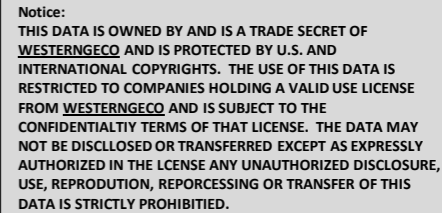
- | SM71 Gross Reserves*  | Oil (Mbbbl) | Gas (MMcf) |
|-----------------------|-------------|------------|
| 1P                    | 1,432       | 994        |
| 2P                    | 4,990       | 3,599      |
| 3P                    | 6,318       | 4,516      |
| Prospective Resources | 5,029       | 4,899      |

# SM71 Byron #1 Well I, J, D5 & D6 Hydrocarbon Sand Intersections

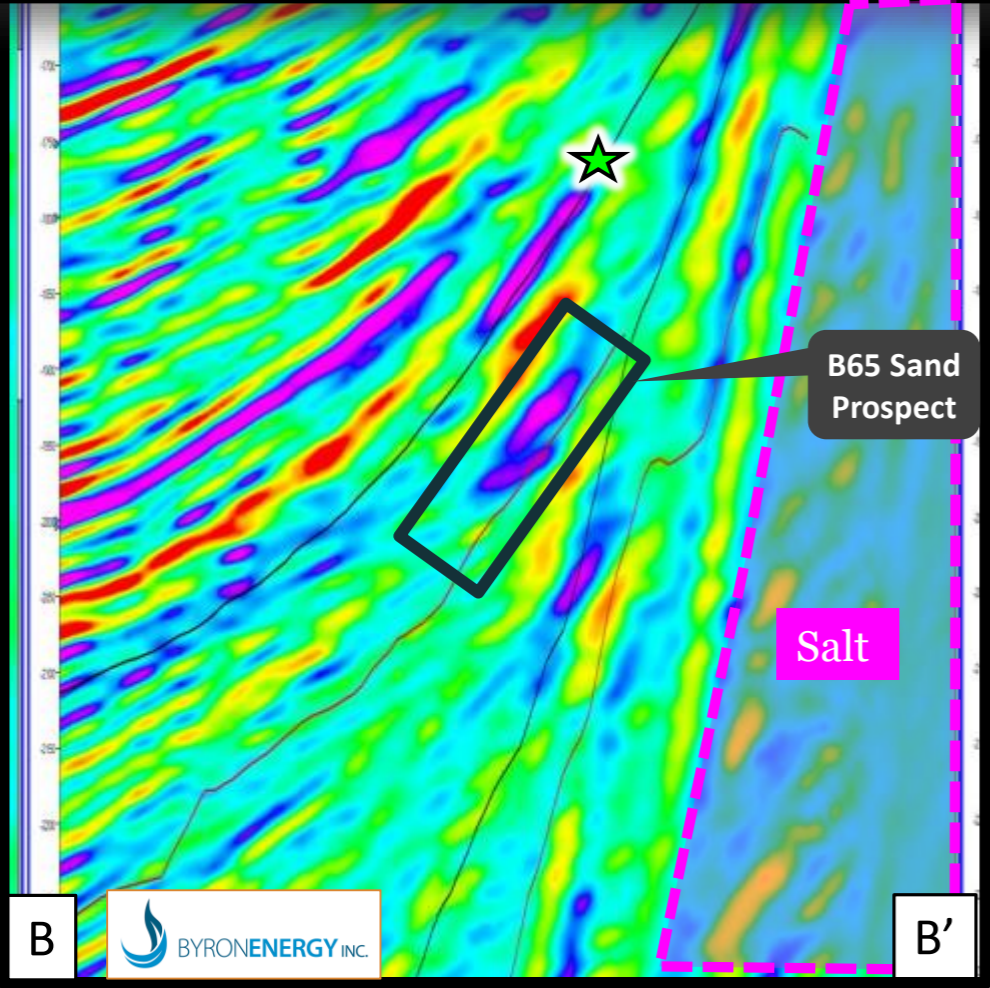
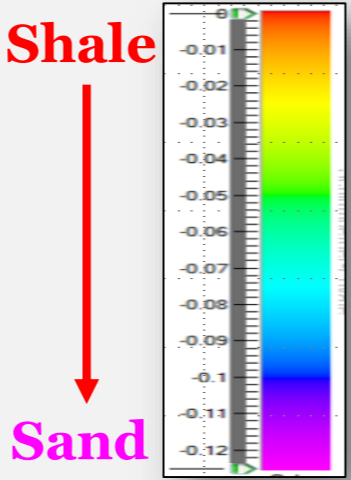
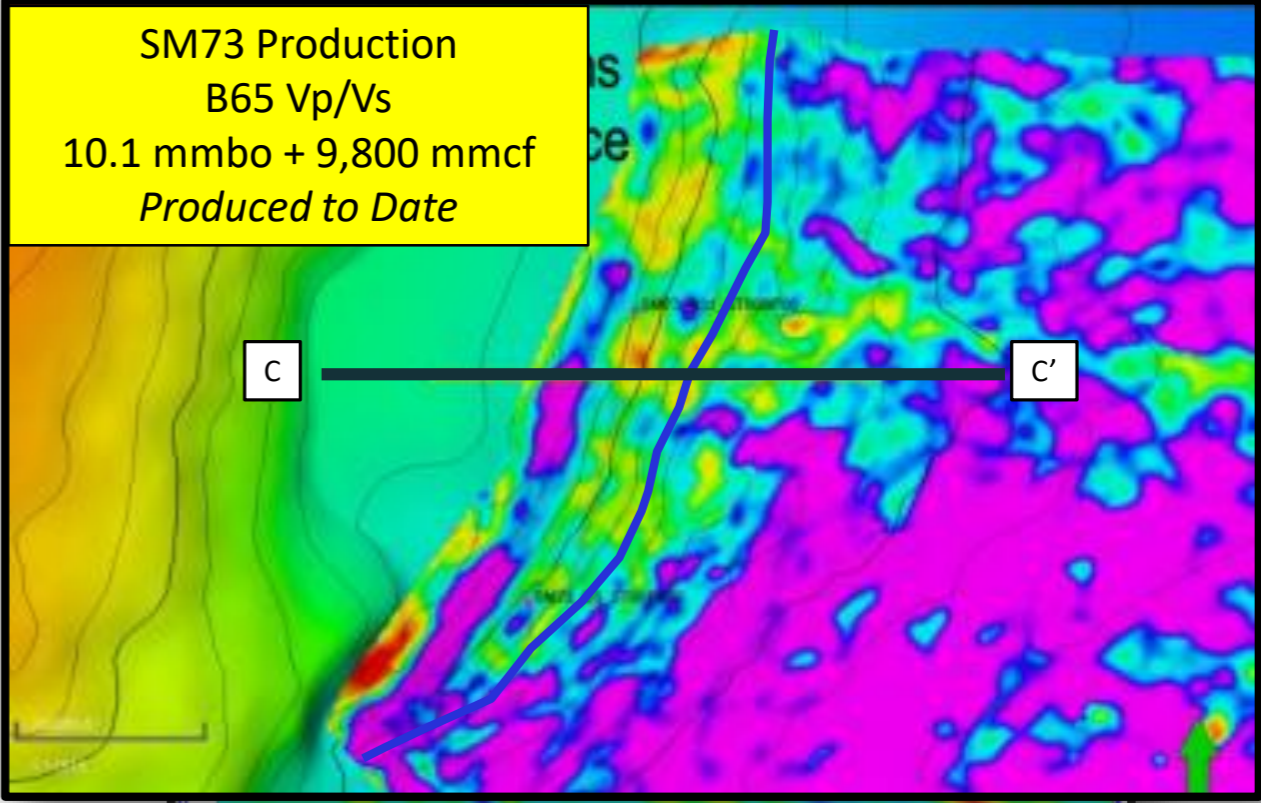
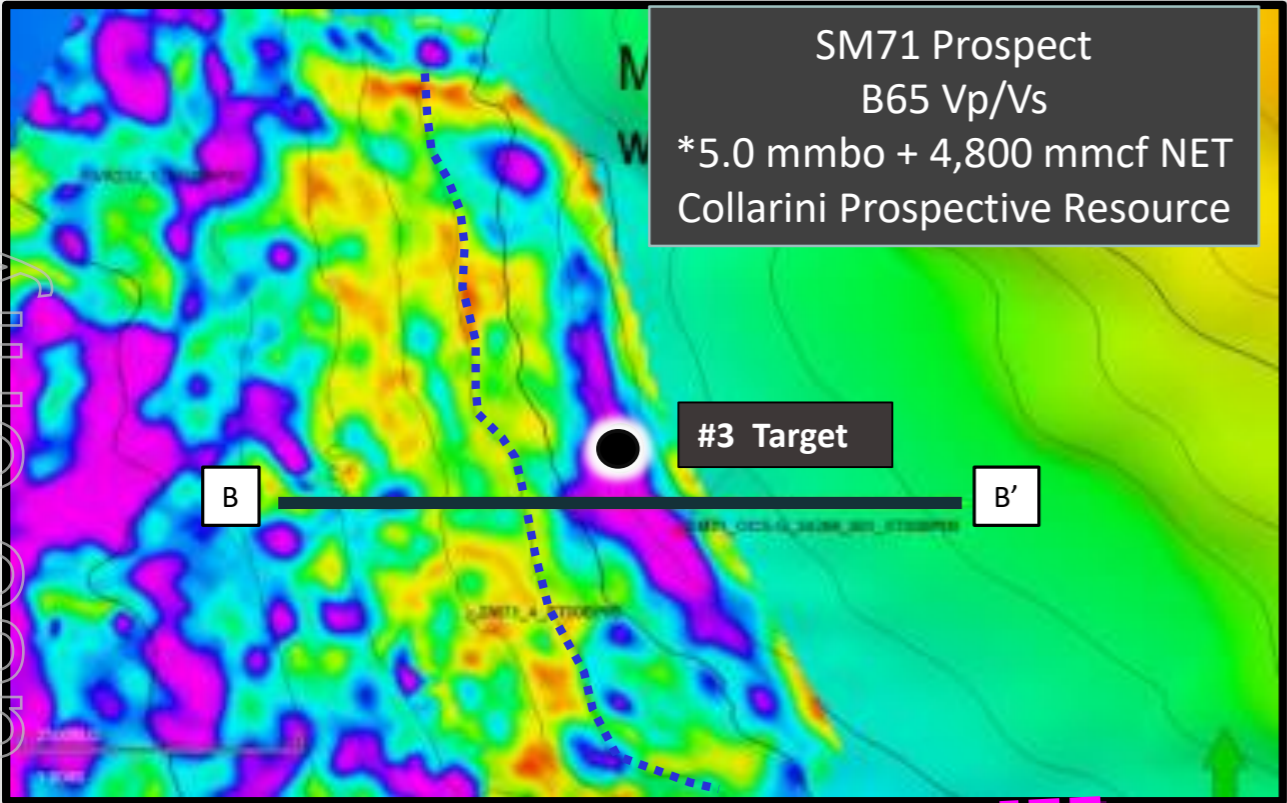


