31 March 2020

Business Update

- **Due to the oil price collapse oil production will be curtailed to more closely align with previously hedged volumes**
- **SM71 F platform oil and gas production unaffected by COVID-19**
- **Platform construction on schedule but in response to oil price volatility, platform and pipeline installation timing is under review which may result in a delay of production start-up at SM58**
- **All staff and contractors are adhering to COVID-19 guidelines issued by relevant authorities**

Byron Energy Limited ("Byron or the Company") (**ASX: BYE**) wishes to provide an overall business update following on from the COVID-19 update released on 30 March 2019.

COVID-19 has resulted in a severe decline in demand for oil at a time of an oil price war between Saudi Arabia and Russia, resulting in a severe fall in oil prices. Naturally this has had a material adverse effect on the industry overall.

While Byron's oil revenue and cashflow have also been adversely affected, the Company currently expects to successfully navigate this period of great uncertainty.

Byron operates all of its properties, including the SM58 project, enabling the Company to control spending levels and timing of expenditure in order to preserve long term value. This is a major advantage of the Company's operating model.

Financial Update

- Byron has a sound balance sheet with no pressing loan repayments;
- As of 29 February 2020 Byron had a cash balance of approximately $US 18.3 million;
- Debt is approx. $US 18.9 million comprising:-
  - Crimson Midstream Promissory Note $US 15 million (secured), covenant-lite and interest only loan until December 2020, amortising over two years commencing December
  - Directors'/Shareholders' Loan of approx. $US 3.4 million, interest only with principal repayable on 31 March 2021
  - Insurance premiums financing $US0.5 million (amortising monthly over the balance of 2020

- Due to sharp decline in demand and glut in both international and local supplies, the Louisiana Light Sweet ("LLS'') premium has started trading at a material discount to the West Texas Intermediate ["WTI"], for the first time in a long time, with the discount currently at approx. $7.60/bbl in the near month and generally negative through the remainder of 2020 before climbing back into positive territory ;
- As previously reported, Byron has hedged a significant amount of its 2020-22 oil production, through a forward sale agreement, under which Byron receives a fixed base price +/- the WTI/LLS differential and transport charges (refer to Attachment 1 for hedge details);

Operational Update

- SM71 is currently producing approx. 3,000 barrels of oil per days ("bopd") and 10.5 million cubic feet per day ("mmcfd") of gas on a gross basis, equivalent to approx. 1,200 bopd and 7.6 mmcfd, net to Byron; Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and currently has a 50% working interest ("WI") and a 40.625% net revenue interest ("NRI") in SM71. Otto Energy Limited ("Otto") holds the remaining interest in SM71; As Otto did not participate in the drilling of the F4 well Byron is entitled to 100% WI/81.25% NRI in SM 71 F4 well; the cash operating cost for the SM71F platform are averaging approx. $US0.4 million (gross) per month;
- Byron has advised Otto that Byron will shut in SM71 F1 well and reduce production from the F3 to 1,850 bopd, effective immediately, currently producing approx. 1,000 bopd and 1.0 mmcfd and 2,100 bopd and 0.8 mmcfd respectively, to maximise long term value by linking production to volume commitments under the forward sale agreement, during this period of depressed prices; this approach to restricting production is designed to optimise reservoir management; this will reduce overall SM71 field production to approximately 1,900 bopd and 9.5 mmcfd (gross);
- SM71 production rates will be adjusted continuously dependent upon any favourable changes in price;
- SM58 platform construction is progressing on schedule in Abbeville Louisiana, where Acadian is modifying and building out the platform to Byron's specifications;
- While SM58 platform construction is currently on schedule for completion in mid-2020, Byron is reviewing the uncommitted balance of the SM58 capital expenditure program of approximately $15 million, mainly pipeline construction and platform and pipeline installation, schedule to ensure Byron continues to operate within its financial capacity;
- As reported on 23 March 2020, the SM71 F5 wellbore has been be temporarily abandoned in a manner that allows it to be efficiently side-tracked in the future when the uncertainty relating to the COVID-19 epidemic has dissipated and also at a time where oil prices are also substantially higher; abandonment operations are complete and the rig will be released as soon as the weather conditions permit;
- While continued investment in exploration and development of the Company's Gulf of Mexico properties, remains a fundamental part of our strategy, Byron considers it financially prudent to suspend all discretionary activities, however, project planning and well permitting at SM58 will be ongoing so the Company is prepared to resume activities as soon as it is practicable. Interpretation and mapping of re-processed seismic data over Byron's EI77 will also continue.

COVID-19

- Byron provided a market update on COVID-19, on 30 March 2020. Since then, all staff and contractors have continued to adhere to COVID-19 guidelines. There have been no other material developments on COVID-19 impact on the Company's operations.

CEO Comment

Byron's CEO, Maynard Smith, commented:

"Notwithstanding the oil price shock and the COVID – 19 restrictions, we currently expect to be able to navigate through this exceptional environment. We have a significant cash balance, no loan repayments of any note until early 2021 and an excellent low cost producing asset in SM71. In addition, our operating model provides the Company with control over pace and quantum of project expenditure, thus allowing us to take action quickly to manage within our financial capacity and to prioritise long term value. These are unprecedented times with a fast evolving environment. We will continue to closely monitor developments and will keep shareholders informed, as required."

Authorised by:
Directors of the Company

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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.

Attachment 1

Byron has hedged the following volumes of oil production, over 2020-22, through a forward sale agreement:-

Period	Daily Volume (bopd)	Fixed base price*
Jan-Mar 2020	400	US$52.70
Apr-Dec 2020	670	US$54.78
Jan-Dec 2021	450	US$52.86
Jan-Dec 2022	400	US$52.70

**realised prices adjusted for Louisiana Light price differential currently $7.60/bbl (discount to WTI, as of 30 March 2020 US time) and transportation charges*