

4 December 2019

ASX Release

Byron Closes US\$15 Million Promissory Note Issue to Crimson Midstream

- Byron has signed and closed a binding Secured Promissory Note for US\$15 million with Crimson Midstream, a Carlyle Group Portfolio company to fund the construction of the production platform at SM58
- Byron has also entered into a long-term Oil Dedication and Transportation Services Agreement with Crimson Gulf, subsidiary of Crimson Midstream for oil transportation at a per barrel rate that is significantly discounted from an uncommitted rate
- The initial US\$15 million borrowing amount can be increased substantially, based on future production performance

Byron Energy Limited (“Byron” or the “Company”) (ASX: BYE) is very pleased to announce that it has signed a binding Secured Promissory Note (“Promissory Note”) with Crimson Midstream Operating, LLC (“Crimson Midstream”), a portfolio company of The Carlyle Group, to borrow an initial amount of US\$15.0 million. The first tranche of US\$10.0 million under Promissory Note facility has been drawn by the Byron group.

As announced to the ASX on 6 November 2019, the funds from the Promissory Note will be utilised primarily for the ongoing construction of the production platform and pipelines at Byron’s wholly owned SM 58 field, following the substantial hydrocarbon accumulation discovered by the drilling of SM58 G1 well (formerly SM58 011 well) as outlined in the Company’s recent ASX reports. The funds can also be used for completion of SM58 G1 well and specified activity on the Byron operated SM71 project.

Key terms of the Promissory Note include:-

- Amount US\$15 million;
- Senior Secured debt 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 Promissory Note, based on monthly throughput of Byron’s oil production;
- An oil hedging program on approximately 50% of Byron’s net SM71 existing proved producing forecast production, with the first of a multi staged hedge in place on 300 barrels (“bbls”) of oil per day (net to Byron) over the 3 year term of the loan beginning 1Q/2020 implemented through a hedging counterparty, at a preferred customer rate, at fixed price of \$US52.20 per bbl net of hedge costs, plus the WTI/LLS Differential, plus or minus applicable quality and transportation adjustments; and

- A Dedication and Transportation Services 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.

Maynard Smith, Byron’s CEO, had this to say regarding the Promissory Note:

"We are pleased to have closed the issue of the promissory note to Crimson Midstream, a portfolio company of The Carlyle Group which is one of the world's leading investment firms. The funds from the issue of this promissory note combined with our recent equity raising will enable Byron to accelerate development of our exciting SM58 project. The initial US\$15.0 million borrowing from Crimson can be potentially expanded substantially, based on production performance. This is the start of what I am sure will be a long and mutually rewarding relationship with Crimson."

For further information, please contact:

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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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