\* Proven  
4,864 n

\* (Proven  
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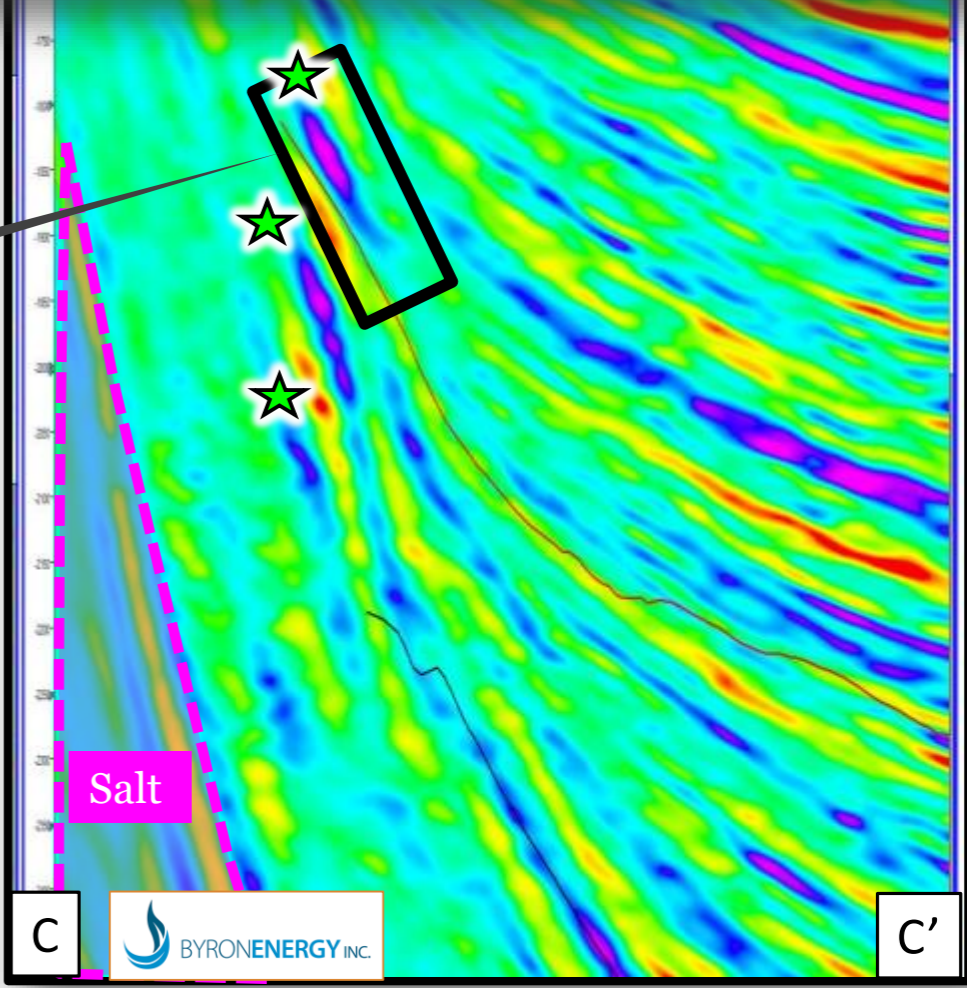


# SM71 – B65 Sand – Comparison of Prospect to Production



B65 Sand  
Production

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# South Marsh 71

## Development plan

### Complete Manned Tripod

Expected completion Sep 2017

Lift boat delivery to SM71 location Oct 2017

### Drilling rig arrives Nov 2017 Departs Jan 2018

Complete the **#1 Well** in D5 Sand

Drill the **#2 Well** to test the **B65 Sand** and complete in D5 Sand

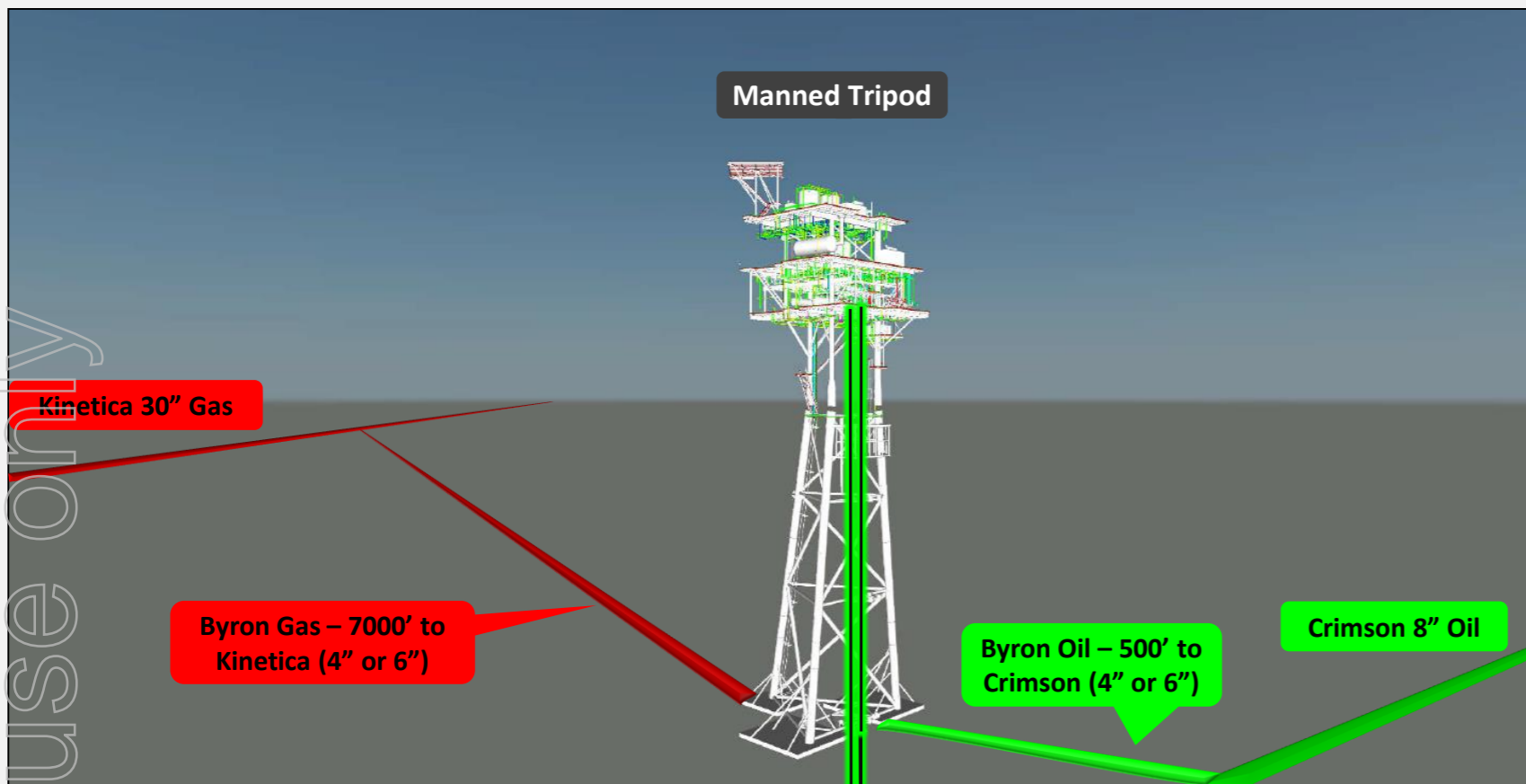
### Pipeline work to be completed by Nov 2017

