

18 June 2021

ASX Release

Byron Corporate Update

- **Byron was unable to reach agreement on acceptable terms with the potential lender due to significant disagreement with the proposed ongoing hedging strategies**
- **Byron's production has not materially changed since the most recent 11 May 2021 update**
- **The SM69 E2 well is on schedule to be drilled in August 2021 as planned**

Byron Energy Limited ("Byron" or the "Company") (**ASX: BYE**) would like to provide the following update.

Byron has completed an extensive period of negotiations with a potential lender and while we were able to agree on the primary terms associated with the loan, in the end we were not able to agree on a go forward hedging strategy. It is Byron's view that we are in a strong oil price environment with favourable expectations. As a result, Byron was reluctant to hedge volumes of nearly 100% of existing proved developed producing forecasted production or up to roughly 75% of near-term future well production over the period of the loan, as was required by the potential lender. This would have resulted in an average base WTI price of less than US\$57 per barrel of oil, after hedging costs, as compared to the current unhedged WTI price of approximately US\$71 per barrel. Byron is of the opinion that locking in a price today for the next four years of the majority of our production is not an appropriate strategy for the Company. The resultant effective cost of capital was deemed too high to accept and did not represent a material improvement over our existing loan. Despite numerous discussions, we were unable to find a meeting place in the middle and thus we have decided the Company is better off maintaining the existing loan from Crescent Midstream (formerly Crimson Midstream), in which both parties benefit from a well-established and tested relationship.

As of June 17 2021 net oil and gas sales are 1,236 barrels of oil per day (“bopd”) and approximately 9.5 Million cubic feet of gas per day (“Mmcfcpd”), materially unchanged from the most recent Company update on May 11 2021, when Byron’s net oil and gas sales were 1,244 bopd and 10.2 Mmcfcpd.

As previously announced, Byron has executed a contract with Enterprise Offshore Drilling and the EOD 351 rig is due to commence drilling the SM69 E2 well in August 2021. The rig, having previously worked internationally, is currently being brought up to required US regulations and upgraded before undergoing final inspections. This work and therefore timing, can potentially be impacted or delayed by severe tropical weather.

The scheduling of the SM58 G3 and G4 wells will be finalised once the results of the SM69 E2 well are known.

Byron’s CEO Maynard Smith said:

While we are disappointed with the outcome of refinancing efforts, we remain focused on the drilling of the E2 well and the further development of SM58 in the near term. While no doubt a deal could have been secured to refinance the Company it was our view, that the deal as offered, restricted our potential upside significantly and did not materially improve our situation. Accordingly, we took the view that no deal is better than an inappropriate deal.

Authorised by:

The Board of Directors

For further information contact:-

Maynard Smith
Chief Executive Officer
+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 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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