

# Quarterly Report for the Period Ended 30 September 2018

## Summary

- Byron's share of oil and gas production (net sales volume) for the September 2018 quarter was 131,867 barrels of oil and 160,648 mmbtu of gas;
- Net revenue recorded for the September quarter was approximately US\$9.6 million (net to Byron after quality adjustments, transportation charges and royalties);
- The Byron operated Weiss-Adler, et. al., No. 1 well commenced drilling on 25 August 2018, reached total depth and was plugged and abandoned in October 2018;
- The SM74 prospect is expected to be drilled in March 2019 Quarter, from the adjacent existing SM 73 D platform;
- Byron bid for and was awarded three leases at the Gulf of Mexico OCS Lease Sale 251 comprising Main Pass 293, 305 & 306;
- Recompletion operations on the Byron operated South Marsh Island 71 F2 well commenced late in September and were completed in October 2018; and
- On 19 September 2018, Byron released its 2018 annual reserves and resources report to the ASX.

<b>Name:</b>	<b>Byron Energy Limited</b>
<b>ASX code:</b>	<b>BYE</b>
<b>Shares on issue at 30 September 2018:</b>	<b>688.8 million</b>
<b>Quoted shares:</b>	<b>688.8 million</b>
<b>Options on issue (unquoted):</b>	<b>51.8 million</b>
<b>Cash at Bank 30 September 2018:</b>	<b>US\$11.6 million</b>
<b>Convertible notes: (unquoted)</b>	<b>3.0 million @A\$1.00 secured convertible notes</b>
<b>Market Capitalisation at 30 September 2018:</b>	<b>A\$230.7 million (@A\$0.335 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 30 September 2018, Byron's issued capital comprised:-

Securities	Total issued	Quoted	Unquoted
Shares (ASX:BYE)	688,753,513	688,753,513	Nil
Options	51,800,000	Nil	51,800,000
Convertible Notes*	3,000,000	Nil	3,000,000

During the quarter, Metgasco Ltd (ASX "MEL") elected to convert A\$1,000,000 @ A\$1 of secured convertible notes for 3,766,579 fully paid ordinary shares in the Company.

On 5 October 2018, Byron issued 1,950,000 fully paid ordinary shares, upon exercise of 1,950,000 A\$0.25 options expiring on 30 September 2018, which increased total issued shares to 690,703,513 and reduced the total number of issued unquoted options to 49,850,000 as of the date of this report.

### Convertible Notes Outstanding

Balance at start of June 2018 quarter	Total redeemed during June quarter	Balance at end of June 2018 quarter
5,000,000 @ A\$1	1,000,000 @ A\$1 were redeemed in July and 1,000,000 @ A\$1 were converted to ordinary shares in September (3,766,479 shares @ A\$0.2655)	3,000,000 @ 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 October 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") field. 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 feet to 8,800 feet Total Vertical Depth ("TVD"). The majority of the field production has come from depths less than 7,500 feet in high quality sandstone reservoirs.

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

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 Otto Energy Limited (“Otto”) group holding an equivalent WI and NRI in the block. Water depth in the area is approximately 137 feet.

The September 2018 quarter was the second full quarter of oil and gas production from the Byron operated SM71 oil project.

### ***SM 71 Production***

Oil and gas production from the Byron operated SM71 F platform began in late March 2018 from three wells. The F1 and F3 wells are completed in the primary D5 Sand reservoir and the F2 well is completed in the B65 Sand, a secondary exploration target.

Having produced a significant volume of oil and gas from the SM71 D5 reservoir and consequently collected a large volume of data, during the September quarter, associated with this production, Byron has a better understanding of some of the more subtle characteristics of the reservoir.

Over the first couple of weeks of September 2018, gas production has slowly increased to 6.0 mmcfd, due to preferential flow, and the oil decreased to the stabilized rates of 3,600 bopd on a gross basis. Daily hydrocarbon production lowered the reservoir pressure below bubble point which is consistent with the original assumptions made by both Byron and Collarini that the D5 reservoir is a combination gas expansion/water drive reservoir. In mid-September, Byron shut in the SM71 F1 well due to platform maintenance. This was the first time either well has been shut in since mid-May.