Build and connect (4"or 6") 500' oil pipeline to Crimson 8" oil line

Build and connect (4"or 6") 7,000' gas pipeline to Kinetica 30" gas line

### First production Jan 2018

Oil and gas production expected to commence Jan 2018 from the #1 & #2 wells at a combined rate between **3,000 – 4,000 barrels** of oil per day  
Fixed low cost **contract operations**



### Manned Tripod

Robust oil and gas throughput to handle future exploration success

**6 x well capacity**

### Oil

4,500 Bopd from wells on SM71

15,000 Bopd throughput

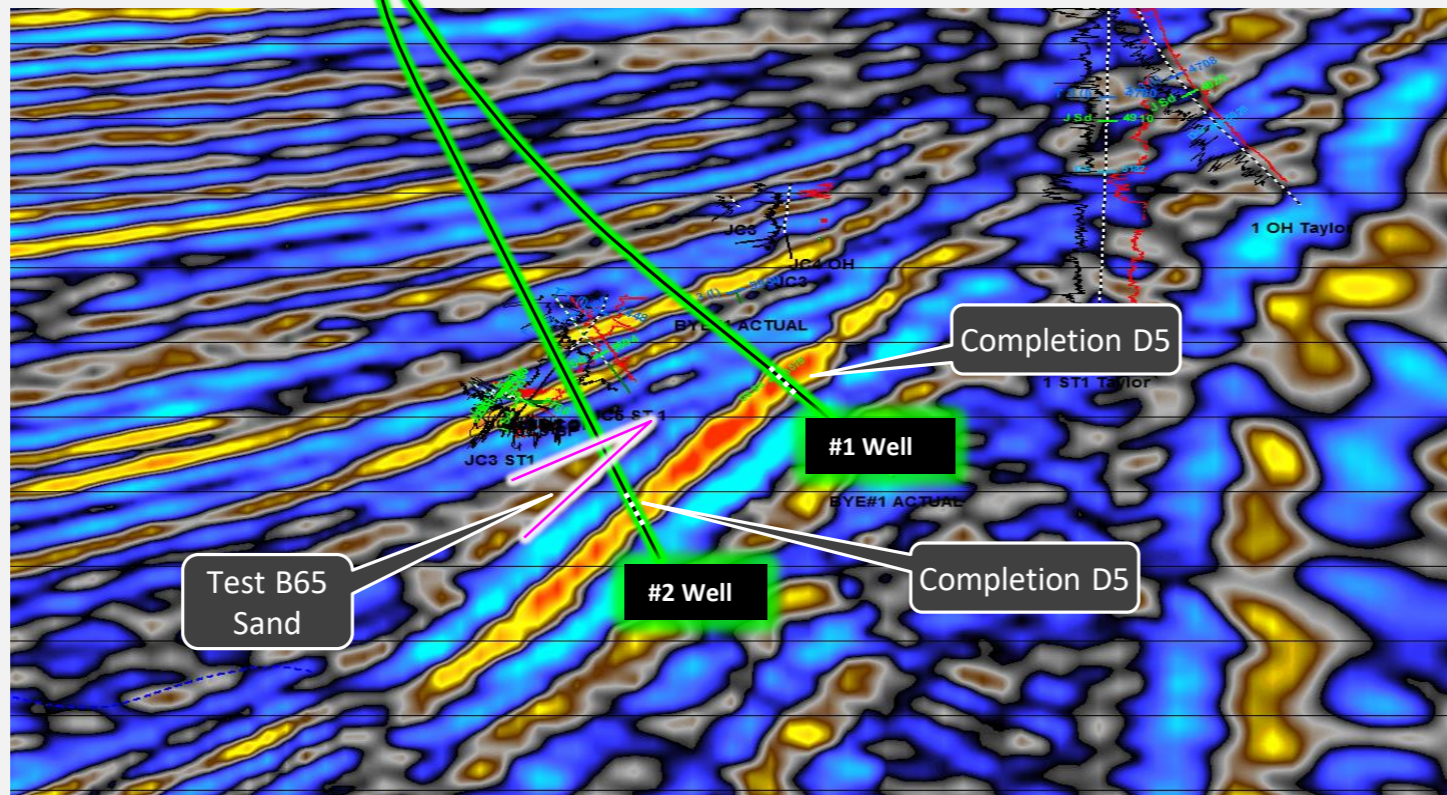
### Gas

20,000 Mcfpd from wells on SM71

75,000 Mcfpd throughput

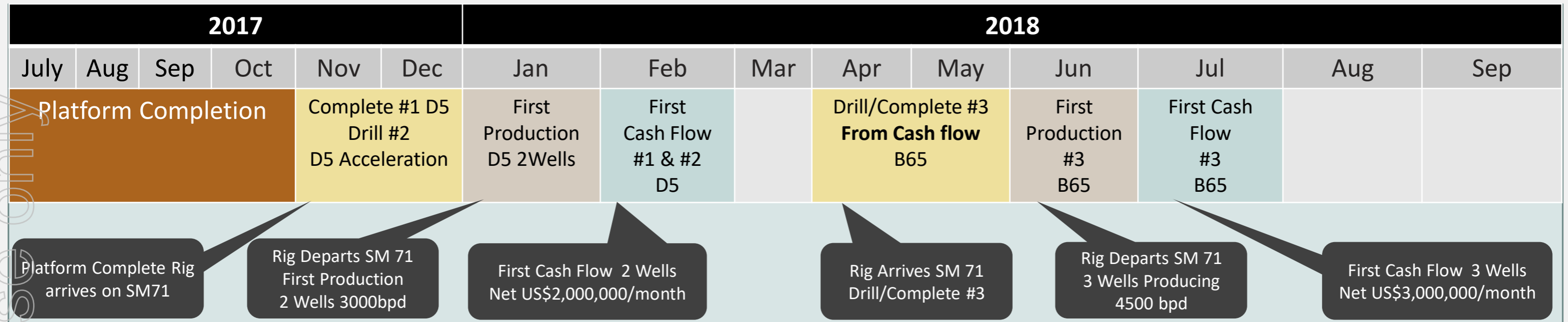
### Water

5,000 Bwpd

