

Quarterly Report for the Period Ended 31 December 2018

Summary

- Byron's share of oil and gas production (net sales volume) for the December 2018 quarter was 110,056 barrels of oil and 258,048 mmbtu of gas;
- Net revenue recorded for the December quarter was approximately \$US 7.7 million (net to Byron after quality adjustments, transportation charges and royalties);
- The SM74 prospect is expected to be drilled in March 2019 quarter from the adjacent existing SM 73 D platform;
- Recompletion operations on the Byron operated South Marsh Island 71 F2 well were completed in October 2018;
- Under the SM71 Project Area 3D Seismic Processing Agreement WesternGeco, a Schlumberger subsidiary, delivered the final RTM to Byron; and
- The Byron operated Weiss-Adler, et. al., No. 1 well reached total depth and was plugged and abandoned in October 2018.

Name:	Byron Energy Limited
ASX code:	BYE
Shares on issue at 31 December 2018:	690.1 million
Quoted shares:	690.1 million
Options on issue (unquoted):	59.4 million
Cash at Bank 31 December 2018:	US\$6.1 million
Convertible notes: (unquoted)	2.0 million @A\$1.00 secured convertible notes
Market Capitalisation at 31 December 2018:	A\$148.5 million (@A\$0.215 per share)

Directors

Doug Battersby (Non-Executive Chairman)
 Maynard Smith (Chief Executive Officer)
 Prent Kallenberger (Chief Operating Officer)
 Charles Sands (Non-Executive Director)
 Paul Young (Non-Executive Director)
 William Sack (Executive Director)

Company Secretary and Chief Financial Officer

Nick Filipovic

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Corporate

Issued Capital

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

Securities	Total issued	Quoted	Unquoted
Shares (ASX:BYE)	690,703,513	690,703,513	Nil
Options	59,350,000	Nil	59,350,000
Convertible Notes	2,000,000	Nil	2,000,000

During the December 2018 quarter, Byron issued (i) 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 (ii) issued 9,500,000 unlisted options exercisable at A\$ 0.40 expiring on 31 December 2021.

Convertible Notes Outstanding

Balance at start of December 2018 quarter	Total redeemed during December 2018 quarter	Balance at end of December 2018 quarter
3,000,000 @ A\$1	1,000,000 @ A\$1 were redeemed in October 2018	2,000,000 @ 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 January 2019. 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.

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.

Salt Dome Projects (cont)

South Marsh Island 71 (cont)

Oil and gas production from the Byron operated SM71 F platform began in late March 2018 from three wells.

SM 71 Production

The F1 and F3 wells are completed in the primary D5 Sand reservoir and the F2 well is completed in the B55 Sand, a secondary exploration target.

D5 Sand Reservoir

Since production began in March 2018, two wells completed in the D5 Sand (F1 and F3) have produced a total of approximately 945,000 barrels of oil and 1.3 billion cubic feet of natural gas (as of 31 December 2018). Based on comparisons to nearby D5 Sand oil wells on adjacent blocks on the SM 71 salt dome, the D5 reservoir is characterised by a combination drive mechanism with initial pressure depletion followed by primary water drive support. In late 2018, the updip F1 well had an increase in gas production. It is believed that this increase in gas production is a result of the initial pressure depletion. The gas rate now appears to be stabilizing which would be an indication of the expected water support.

Bottom hole pressure work was done in the F1 and F3 wells in May 2018 and again in December 2018. Observations from this work indicated signs of water support from the downdip aquifer in the SM 71 D5 Sand reservoir. Neither the F1 nor the F3 well is producing any water at the present time. Another observation from this work indicated signs of communication between the F1 and F3 wells within the D5 Sand reservoir as expected.

B55 Sand Reservoirs

The SM 71 F2 well was recompleted to the B55 Sand in October 2018. Bottom hole pressure work was also done on the F2 well in December 2018. Observations from this work led to a modification of the well's gas lift system. Since then, the SM 71 F2 well has become more predictable and is now producing at a stable rate of 180 bbls per day on gas lift. This rate is in line with other B55 Sand producers on the salt dome and our pre-completion estimate. The F2 well will continue to be managed at appropriate production rates.

