

6th November 2019

ASX Release

Byron Secures US\$15 Million Loan for SM58 Platform Construction and enters into a Strategic Relationship with Crimson Midstream

- **Byron has signed a term sheet for a US\$15 million loan facility to fund the construction of the production platform at SM58 with Crimson Midstream, a Carlyle Group Portfolio company**
- **The loan promotes a broadly aligned strategic relationship in Byron's South Marsh Island Project Area with Crimson**
- **Byron will also enter into a long-term Oil Dedication and Transportation Services Agreement with Crimson Gulf, subsidiary of Crimson Midstream for transportation service at a rate that is significantly discounted from an uncommitted rate**
- **Target closing for the US\$15 million loan facility and related agreements is the end of November 2019**
- **The initial loan amount can be expanded substantially, based on production performance**

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) is very pleased to announce that it has signed a term sheet with Crimson Midstream Holdings, LLC group ("Crimson Midstream"), a portfolio company of The Carlyle Group, to borrow an initial amount of US\$15 million (the "Loan Facility"). The availability of committed funds under the Loan Facility is subject to completion of customary conditions precedent and finalisation of the loan documentation, expected to be satisfied before the end of November 2019.

The funds from the Loan Facility will be utilised for the ongoing construction of the production platform at Byron's wholly owned SM 58 field, following the substantial hydrocarbon accumulation discovered by the drilling of SM58 011 well as recently outlined in the Company's September 2019 ASX quarterly activities report.

Byron selected the Loan Facility, following a review of several alternative debt funding opportunities (some of which had lower headline interest rates, but which did not deliver strategic and operational benefits). This facility not only provides immediate access to a reasonable level of debt funding but also establishes the basis of a naturally aligned strategic relationship with Crimson Midstream, which has one of the largest crude pipeline systems serving the shallow-water in the Gulf of Mexico.

Key terms of the Loan Facility include:-

- Amount US\$15 million;
- Senior Secured over the Company's SM71 & SM58 assets and guaranteed by the Company;
- Interest rate of 15% p.a., over a 3-year term, with a first-year interest-only arrangement and no transaction fees;
- Principal and interest payable via a fee on production under the Loan Facility agreement, based on monthly throughput of Byron's oil production;

- A mutually agreed oil hedging program on approximately 50% of Byron's net SM71 proved producing forecast production which will be implemented through a hedging counterparty, at a preferred customer rate; and
- Flexible loan amount which can proportionately increase and/or extend the term, subject to future production volumes and mutual agreement; as an indication, an additional 1,000 bopd production would enable Byron to borrow a further US\$6 million if required, subject to approval by Crimson Midstream and The Carlyle Group Investment Committee.

Oil production from the Byron operated SM71 F platform, which to date has produced over 1.8 million barrels of oil (gross) and 2.6 Bcf of gas since initial production began in March 2018, is transported for final delivery via the Crimson Gulf owned South Marsh Island Gathering System ("SMIGS") (see Attachment 1 for Crimson Midstream pipelines in Louisiana). Byron and Crimson Gulf are entering into a Dedication and Transportation Services Agreement, currently being finalised and will be signed contemporaneously with the final Loan Facility Agreement, which provides for a rate significantly lower than that paid by "uncommitted" shippers and production sourced from any of Byron's seven SM 73 field area blocks will receive the same discounted rate.

Crimson Midstream is a provider of crude oil transportation and storage services in California, Louisiana and offshore Gulf of Mexico. Crimson safely and reliably operates more than 2,000 miles of pipeline transporting approximately 400,000 barrels of crude oil per day to end-users.

The strategic loan arrangement is an important milestone for Byron as it, together with the cash flow from the Company's existing production from SM71, allows the Company to accelerate and progress its SM58 development towards initial oil and gas production in late 2020. This loan facility is a significant step in enabling the Company to reach its targeted rate of 7,000 to 10,000 bopd, net to Byron, within the next eighteen months.

Maynard Smith, Byron's CEO, had this to say regarding the term sheet:

"We are excited to have signed a term sheet with Crimson, a portfolio company of The Carlyle Group which is one of the world's leading investment firms. The Carlyle Group has made a sizeable investment in the acquisition of Crimson as they realise there are still significant low-cost, high reward conventional reserves in the shallow waters of the Gulf of Mexico. Crimson's goal is to substantially increase oil volumes through their pipeline system, and Byron's goal is to be a major contributor to that increase. The transaction underscores Byron's commitment to growing our asset base through the application of cutting-edge technologies as well as establishing strategic relationships among aligned industry partners.

As an emerging exploration and production company, Byron is acutely aware of both the benefits and risks of debt. Our goal has been to keep the debt facility as small as possible while maximising flexibility and minimising risk to ensure the ongoing substantial growth of our Company, and we look forward to a long and mutually rewarding relationship with Crimson."