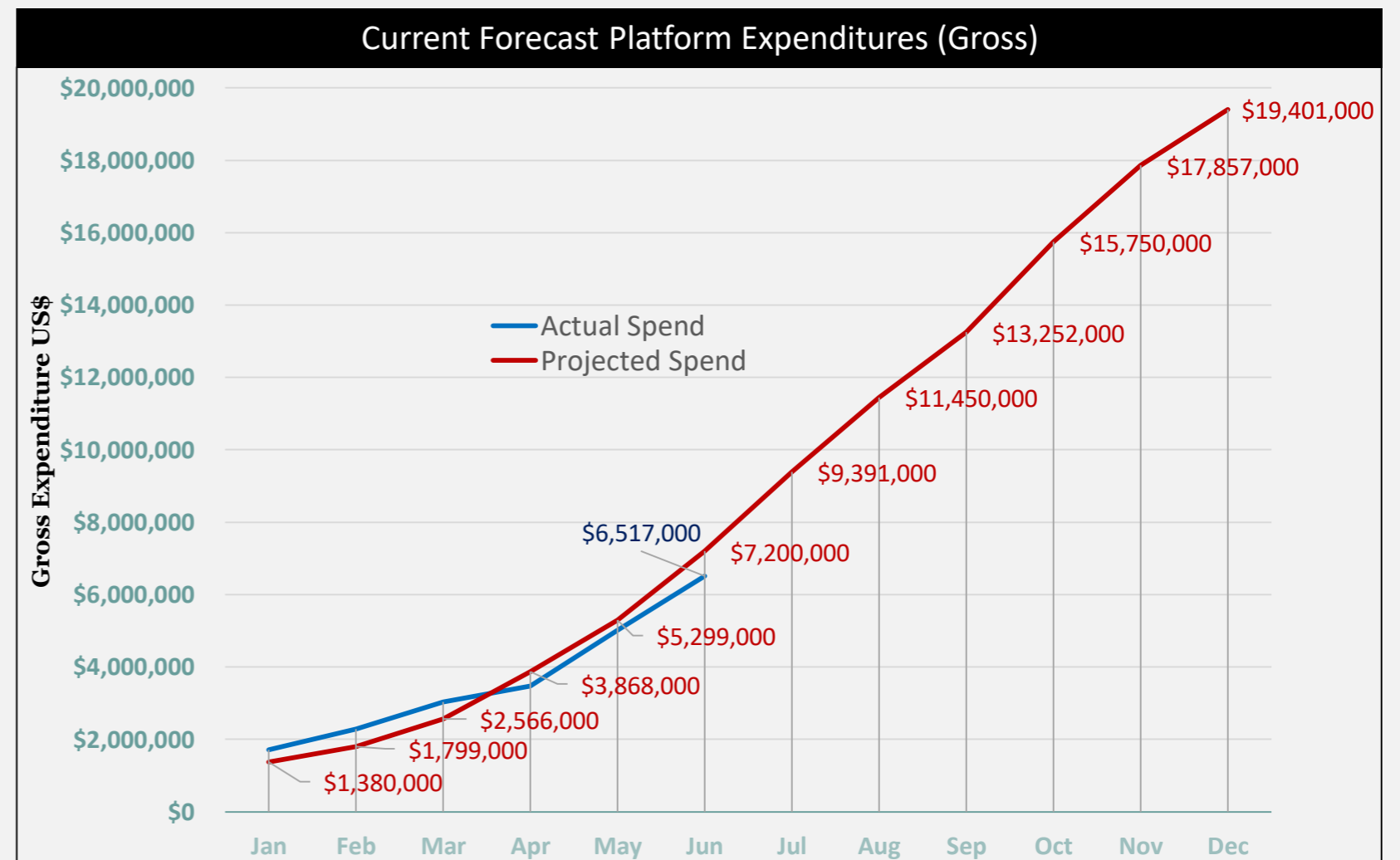


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# SM71 Project Timeline & Platform Capex – July 1, 2017- Sep 2018



CAPEX Breakdown - SM71 Manned Facility		
	Gross	Byron
	US\$ 000	US\$ 000
<b>Facility CAPEX</b>		
Platform Construction	11,991	5,995
Platform Installation	1,800	900
Offshore Hook-Up & Transportation	610	305
Pipeline - 4" oil (500') & 4" Gas (7000')	1,900	950
Completion of SM71 #1	3,100	1,550
<b>Total CAPEX</b>	<b>19,401</b>	<b>9,700</b>
Bonds	1,500	750
<b>Total</b>	<b>20,901</b>	<b>10,450</b>
<b>#2 Drill &amp; Complete Capex:</b>		
Drill & Complete #2	6,500	3,250
<b>Total 1<sup>st</sup> Production (2 Wells)</b>	<b>27,401</b>	<b>13,700</b>