Current Production

As of 31 December 2018, the SM71 project was fast approaching 1 million barrels of total oil production since March 2018. The 1.0 million (gross) production milestone was reached on 14 January 2019. This cumulative production combined with minor amounts of facility related downtime and strong commodity prices means that the SM71 project will reach payout within one year of initial production.

As of the date of this report, the SM71 daily production rates are approximately 2,800 bopd and 6,600 mcfcpd.

Additional downhole pressure surveys will be acquired in May of 2019.

Salt Dome Projects (cont)

South Marsh Island 71 (cont)

SM 71 Production Statistics

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

Production (sales)	Dec 2018 Quarter	Sep 2018 Quarter	YTD 31 Dec 2018	YTD 31 Dec 2017
Gross production				
Oil (bbls)	270,908	324,595	595,503	-
Gas (mmbtu)	635,194	395,440	1,030,634	-
Byron share of Gross Production (50% WI)				
Oil (bbls)	135,454	162,298	297,751	-
Gas (mmbtu)	317,597	197,720	515,317	-
Net production (Byron share 40.625% (after royalty))				
Oil (bbls)	110,056	131,867	241,923	-
Gas (mmbtu)	258,048	160,648	418,695	-

Oil production for the December quarter was below that achieved for the September quarter mainly due to shut in of wells while bottom hole pressure surveys were conducted and natural decline.

Sale revenue (accrual basis) US\$ million	Dec 2018 Quarter	Sep 2018 Quarter	YTD 31 Dec 2018	YTD 31 Dec 2017
Net sales revenue (Byron share 40.625% (after royalty))	7.7	9.6	17.3	-

For the quarter ended 31 December 2018, Byron's share of net revenue was approximately US\$7.7 million compared to US\$9.6 million September 2018 quarter, mainly due to lower oil production and lower realised oil prices.

Based on the high quality of Louisiana Light Sweet crude ("LLS") produced at SM71, Byron receives a premium based on LLS verses West Texas Intermediate ("WTI") price differentials. During the December 2018 quarter, Byron realised an average oil price after uplift for LLS price differentials and deductions for transportation, oil shrinkage and other applicable adjustments US\$ 60.89 per bbl (US\$ 67.72 excluding transportation) compared to US\$ 68.82 per bbl and US\$ 75.65 per bbl respectively for the September quarter.

Byron realized an average price after transportation deductions, NGL uplift and processing deductions for NGL processing of approximately US\$ 3.41 per mmbtu during the December quarter (US\$ 3.79 excluding transportation) compared to US\$ 2.79 per mmbtu and US\$ 3.17 per mmbtu respectively for the September quarter.

Salt Dome Projects (cont)

South Marsh Island 74

In mid-October 2018 Byron executed a drilling contract with White Fleet Drilling 350, LLC to utilise the White Fleet Drilling 350 rig ("WFD 350") to drill the initial well from the SM73 D platform to test Byron's SM74 prospect. As previously announced on 19 September 2018, Byron signed an agreement with the offset operator of SM73 to drill from and in the success case, produce through the SM73 D platform. 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 Company is now focussing its efforts on preparations for drilling the SM74 D-14 well to a depth of 16,464 feet Measured Depth ("MD") (14,741 feet True Vertical Depth). The SM74 D-14 well will test three amplitude supported target sands with mapped gross prospective resource potential of 5.2 million barrels of oil and 13 billion cubic feet of gas. Refer to Prospective Resource information at the end of the quarterly activities report.

Byron has been advised by White Fleet Drilling that the WFD 350 is now expected to be available in early March when the preceding operator releases it. The WFD 350 is one of the few active rigs in the Gulf of Mexico configured in such a way as to allow proper access to the SM73 D platform.

Byron has farmed-out a 30% working interest share of the SM74 prospect to Metgasco (ASX: MEL) 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. The SM74 D-14 well will be operated by Byron.

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.

*The Company's 2018 Annual Reserves and Resources Report was released to the ASX on 19 September 2018. The report was prepared by Collarini Associates ("Collarini"), an independent petroleum engineer, based in Houston, Texas, USA, with an effective date of 30 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements in respect to SM 74 and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

South Marsh Island 57 and 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.

Salt Dome Projects (cont)

Vermillion 232 (Cont)

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.