During the shut in of the F1 well, an almost immediate increase in the calculated reservoir pressure at the F3 well was measured, providing further evidence that the two wells are clearly connected and further confirms Byron’s original interpretation of the seismic anomaly. As part of routine reservoir management Byron currently plans on doing further downhole pressure work on both the F1 and F3 wells in November. Byron’s goal is to maximise the ultimate recovery from the reservoir and this downhole pressure work is an important part of the production process.

### ***B65 Sand (F2 well)***

As previously reported in early July, the F2 well was shut in to analyse the pressure build-up of the well and was brought back online on 2 July 2018. After flowing for approximately 8 hours, the F2 well ceased production of hydrocarbons and was shut in. It is currently interpreted that the F2 wellbore penetration is locally isolated from a potentially larger B65 mapped reservoir.

The SM71 F2 well has two remaining hydrocarbon zones, the B55 and J1 Sands with 50,000 to 100,000 barrels expected to be recovered from each zone.

Recompletion operations on the Byron operated South Marsh Island 71 F2 well commenced late in September 2018, using a liftboat.

Recompletion operations on the Company operated South Marsh Island 71 F2 well have were completed in mid-October 2018 and operations on the SM71 F platform returned to normal. For further details, see Byron’s ASX announcement dated 17 October 2018.

The B65 Sand is one of many focus areas of the seismic processing project, Byron is undertaking with Schlumberger’s subsidiary WesternGeco (see below) to help determine the placement of future wells, as announced on 3 May 2018.

## Salt Dome Projects (cont)

### South Marsh Island 71 Production (cont)

Byron's share of production for the quarter ended 30 September 2018 is shown in the table below.

Production (sales)	Sep 2018 Quarter	Jun 2018 Quarter	YTD 30 Sep 2018	YTD 30 Sep 2017
<b>Gross production</b>				
Oil (bbls)	324,595	330,239	324,595	-
Gas (mmbtu)	395,440	287,876	395,440	-
<b>Byron share of Gross Production (50% WI)</b>				
Oil (bbls)	162,298	165,120	162,298	-
Gas (mmbtu)	197,720	143,938	197,720	-
<b>Net production (Byron share 40.625% (after royalty))</b>				
Oil (bbls)	131,867	134,160	131,867	-
Gas (mmbtu)	160,648	116,950	160,648	-

Sale revenue (accrual basis) US\$ million	Sep 2018 Quarter	Jun 2018 Quarter	YTD 30 Sep 2018	YTD 30 Sep 2017
<b>Net sales revenue (Byron share 40.625% (after royalty))</b>	9.6	9.1	9.6	-

For the quarter ended 30 September 2018 Byron's share of net revenue was approximately US\$9.6 million (US\$9.1 million June 2018 quarter).

Based on the high quality of Louisiana Light Sweet crude ("LLS") produced at SM71, Byron receives a premium based on LLS versus West Texas Intermediate ("WTI") price differentials. During the September 2018 quarter, Byron realised an average oil price after uplift for LLS price differentials and deductions for transportation, oil shrinkage and other applicable adjustments of US\$68.82 per bbl (US\$75.65 excluding transportation).

With respect to the natural gas produced, Byron's processing of sales gas for NGL is currently resulting in a small price uplift per btu. As a result, Byron realized an average price, after transportation deductions, NGL uplift and processing deductions for NGL processing, of approximately US\$2.79 per mmbtu during the September quarter (US\$3.17 excluding transportation).

### South Marsh Island 74

Planning and technical work on SM 74 was advanced during the September quarter.