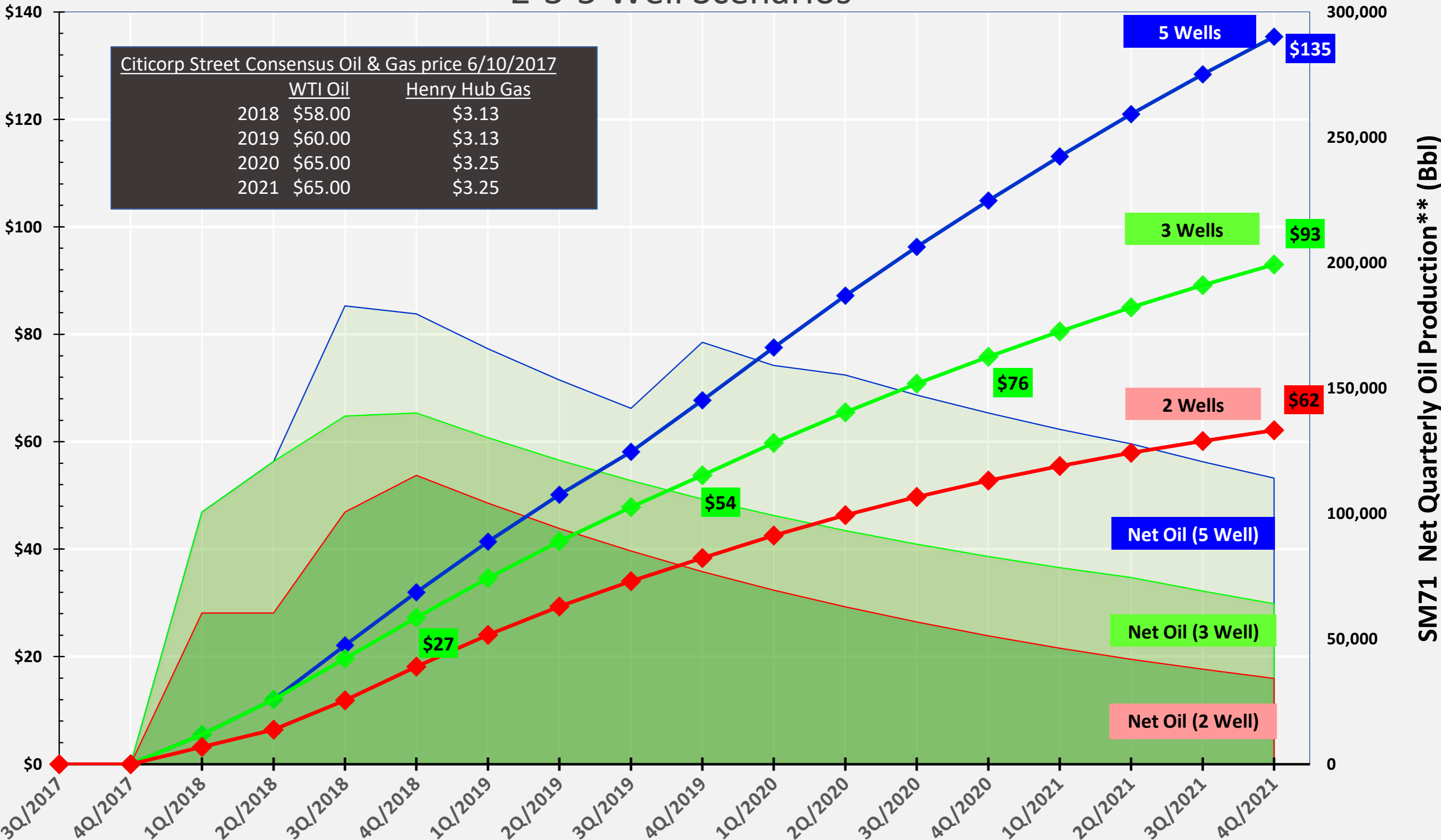
# SM71 Byron Net Oil Production and Net Cumulative Operating Cash Flow Forecast

## 2-3-5 Well Scenarios

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SM71 Net Cumulative Operating Cash Flow\* (USD MM)

	WTI Oil	Henry Hub Gas
2018	\$58.00	\$3.13
2019	\$60.00	\$3.13
2020	\$65.00	\$3.25
2021	\$65.00	\$3.25



# SM 71 Development Reserve Valuation

Collarini Report 7/1/2016 (BYE Adjusted for 4/2017 Capex & timing)

Reserve Category	Reserves (Gross)*			Reserves (net to Byron)*			Capex**	Undiscounted Pre-tax net cashflow**	Pre tax 10% NPW Unrisked**	Pre tax 10% NPW Unrisked**
	oil mbo	gas mmcf	boe mbo	oil mbo	gas mmcf	boe mbo	US\$000	US\$000	US\$000	AS\$000
<b>1P Proved</b>	<b>1432</b>	<b>994</b>	<b>1,598</b>	<b>582</b>	<b>404</b>	<b>649</b>	<b>15,777</b>	<b>13,780</b>	<b>\$8,011</b>	<b>\$10,681</b>
Probable	3558	2605	3,992	1,446	1,058	1,622	3,310	82,718	\$57,323	\$76,431
<b>2P</b>	<b>4,990</b>	<b>3,599</b>	<b>5,590</b>	<b>2,028</b>	<b>1,462</b>	<b>2,272</b>	<b>\$19,087</b>	<b>\$96,498</b>	<b>\$65,334</b>	<b>\$87,112.00</b>
Possible	1328	917	1,481	540	373	602	3,413	\$26,666	\$15,652	\$20,869
<b>3P</b>	<b>6,318</b>	<b>4,516</b>	<b>7,071</b>	<b>2,568</b>	<b>1,835</b>	<b>2,874</b>	<b>\$22,500</b>	<b>\$123,164</b>	<b>\$80,986</b>	<b>\$107,981</b>
Prospective Resources	5,029	4,899	5,846	2,043	1,990	2,375	4,200	\$119,178	\$55,243	\$73,657
			(6:1)			(6:1)				