John Grier, Founder and Chief Executive Officer of Crimson, said:

"Crimson has made a significant investment in our Gulf of Mexico assets to ensure they are among the safest and most reliable in the industry. The Gulf of Mexico is a key focus for us, and these agreements are important steps in ensuring the economic longevity of our assets. The Byron management team has a very long and successful track record of finding and developing hydrocarbons in the Gulf of Mexico which is why we are excited about providing them capital to accelerate their plans. We also stand ready to provide additional capital as they execute on their plan. They have been very successful with their SM71 development and we look forward to continuing to provide them with safe and reliable transportation service at attractive, discounted rates for all their production in the area."

For further information, please contact:

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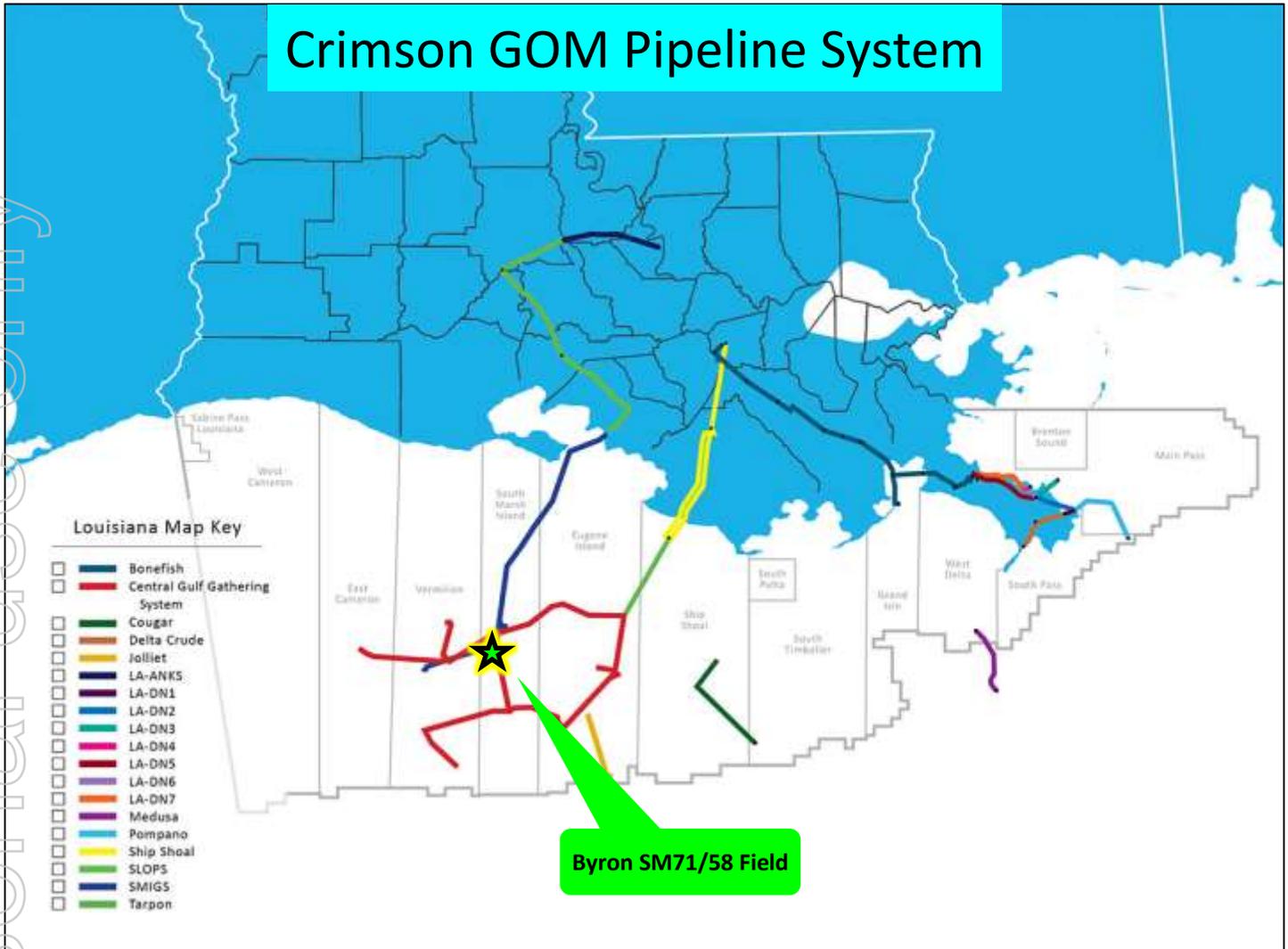
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About Byron:

Byron Energy Limited ("Byron or the Company") (**ASX: BYE**) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron's experienced management team has a proven record of accomplishment of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company's website at www.byronenergy.com.au.

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Crimson GOM Pipeline System



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