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

### **South Marsh Island 74 (cont)**

On the 9 September 2018, the Company signed the final documents with the offset operator at South Marsh Island Block 73 ("SM73") which will allow Byron to utilise their SM73 D platform to drill the initial test well, SM74 D-14, at SM74. The broad details of these agreements are contained in the Company's ASX announcement released of 19 July 2018 and permits Byron to both drill from the SM73 D platform and, in the success case, complete and produce the well through the SM73 D facilities. This arrangement reduces the threshold of economic reserves by eliminating the need to build a new platform and offers significant capital savings in infrastructure as well as reducing the cycle time to first production if hydrocarbons are discovered.

The SM74 D-14 well is designed to intersect three target sands in the north-west corner of the SM74 lease and test a multi-level, Reverse Time Migration ("RTM") amplitude supported fault closure.

The drilling of the SM74 D-14 well will be operated by Byron and will be directionally drilled from the "L" slot on the SM73 D platform to a total depth of 16,464 feet Measured Depth ("MD") (14,741 feet True Vertical Depth ("TVD")).

Byron has farmed-out a 30% working interest share of the SM74 prospect to Metgasco on industry standard terms whereby Metgasco will earn their interest by paying 40% of the US\$11 million initial well dry hole costs and Byron will pay the remaining 60%. Both companies will then bear their respective working interest costs after the initial well is drilled to total depth.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM74 and currently holds a 100% WI and an 81.25% NRI in SM74. Assuming the Metgasco earnin is completed, Byron's interest will reduce to 70.00% WI and 56.875% NRI.

In October 2018 Byron executed a drilling contract with White Fleet Drilling 350, LLC to utilise the White Fleet Drilling 350 rig to drill the SM74 D-14 well, expected to be drilled during the March 2019 quarter.

### **Eugene Island blocks 62, 63, 76 and 77**

Byron acquired Eugene Island blocks 62, 63, 76 and 77 ("EI 62/63/76/77"), at Gulf of Mexico OCS Lease Sale 250 held on 21 March 2018 in New Orleans, Louisiana. Water depth in the area is approximately 20 feet.

EI 62/63/76/77 were designated as the Eugene Island 77 Field in the 1960's and have produced 362 billion cubic feet of gas and 6.5 million barrels of oil from sands trapped by the Eugene Island 77 salt dome. Initial production from the field began in 1957. There is no production on these blocks currently.

The EI 63 and 76 leases were previously held by the Company before being relinquished in January 2018.

In 2014, Byron engaged WesternGeco (a Schlumberger group company) to undertake a proprietary RTM of its 3D seismic data over the entire four block Eugene Island 77 Field. As a result of this work, Byron identified a number of exploration and development opportunities. In 2017 and 2018, Byron undertook a detailed year-long reservoir analysis which resulted in the identification of a number of low risk development opportunities which are up dip from productive reservoirs. On the basis of this work, Byron acquired EI 62/63/76/77 at the OCS Lease Sale 250. As a result of this detailed work, in combination with the RTM, Byron significantly upgraded the reserve potential of EI 62/63/76/77.

Byron currently holds a 100% WI and an 87.5% NRI in EI 62/63/76/77, reflecting the recently reduced Federal Government Royalty of 12.5% versus pre-2017 rate of 18.75%.

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

### **South Marsh Island 57/59**

Byron currently holds a 100% WI and an 81.25% NRI in SM 57/59. These leases are in close proximity to Byron's SM71 producing platform and increase Byron's footprint in the South Marsh Island 73 Field. Water depth in the area is approximately 125 feet.

The SM57/59 blocks, as part of the larger SM71 project area, are also focus areas of the seismic processing project, announced on 3 May 2018, which Byron is undertaking with Schlumberger's subsidiary WesternGeco (see below) to help evaluate potential future exploration drill sites.

### **Vermillion 232**

Byron acquired a 100% WI and 87.5% NRI (royalty rate of 12.5%) in Vermillion 232 ("VR 232") at the Gulf of Mexico OCS Lease Sale 250 held on 21 March 2018 in New Orleans, Louisiana. Water depth in the area is approximately 131 feet.