## Notes:

All reserves and cash flows are un-risked and pre-tax

Exchange rate: \$A1=\$US0.75

\*Source; Collarini and Associates report date 20 July 2016; refer ASX release dated 25/07/2016 and 28/09/2016

\*\* Pricing based on 1 July 2016 NYMEX strip; adjusted for current BYE capex estimates and production start

SM 57/59/74 Near Term Drill Ready Exploration Opportunities

SM71 Byron #1

Discovery

Gross 3P Reserves\*

6.3 mmbo + 4,500 mmcf

SM71 B65

Gross Prospective Resource\*

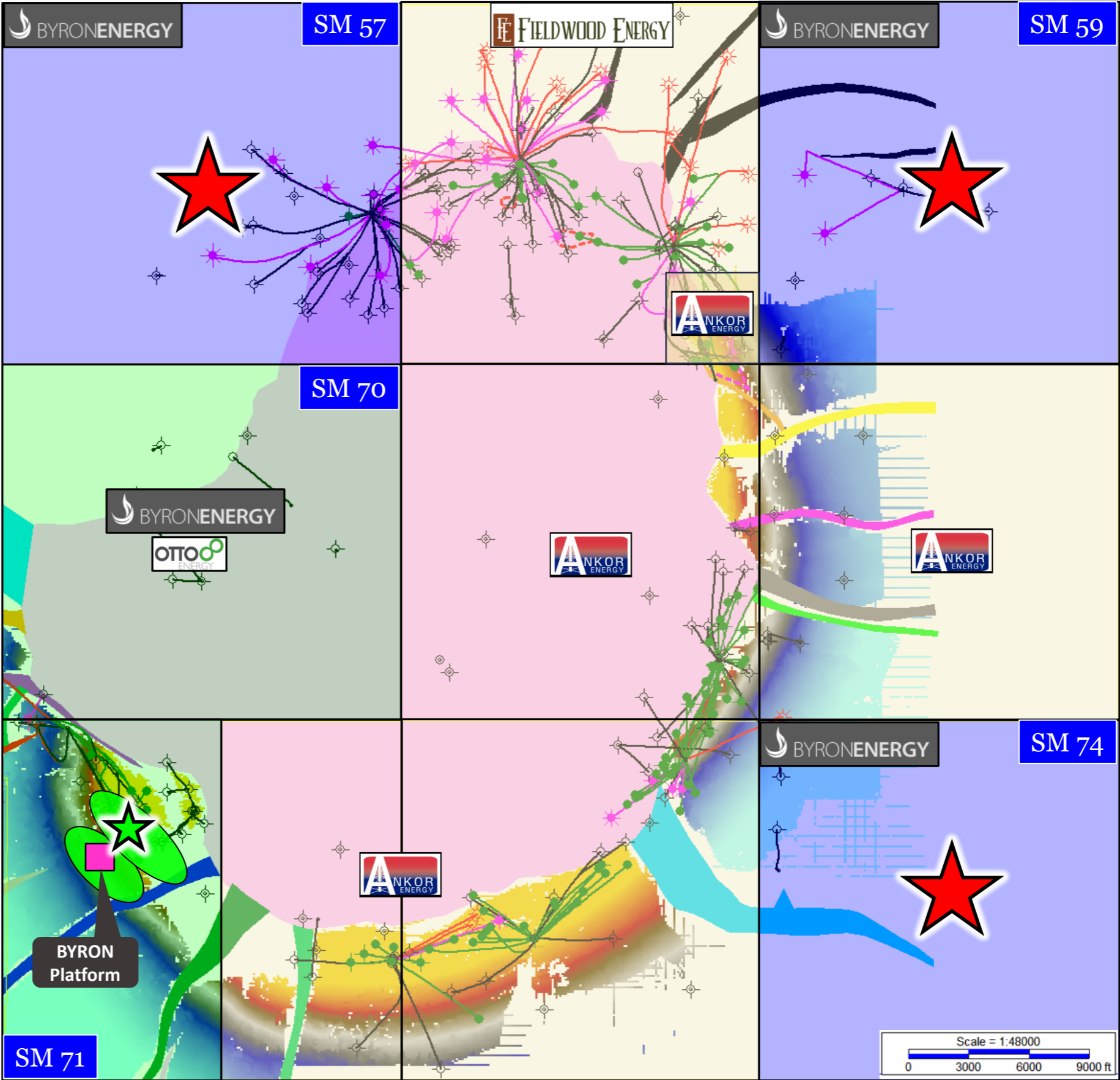
5.0 mmbo + 4,800 mmcf

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GOM Lease Sale 247 March 2017  
SM 57/59/74

Byron has mapped over 15 high quality prospects on its leases, over this salt dome, using state of the art RTM and Seismic Inversion