No material activity was undertaken on VR 232 during the December 2018 quarter.

Vermillion 251 and South Marsh Island 70

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

Byron has identified several higher risk exploratory leads on both VR 251 and SM 70. These leads are in the process of being evaluated following completion of Byron's 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.

South Marsh Island Project Area 3D Seismic Processing Agreement

As previously reported, during the June 2018 quarter Byron executed an agreement with WesternGeco, a Schlumberger subsidiary, to add additional licensed 3D seismic data to its in-house data inventory and to perform new, high effort seismic data processing over the SM71 project area in the Gulf of Mexico. Byron has now increased 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.

Given the success of its SM71 wells, Byron decided to expand its coverage of both RTM data and inversion processing and take advantage of new processing algorithms offered by WesternGeco for both products.

Additional processing deliverables included RTM and Kirchhoff based Common Depth Point ("CDP") angle gathers and offset stacks for Amplitude Verses Offset ("AVO") analysis and a new suite of seismic inversion products to aid in reservoir characterization and understanding.

The reprocessing portion of the project began in the June 2018 quarter. As of 31 December 2018, the final RTM dataset was delivered to Byron. Remaining deliverables are a Kirchhoff pre stack depth migration and the inversion products which will be finalized around February 1, 2019

RTM has become an industry standard migration method to image complex/steep dip geology. Byron was an early adapter of RTM processing and has used RTM extensively on its SM71, SM6 and EI 77 Projects.

Salt Dome Projects (cont)

South Marsh Island Project Area 3D Seismic Processing Agreement (cont)

A recent advance of RTM processing is the ability to stack and migrate seismic traces based on azimuth and offset distance. WesternGeco's Vector Image Partitions ("VIP") imaging techniques isolate seismic energy and help differentiate seismic signal from noise. This allows seismic images to be created within selected azimuths from source to image point and migrated seismic traces are then stacked (and weighted) to enhance signal and reduce noise. Of equal importance to enhancing seismic signal is being able to "see" noise and differentiate it from true signal.

In order to take full advantage of VIP processing, Byron has now licensed three Petrel geophysical software "seats". Petrel is marketed and supported by Schlumberger. Petrel software licensed by Byron allows the creation of seismic images using any combination of offset and azimuth that we choose to illuminate prospect areas most clearly. This is done "on the fly" within Petrel and has already proven to be extremely powerful in illuminating prospect areas within Byron's SM71 Project area. The software also allows the investigation of geobodies that will be critical to the detailed stratigraphic nature of Byron's work in the SM71 Project Area and the Gulf of Mexico. Byron has always believed in gaining every technical advantage possible and licensing the Petrel software is another example of this strategy.

Several new prospects and leads are currently being evaluated within the SM71 Project Area and future drilling plans will be made based on this new, exciting work. Interpretation work is ongoing in Byron's US and Australian offices.

For further details refer to Byron's ASX release, South Marsh Island Project Seismic Reprocessing Update, dated 17 January 2019.

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.

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%.

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. Byron currently holds a 100% WI and an 87.5% NRI in EI 62/63/76/77.

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 several exploration and development opportunities. In 2017 and 2018, Byron undertook a detailed year-long reservoir analysis which resulted in the identification of several low risk development opportunities which are updip 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.

Salt Dome Projects (cont)

Eugene Island 62, 63, 76 and 77 Project Area 3D Seismic Processing Agreement

In Q3 2018, Byron began a reprocessing effort similar that undertaken on the SM71 Project Area with WesternGeco over all four Eugene Island blocks leased by the Company. The objectives of this work were to improve seismic imaging in some geologically complex portions of the project. The scope of work is focussed on refining the sediment and salt velocity model. The final products will include new RTM migrations, Kirchhoff migrations and inversion products. VIP imaging will also be available as part of the work scope and should prove to be extremely helpful in mapping the sediment - salt interface and delineating prospects. Final deliverables are expected in Q2 2019.

Discussion with several drilling contractors for drilling of EI 77 commenced during the December 2018 quarter.

Main Pass 293, 305 & 306

Byron currently holds a 100% WI and an 87.50% NRI in Main Pass 293, 305 & 306 ("Main Pass 306 Field") acquired at the Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 251 ("Lease Sale 251") held in New Orleans, Louisiana on 15 August 2018.