Pursuant to the Participation Agreement, effective 1 December 2015 Otto has elected to participate in the acquisition of VR 232 for a fifty percent (50%) WI. 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 acquisition costs, which includes the dry hole cost of the initial test well, plus a gross fifty percent (50%) of other past costs paid by Byron. In electing to participate in VR 232, each company will own a 50% WI and a 43.75% NRI in the block.

As reported in the Company's ASX release dated 20 June 2018, Byron has mapped a gas and gas condensate prospect on the block. This prospect could be tested from the Byron operated SM71 F platform, but there are currently no plans to drill VR 232 until production levels at the platform allow it to be produced efficiently in the event of success. In addition, the Company has identified two other higher risk/higher reward exploration prospects on VR 232 which require further geophysical evaluation before a drilling decision is made.

### **Vermilion 251 and South Marsh Island 70**

Byron has a 100% WI and 87.5% NRI (royalty rate of 12.5%) in Vermilion 251 ("VR 251") and South Marsh Island 70 ("SM 70") at the Gulf of Mexico OCS Lease Sale 250 held on Wednesday 21 March 2018 in New Orleans, Louisiana.

Byron has identified several higher risk exploratory leads on both Vermilion 251 ("VR 251") and South Marsh Island 70 ("SM 70"). These leads will be evaluated once Byron completes its South Marsh Island project seismic reprocessing work in late 2018 (see below). The Company does not currently carry any in-house reserves and/or resources for either of these blocks.

### **Lease Sale 251 (Main Pass 306 Field)**

As previously reported, the Company bid on three blocks, Main Pass 293, 305 & 306 ("Main Pass 306 Field") at the Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 251 ("Lease Sale 251") held in New Orleans, Louisiana on 15 August 2018.

On 21 September 2018, Byron announce that all three blocks were awarded to Byron.

The three leases comprise the MP 306 field as formerly designated by the Bureau of Ocean Energy Management ("BOEM"). The MP 306 Field was discovered in 1969 and lies in approximately 200 feet of water. Total produced

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

### **Lease Sale 251 (Main Pass 306 Field) (cont)**

hydrocarbons from the field are 96 million barrels of oil and 107 bcf of gas from 172 of the 249 total wells drilled. The field ceased production in late 2009 and the last well drilled on any of these blocks was in 2004. The production was from a number of sands ranging from a depth of 4,000 to 9,000 feet.

The produced hydrocarbons on these leases were trapped in Pliocene sands truncated by a structurally complex salt dome. The structural complexity of the salt dome combined with the stratigraphic variation of the trapping sands and possible deeper stratigraphic targets makes this salt dome an ideal candidate for RTM seismic imaging, similar to Byron's operated SM 71 salt dome project. Main Pass 293 and 306 were relinquished in October 2017 while Main Pass 305 was relinquished in November 2016. The fact that no new drilling has taken place on this salt dome over the last fourteen years is an indication that considerable opportunity for subtly trapped reserves remain.

The Company holds a 100% WI position and an 87.50% NRI in all three blocks.

### **SM71 Project Area 3D Seismic Processing Agreement**

During the September quarter, WesternGeco, a Schlumberger subsidiary, continued processing 3D seismic data over the SM71 project area in the Gulf of Mexico.

Upon completion, Byron will increase its contiguous 3D seismic data coverage in the SM71 project area to a total of 172 square miles (445 square kilometres) or 22 OCS lease blocks of high-quality 3D seismic. The scope of work is custom-tailored to Byron's imaging objectives adjacent to the SM71 salt dome and is the largest seismic processing project the Company has ever undertaken and Byron personnel will be closely involved in the processing undertaken by WesternGeco.

The processing portion of the project is expected to be completed by December 2018.

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

### **Bivouac Peak Leases**

The Bivouac Peak Prospect Area 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 Bivouac Peak Prospect area, through its wholly owned subsidiary Byron Energy Inc.