Byron Mapped Gross Prospective Resource  
27.5 mmbo + 193,000 mmcf \*\*



# Byron Energy Gross Reserves and Resources

Reserves and Resources	Lease	Notes	Gross		Net	
Reserves						
			Oil (mmbo)	Gas (Bcf)*	Oil (mmbo)	Gas (Bcf)*
2P Reserves (SM71)	SM 70/71		5.0	3.7	2.0	1.5
2P Reserves( EI 63/76)	EI 63/76		0.5	0.7	0.4	0.6
<b>2P Reserves (SM71 and EI 63/76)</b>		1	5.5	4.4	2.4	2.1
Possible (SM 17 and EI 63/76)		1	1.9	1.8	0.9	1.1
<b>3P Reserves (SM71 and EI 63/76)</b>			<b>7.3</b>	<b>6.2</b>	<b>3.3</b>	<b>3.2</b>
Prospective Resources						
SM 71 (Collarini)	SM 70/71	1,3	5.0	4.9	2.0	2.0
SM 57/59/74 (Byron)	SM 57/59/74	2,4,6	27.5	193.0	22.4	156.8
<b>Total SM 71 Dome Area Prospective Resources</b>			<b>32.5</b>	<b>197.9</b>	<b>24.4</b>	<b>158.8</b>
Bivouac Peak	Bivouac Peak	1,5	16.0	177.6	10.7	119.1
EI 63/76	EI 63/76	1	8.7	211.4	7.1	171.8
<b>Grand Total Prospective Resources</b>			<b>57.2</b>	<b>587.0</b>	<b>42.2</b>	<b>449.7</b>

## Notes:

1. As at 30/06/2016; Collarini and Associates report dated 20th July 2016; refer ASX releases dated 25/07/2016 and 28/9/2016
2. As at 1<sup>st</sup> July, 2017; Byron estimates (see Reserves and Resources notes on Page 23)
3. Byron anticipates that the 30 June 2017 reserves and resources review expected to be undertaken by Collaini and Associates in July/August 2017 will result in a material upgrade to SM 71 prospective resources as a result of further RTM mapping
4. The net resources are before Otto exercises any rights to acquire an interest in SM 74 (refer to the Company's ASX release dated 22<sup>nd</sup> June 2017)
5. Byron's net resources are based on Byron's' existing net revenue interest (NRI) of 67.05%; should Otto and Metgasco exercise their options to acquire an interest, Byron's NRI will reduce to 26.075%
6. These leases are in close proximity to the SM 71 project and as such are expected to form part of the SM 71 project

Prospective resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations and these estimates have both an associated risk of discovery and a risk of development; and further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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# RESERVES AND RESOURCES INFORMATION

## **SM 70/71, EI 63/76 and Bivouac Peak**

### **Reserves and Resources Reporting**

Pursuant to ASX Listing Rules ("LR") the reserves, contingent resources, and prospective resources information in this document:

- (i) is effective as at 30 June, 2016 (LR 5.25.1)
- (ii) has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- (iii) is reported according to the Company's economic interest in each of the reserves and net of royalties (LR 5.25.5)
- (iv) has been estimated and prepared using the deterministic method; and the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation; and prospective resources have not been adjusted for risk using the chance of discovery (LR 5.25.6)
- (v) has been estimated using a 6:1 BOE conversion ratio for gas to oil, 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- (vi) is reported on a best estimate basis for prospective resources (LR 5.28.1)
- (vii) is reported on an un-risked basis for prospective resources which have not been adjusted for an associated chance of discovery and a chance of development (LR 5.35.4).

**Prospective resources** - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations and these estimates have both an associated risk of discovery and a risk of development; and further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).

The reserves and resources estimates in respect to SM 70/71, EI 63/76 and Bivouac Peak are based on information disclosed in the Company's ASX releases dated 25<sup>th</sup> July 2017, 28<sup>th</sup> September 2016 and the 2016 Annual Report. The Company confirms that it is not aware of any new information or data that materially affects the information included within the above releases, and that all the material assumptions and technical parameters underpinning the estimates therein continue to apply and have not materially changed.

### **Reserves Cautionary Statement**

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. The may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

### **Other Reserves Information**

Byron currently operates all of its properties which are held under standard oil and gas lease arrangements on the outer continental shelf of the Gulf of Mexico and in South Louisiana. The Company's working interest ownership (WI%), net revenue interest (NRI%) and lease expiry dates in relation to each of its properties are generally included in the Company's presentations and ASX releases which are available on the ASX or the Company's website.

### **Competent Person's Statement**

The information in this presentation that relates to oil and gas reserves and resources in relation to SM 71, EI 63 and Bivouac Peak was compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears (LR 5.41 and 5.42).

# RESERVES AND RESOURCES INFORMATION

## **SM 57/59/74 (reported for the first time)**

### Reserves and Resources Reporting

- (i) The prospective resources information in this document is effective as at 1<sup>st</sup> July, 2017 (Listing Rule (LR) 5.25.1).
- (ii) The prospective resources information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2).
- (iii) The prospective resources information in this document is reported according to the Company's economic interest in each of the reserves and net of royalties (LR 5.25.5).
- (iv) The prospective resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6).
- (v) The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).
- (vi) The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5.)
- (vii) Prospective resources are reported on a best estimate basis (LR 5.28.1).
- (viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).
- (ix) In respect to the prospective resources referred to in this statement, Byron has acquired SM 57/59/74 (each lease approx. 5,000 acres) at the BOEM Lease Sale 247 held on March 22, 2017, all of which are located in the shallow waters of the Gulf of Mexico, offshore Louisiana, USA (LR 5.35.1).
- (x) The prospective resources have been estimated on the following basis (LR 5.35.2):-
  - *prospective resources have been identified near the existing developed and undeveloped reserves, at the same or deeper stratigraphical levels but are deemed isolated from mapped reserves;*
  - *a combination of volumetric assessment and field analogues have been used to estimate the Prospective resources; exploration drilling will be required to assess these reserves*
- (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR 5.35.3).
- (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development (LR 5.35.4).

### Competent Person's Statement

The information in this report that relates to oil and gas prospective resources in relation to SM 57, SM 59 and SM 74 was compiled by Mr William Sack (BSc. Earth Sci./Physics, MSc. Geology, MBA), an Executive Director of Byron Energy Limited. Mr William Sack is a member of American Association of Petroleum Geologists. The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this release are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Sack. Mr Sack is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears (LR 5.41 and 5.42).