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 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.

No material activity was undertaken on Main Pass 306 during the December 2018 quarter.

Non-salt dome projects (Byron Operated)

Bivouac Peak Leases

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.

The data collected from the Byron Weiss-Adler #1 well is being 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. The estimated final costs to drill, test and abandon the well was significantly below the original expectations of US\$ 10.8 million, albeit above the US\$7.5 million estimate included in the Company's ASX release of 11 October 2018.

Non-Salt Dome Projects (cont)

Bivouac Peak Leases (cont)

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%
	100.00%	100.00%	74.500%

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.

State leases (Lease numbers 21778 and 21779, comprising protection acreage were relinquished during the quarter given the outcome of the initial well.

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.

No material activity was undertaken on GI 95 during the December 2018 quarter.

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 of water, approximately 50 miles south of Morgan City, Louisiana. No material activity was undertaken on EI 18 during the December 2018 quarter.

Properties

As at 31 December 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 ²)
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
Transition Zone (Coastal Marshlands, Louisiana)				
Bivouac Peak Private Landowner Leases**	Byron	93.00/69.285	September 2019	9.70

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

** Both Otto Energy Limited ("Otto") and Metgasco Limited ("Metgasco") exercised their options to earn a 40% and 10% working interest, respectively, in Byron's Bivouac Peak Landowner Leases by paying a disproportionate share of the costs of the initial test well thus reducing Byron's working interest and net revenue interest to 43% and 32.035% respectively

Glossary

Bbl = barrels
 bcf = billion cubic feet
 Bopd = barrels of oil per day
 Btu = British Thermal Units
 mcfg = 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

Prospective Resource – LR 5.25 Information

SM 74

- (i) Prospective resource estimates in this report for SM 74 were included in the Company's ASX release, Byron Energy Independent Reserves and Resources, dated 19 September 2018.
- (ii) The prospective resource information in this document for SM 74 is effective as at 30 June, 2018 (Listing Rule (LR) 5.25.1)
- (iii) The prospective resource information in this document:-
 - a. has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
 - b. is reported according to the Company's economic interest in the prospective resource net of royalties (LR 5.25.5)
 - c. has been estimated and prepared using the deterministic method (LR 5.25.6)
 - d. 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)
 - e. is reported on a best estimate basis (LR 5.28.1).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed (LR 5.43.2).

Prospective Resource Estimates

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)

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.

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 December 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers (net of royalties)	8,202	18,074
1.2 Payments for		
(a) exploration & evaluation	(7,914)	(10,711)
(b) development	(2,015)	(2,752)
(c) production	(421)	(1,022)
(d) staff costs	(1,696)	(2,124)
(e) administration and corporate costs	(610)	(966)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(144)	(270)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Refundable Security Deposits	(450)	(600)
- Cash contributions from farminees / JV partners	1,786	7,716
1.9 Net cash from / (used in) operating activities	(3,261)	7,347
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements	(427)	(1,013)
(c) investments	-	-
(d) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(427)	(1,013)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	298	344
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	(2,093)	(2,834)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	20	20
3.10	Net cash from / (used in) financing activities	(1,775)	(2,470)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,568	2,257
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,261)	7,347
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(427)	(1,013)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,775)	(2,470)
4.5	Effect of movement in exchange rates on cash held	(10)	(26)
4.6	Cash and cash equivalents at end of period	6,095	6,095

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

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	6,095	11,568
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,095	11,568

6. Payments to directors of the entity and their associates	Current quarter US\$'000
6.1 Aggregate amount of payments to these parties included in item 1.2	1,356
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify) Convertible Note*	A\$ 2,000	A\$ 2,000
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.		

* On 20th 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 December 2018 quarter, A\$ 5 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.

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


9.	Estimated cash outflows for next quarter	US\$'000
9.1	Exploration and evaluation	(5,200)
9.2	Development	(100)
9.3	Production	(450)
9.4	Staff costs	(550)
9.5	Administration and corporate costs	(350)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(6,650)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Transition Zone (Coastal Marshlands, Louisiana) (i) Bivouac Peak State Lease number 21778 (ii) Bivouac Peak State Lease number 21779		100% 100%	0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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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 January 2019

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.