In June 2018, Byron proposed and Otto, Metgasco, and NOLA Oil and Gas Ventures LLC ("NOLA") all elected to participate in the Weiss-Adler et. al. No. 1 well to be drilled to a depth of 18,294 feet MD/18,000 feet TVD to test the Bivouac Peak East Prospect.

On 25 August 2018, the Parker 77B rig commenced drilling operations on the Byron operated Weiss-Adler, et. al. No. 1 well ("Byron Weiss-Adler #1"). As at 30 September 2018, the Byron Weiss-Adler #1 was at a depth of 14,425 feet MD with the 9 5/8 inch drilling liner being set.

On 11 October Byron announced on 11 October 2018, that the Byron Weiss-Adler #1 was drilled to a depth of 17,766 feet MD and evaluated utilising quad combo wireline logging tools, tied to seismic using a synthetic generated from such data, and deemed uncommercial and was being plugged and abandoned ("P&A"). The P&A operations were completed on 22 October 2018 and the Parker 77B rig released.

## Non-Salt Dome Projects (cont)

### Bivouac Peak Leases (cont)

The data collected from the Byron Weiss-Adler #1 well will now be used to further evaluate the prospectivity of the surrounding area and to gain a greater understanding of the adjacent Bivouac Peak Deep Prospect. Following the completion of this evaluation work Byron will review the impact on prospective resources previously assigned to Bivouac Peak.

The well reached total depth and was fully evaluated in near record time and estimated final costs to drill, test and abandon the well are currently expected to be approximately US\$7.5 million (US\$2.0 million net to Byron) and significantly below the original expectations of US\$10.8 million.

Byron Energy Inc, a wholly owned subsidiary of the Company, is the operator of the Byron Weiss-Adler #1 well, has a 43% WI and a 32.035% NRI in the well. The participants and their respective interests in the Byron Weiss-Adler No. 1 well and Bivouac Peak project area are shown below.

Participant	Share of drilling cost Byron Weiss-Adler #1 well	Post earn-in Bivouac Peak project area	
		Working Interest	Net Revenue Interest
Byron Energy Limited group (Operator) (ASX: BYE)	26.34%	43.00%	32.035%
Otto Energy Limited group ("Otto") (ASX: OEL)	53.33%	40.00%	29.800%
Metgasco Limited ("Metgasco") (ASX: MEL)	13.33%	10.00%	7.450%%
NOLA Oil and Gas Ventures LLC ("NOLA")	7.00%	7.00%	5.215%
	<b>100.00%</b>	<b>100.00%</b>	<b>74.500%</b>

### Grand Isle Block 95

Grand Isle Block 95 ("GI 95") is located in US Federal waters, approximately 100 miles southeast of New Orleans, Louisiana, at a water depth of approximately 201 feet. The Company has a 100% operated WI and an 87.5% NRI, reflecting the recently reduced Federal Government Royalty of 12.5% versus pre- 2017 rate of 18.75%. Water depth in the area is approximately 197 feet.

Byron acquired the GI 95 lease at Central Gulf of Mexico OCS Lease Sale 249 held on 16 August 2017 in New Orleans, Louisiana.

GI 95 was previously owned by Byron and relinquished in August 2016. The Company took the opportunity to bid for the lease, at a modest cost and no work commitments, over a large gas resource.



## **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.

## **June 30 2018 Reserves and Resources Report**

On 19 September 2018, Byron released its 2018 annual reserves and resources report to the ASX.

