

11 May 2021

ASX Release

Funding, 2021 Drilling Program and Production Update

- **Byron has progressed a non-binding refinancing proposal and has entered into an exclusivity agreement with the potential lender**
- **Byron has executed a contract with Enterprise Offshore Drilling that will provide a rig to commence drilling the SM69 E2 well on or before the 1st of August 2021**
- **As at 9 May 2021, Byron's net oil and gas sales were 1,244 barrels of oil and 10,175 thousand cubic feet of gas**

Byron Energy Limited ("Byron" or the "Company") (**ASX: BYE**) is pleased to provide the following update on its proposed refinancing, 2021 drilling activity and production from its operated South Marsh Island 71 and 58 leases ("SM71" and "SM58").

Refinancing Update

Since Byron's last update on additional funding at the end of March (*refer to ASX release dated 31 March 2021*) a non-binding term sheet has been executed with Byron granting the potential lender exclusivity for a period of 90 days. This period will be used to finalize terms on the proposed loan, complete legal and corporate due diligence, prepare legal documentation and agree on the implementation of security and hedging arrangements prior to closing. Whilst substantial parts of the counterparty's due diligence has been completed, it is an ongoing process and subject to continuing operating performance satisfactory to the proposed lender. On that basis, the proposed lender's investment committee has approved the transaction and the parties will now progress to the next stage of the process of confirmatory and legal due diligence. As noted in the 31 March 2021 ASX release, Byron is seeking a loan to refinance existing indebtedness, finance the acceleration of a multi-well drilling program in the SM58 area and enhance the continued growth of production and reserves.

Drilling Program Update

As was also announced in the 31 March 2021 release, Byron intends to drill the SM69 E2 (“E2”) well utilizing Byron’s free cash generated from operations. Byron has been working closely with its preferred drilling contractor, Enterprise Offshore Drilling (“EOD”) and has executed a letter agreement to secure the EOD 351 independent leg jack-up rig to drill the SM69 E2 well starting on, or before, the 1st of August. This agreement is a key milestone in the current environment as the Gulf of Mexico (“GOM”) rig market is tight with many rigs currently stacked and drilling contractors finding it challenging to re-crew rigs for short-term contracts. The EOD 351 is fully crewed at present.

The E2 well is fully permitted and ready to drill. Subject to the funding process being completed, the SM58 G3 and G4 wells are expected to be drilled in October and November after the hurricane season using the EOD 264 rig. Final permits for the G3 and G4 were fully approved on 10 May 2021.

Production Update

South Marsh Island 71

Daily oil and gas production from all active wells on the platform continues to perform in line with the forecasts of the Company’s third-party reserve engineers, Collarini Associates (“Collarini”). Total production from the SM71 F Platform now stands at 3.2 million barrels of oil (“Mmbo”) and 4.1 billion cubic feet (“Bcf”) of gas since start-up in late March 2018.

Oil and gas production from the primary D5 Sand reservoir has now surpassed 3 Mmbo of oil and 3.5 Bcf of gas from the SM71 F1 and F3 wells. Both wells continue to perform in line with the production forecasts, produce at consistent daily rates, produce water free, and rank in the top 3 wells on the GOM Shelf for active oil production. Current gross production as of 9 May 2021 for the SM71 F platform is 2,530 barrels of oil per day (“bopd”) and 2.160 million cubic feet of gas per day (“Mmcfgpd”). There has been minimal downtime at the SM71 F Platform.

South Marsh Island 58

Production from the SM58 G1 well began in September 2020 and from the SM58 G2 well in November 2020. Since then, these wells have combined to produce approximately 3.8 Bcfg and 76,000 barrels of oil from the Upper O Sand.

In late March 2021 a flowing bottom hole pressure (“BHP”) survey was performed on both the G1 and G2 using bottom hole wireline gauges. The data acquired from this survey indicated that the G1 is performing as expected and flow from the reservoir is consistent across the 300 feet perforation interval. The BHP survey in the G2 reconfirmed the complex nature of this reservoir with a mix of low and moderate reservoir pressures in the various O Sand lobes across the 220 foot perforated interval of the G2. The BHP data also confirmed that the very bottom most perforations are contributing to hydrocarbon production, which was not clear from wireline spinner data acquired and reported on in December 2020 (*refer to ASX release dated 17 December 2020*).

The G1 returned to stable production immediately after the BHP survey work was completed. This well is now producing at a consistent gross rate of approximately 10.5 Mmcfgpd and 85 bopd and no water at a stabilized flowing tubing pressure of 1010 psi indicating the well is receiving some pressure support from the downdip aquifer.

After the wireline BHP survey, the G2, on the other hand, did not return to stable production following the BHP survey work and instead began to produce a mixture of oil & gas, completion fluid, and formation water. Production rates have been inconsistent from this well since the BHP survey was completed in late March.

Byron has optimised the gas lift system in the G2 using the deepest gas mandrel available, but despite this, the well has yet to return to its previous production levels. Gross production from the G2 as at 9th of May 2021 was 60 bopd, 0.8 Mmcfgpd and 107 barrels of water per day, however, it should be noted that the production continues to vary greatly from day to day. Water production in the G2 is not unexpected due to its proximity to the downdip SM58 B14 (“B14”) well which produced a total of 1.8 Mmbo, 2 Bcfg and 2.7 million barrels of water from 1967 to 2012 from the O Sand. Byron’s production engineers will continue to analyse the G2 well with the goal of stabilising production at an optimum daily rate.

It is too early to estimate what effect these ongoing production issues will have on the ultimate reserve recovery from this zone in the well. Byron will commence preparation of the annual reserve report in June by which time additional months of production data will allow a more accurate determination. It’s also important to note that the G2 wellbore has a future up-hole completion available in the J Sand with Collarini 2P reserves of 0.370 Mmbo and 0.370 Bcfg.

Hedging

On 8 March 2021, Byron reported that swaps for 200 bopd were executed locking in an average price of US\$62/bbl (WTI base price) for March to December 2021. The individual monthly hedge levels vary but the effect is to guarantee Byron prices at those levels even if market prices settle below them (as was the case in both March and April). . At the current rates of production and with the current price above \$62/bo, approximately 600 bopd, or 50% of Byron's net oil production, remains unhedged allowing Byron to benefit from any sustained increase in oil price above the hedged levels. The Company's gas production remains 100% unhedged.

Byron's CEO Maynard Smith said:

We are pleased considerable progress is being made in securing the debt funding to refinance our existing facility and to afford us the option to accelerate the drilling and development program at SM58. It is also of note that the Company has entered into a non-binding term sheet with a well-regarded counterparty providing what we view as affordable financing alternative that falls within our current, and projected, conservative cash-flow scenarios and which we believe will strengthen the foundation of Byron's continued growth.

It is also very encouraging that we are in a financial position to self-fund the drilling of the low risk E2 well commencing in August. If successful, the E2 is expected to commence production by October and further add to Byron's cash flow and enhance our ability to self-fund future wells. Our shareholders can be assured we will make a final decision on refinancing that utilizes a combination of both internal cash flow and external funding of our program that preserves and enhances Company value. Despite the many challenges facing the oil and gas business today, the Byron management team remains confident that through careful financial and technical planning coupled with operational control of project timing, we will continue to grow the company sustainably into the foreseeable future.

Authorised by:

The Board of Directors

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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 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.