

19 May 2020

ASX Release

Successful A\$16 million placement to fund commencement of production at Byron's SM58 project

- **A\$16 million raised through a share placement**
- **Share Purchase Plan to raise up to A\$4 million**
- **Additional US\$3.5 million (AUD\$5.4 million) in loans from Crimson Midstream**
- **Capital raise will primarily fund the final development phase of SM58 taking the SM58 G platform into production**
- **Strong support from existing larger shareholders including Directors**
- **Repayment date of existing directors' and shareholder loans deferred by one year**

Byron Energy Limited ("Byron" or the "Company") (**ASX:BYE**) is pleased to announce that commitments have been received to raise A\$16 million through a placement (the "Placement") of approximately 123.1 million new shares ("Placement Shares"). The Placement was underpinned by a number of the Company's larger shareholders, including interests associated with directors. Additional funding through a Share Purchase Plan and a new tranche of debt with Crimson Midstream could bring the total combined amount of new available capital up to a combined total of AUD\$25.4 million (USD\$16.5 million) before expenses.

Use of Funds

The funds raised through the issue of Placement Shares, Share Purchase Plan and Crimson facility will be used to complete the SM58 G platform and pipeline installation along with the completion of the SM58 G1 discovery well. Further details on the use of funds is set out in the investor presentation announced on 19 May 2020.

The SM58 G production platform is nearly complete, ahead of schedule, on budget, and ready for scheduled installation in early June.

Placement Details

The Placement consists of 123,076,921 fully paid new ordinary shares to be issued at A\$0.13 per share to raise A\$16 million (before issue costs).

For personal use only

The Placement Shares will be issued in two tranches:-

- an unconditional placement of 106,331,150 shares to raise approximately \$A13.8million utilising the Company's existing Listing Rule 7.1 placement capacity, expected to be completed on 25 May 2020; and
- a conditional placement of 16,745,771 shares ("Conditional Placement") to raise approximately \$A2.2 million comprising subscriptions from Byron directors and/or their associates.

The Conditional Placement is subject to shareholder approval at a general meeting, expected to be held around the end of June 2020.

The new shares issued under the Placement will rank equally with existing Byron shares.

Bell Potter Securities Limited acted as lead manager and book runner to the Placement, with Henslow Pty Ltd acting as adviser and co-manager.

Share Purchase Plan

The Company also proposes to undertake a Share Purchase Plan ("SPP"). The SPP will allow shareholders who, at the record date of 7pm (Sydney time) on Monday 18 May 2020, have a registered address in Australia or New Zealand, the opportunity to subscribe for a maximum of A\$30,000 worth of ordinary shares in the Company at a subscription price of A\$0.13 per share (being the issue price of the Placement), to raise up to A\$4.0 million. The SPP is proposed to open on 26 May 2020, and close on 12 June 2020 (subject to finalisation of those date). Further details will be announced in due course.

Crimson Loans

The Company is also pleased to announce that Crimson Midstream has agreed to subscribe for an addition of up to US\$3.5 million in the form of promissory notes on the same terms and conditions as the existing US\$15 million facility, with the option of up to \$1mm of that to be provided in the form of equipment or vendor services applied to SM58 G platform and pipeline(s) installation.

In the December 2019 quarter, Byron 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 was drawn by the Byron in December 2019 and the remaining US\$5.0 million was drawn in January 2020. The Promissory Note is secured over the SM71 & SM58 assets and guaranteed by the Company, bearing interest at a rate of 15% p.a., over a 3-year term, with the first-year being interest-only.

Byron also has also entered into a long term oil dedication and Transportation Services Agreement with Crimson Gulf, a subsidiary of Crimson Midstream, for oil transportation at a barrel rate that is significantly discounted from an uncommitted rate. Further details of the Promissory Note, and the Transportation Services Agreement are set out in the ASX announcement dated 4 December 2019.

Directors' Participation - Conditional Placement

The Conditional Placement comprises an investment of \$A2.2 million by Doug Battersby (Chairman and Co-Founder), Maynard Smith (CEO and Co-Founder), Charles Sands (NED), Paul Young (NED), Bill Sack (ED), Prent Kallenberger (ED) and/or their associates. As each of the directors are related parties of the Company, the Company will seek shareholder approval prior to the issue of Placement Shares to each of them.

Directors' and Shareholder Loans

Byron currently has outstanding loans of approximately US\$3.4 million from entities associated with Doug Battersby, Maynard Smith, Charles Sands, Paul Young, directors of the Company, and another long standing shareholder. The loans bear interest at 10% per annum, are unsecured and were repayable on or before 31 March 2021.

The Company is pleased to announce that all the lenders have agreed to extend the repayment date for the loans to 31 March 2022, with all other conditions remaining the same.

Indicative Timetable*

Announcement of the Placement	Tuesday, 19 May 2020
Settlement and allotment of the Placement Shares (excluding Conditional Placement)	Monday 25 May 2020

**The above timetable is indicative only and the Company reserves the right to alter the timetable without notice.*

CEO Comment

Commenting on the capital raising, Byron's Chief Executive Officer, Mr Maynard Smith said:-

"We are pleased to have received such strong support from new and existing shareholders and our lenders. This additional capital will allow us to complete the development of our SM58 oil and gas project, including the completion of SM58 G1 discovery well, with production and cash flow expected to commence in September 2020.

A\$16.0 million in placement funds, US\$3.5 million in additional loans from Crimson Midstream and the SPP funds will put us in a stronger financial position and allow us to maintain momentum at SM58 notwithstanding the oil price shock and the COVID – 19 restrictions.

Successful development of SM58, where we hope to commence production in September 2020, will enable us to continue executing our focused growth strategy, designed to build a successful exploration and production company operating on the shelf in the Gulf of Mexico.”

Authorised by:
Directors of the Company

For further information, please contact:

Maynard Smith
CEO
61 3 8610 6583

Peter Love
Investor Relations
61 7 3121 5674

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.

For personal use only