### **Glossary**

Bbl = barrels

bcf = billion cubic feet

Bopd = barrels of oil per day

Btu = British Thermal Units

mcf = thousand cubic feet of gas

mcfgpd = thousand cubic feet of gas per day

mcf = thousand cubic feet

mmcf = million cubic feet

mmbtu = million British Thermal Units

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

tcf = trillion cubic feet

### **Conversions**

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

1 mcf = 1.09 mmbtu's currently for SM 71 production; the heat content of SM 71 gas may vary over time

### **Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Byron's planned operations program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Byron believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

## Properties

As at 30 September 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> )
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
South Marsh Island Block 70	Byron	100.00/87.50	June 2023	22.13
Vermillion Block 232	Byron	50.00/43.75	June 2023	18.32
Vermillion Block 251	Byron	100.00/87.50	June 2023	18.17
Eugene Island Block 18	Byron	100.00/78.75	April 2020	2.18
Eugene Island Block 62	Byron	100.00/87.50	June 2023	20.23
Eugene Island Block 63	Byron	100.00/87.50	June 2023	20.23
Eugene Island Block 76	Byron	100.00/87.50	June 2023	20.23
Eugene Island Block 77	Byron	100.00/87.50	June 2023	20.23
Main Pass Block 293	Byron	100.00/87.50	October 2023	20.23
Main Pass Block 305	Byron	100.00/87.50	October 2023	20.23
Main Pass Block 306	Byron	100.00/87.50	October 2023	20.23
Grand Isle Block 95	Byron	100.00/87.50	September 2022	18.37
<b>Transition Zone (Coastal Marshlands, Louisiana)</b>				
Bivouac Peak Private Landowner Leases**	Byron	93.00/69.285	September 2019	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

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

\*\* Both Otto Energy Limited ("Otto") and Metgasco Limited ("Metgasco") have exercised their options to earn a 40% and 10% working interest, respectively, in Byron's Bivouac Peak Landowner Leases and State Leases. Consequently, Byron's working interest and net revenue interest will be reduced to 43% and 32.035% respectively. Otto and Metgasco are earning a 40% and 10% working interest respectively by paying a disproportionate share of the costs of the initial test well up to a cap of US\$10.0 million (gross cost), after which Otto and Metgasco will revert back to paying 40% and 10% of all future costs.

## 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 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (3.months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (net of royalties)	9,872	9,872
1.2 Payments for		
(a) exploration & evaluation	(2,797)	(2,797)
(b) development	(737)	(737)
(c) production	(601)	(601)
(d) staff costs	(428)	(428)
(e) administration and corporate costs	(356)	(356)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(126)	(126)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	(150)	(150)
- Cash contributions from farminees / JV partners	5,930	5,930
<b>1.9 Net cash from / (used in) operating activities</b>	<b>10,608</b>	<b>10,608</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	(586)	(586)
(c) investments	-	-
(d) other non-current assets	-	-

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**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 (3.months) US\$'000</b>
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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(586)</b>	<b>(586)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options (shares were allotted in October 2018)	46	46
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings / convertible notes	(741)	(741)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(695)</b>	<b>(695)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,257	2,257
4.2	Net cash from / (used in) operating activities (item 1.9 above)	10,608	10,608
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(586)	(586)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(695)	(695)
4.5	Effect of movement in exchange rates on cash held	(16)	(16)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,568</b>	<b>11,568</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	11,568	2,257
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>11,568</b>	<b>2,257</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	197
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 \$'000</b>	<b>Amount drawn at quarter end \$'000</b>
8.1 Loan facilities*	A\$ 520 & US\$ 1,000	A\$ 520 & US\$ 1,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify) Convertible Note**	A\$ 3,000	A\$ 3,000
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.		

\*Unsecured loans from the Directors at an interest rate of 10% p.a. These loans were repaid in early October 2018.

\*\* 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. At the end of the September 2018 quarter, A\$ 4 million had been redeemed and A\$ 1 million were converted to ordinary shares. For the terms of the Convertible Notes, please refer to Byron's ASX release dated 22 July 2016.

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>US\$'000</b>
9.1	Exploration and evaluation	(6,500)
9.2	Development	(900)
9.3	Production	(450)
9.4	Staff costs	(600)
9.5	Administration and corporate costs	(300)
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(8,750)</b>

<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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Gulf of Mexico USA Main Pass 293, 305 & 306		0%	100%

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**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: 29 October 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.