Byron Energy Limited
Corporate Governance Statement as at 22 May 2013

The Board of Directors of Byron Energy Limited ("the Company") (formerly Trojan Equity Limited) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The ASX document, '*Principles of Good Corporate Governance and Best Practice Recommendations*' ('Guidelines') applying to listed entities was published in March 2003, as updated in August 2007 and August 2010 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed the Company's current practice against the Guidelines and outlines its assessment below:

Principle 1 - Lay solid foundations for management and oversight

The Board has adopted the Corporate Governance Charter dated 5 April 2005 and updated [21] May 2013, which defines the role of the Board and management. The Company complies with the Guidelines in this regard.

The Board operates within the requirements of the Company's constitution and Board Charter, part of the Company's Corporate Governance Charter. The Board Charter sets out the functions and responsibilities of the Board.

The Company has entered into letters of appointment with each non-executive director which set out the fees payable and that all reasonable expenses properly incurred will be reimbursed.

The executive directors are employed under a two year contract, with automatic renewal for a further year unless either party notifies the other that they do not want the agreement to continue.

Principle 2 - Structure the Board to add value

The Corporate Governance Charter requires the Board to comprise a minimum of 3 Directors, at least half of which must be non-executive. The current Board comprises five directors being three non-executive directors and two executive directors. None of the directors are considered by the board to be independent, based on the criteria in the Guidelines. The Company does not comply with the Guidelines to the extent that the Guidelines recommend that a majority of the Board should be independent. Having regard to the current ownership structure of the Company, its current stage of development and the nature of its activities, the Directors believe that it is not appropriate to have a majority of independent directors. The Directors believe that the current composition of the Board will add value by ensuring there is a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

The Company does not comply with the Guidelines to the extent that the Guidelines recommend that the Chairman should be an independent director. This decision has been made because the Directors consider that the interests of Shareholders will be best represented by the current Board composition.

To ensure that independent judgment is achieved and maintained in respect of its decision-making processes, the Board has adopted a number of measures which include the following:

- each director has the right to seek independent legal or other professional advice at the Company's expense; and

- any director having a conflict of interest in relation to a particular item of business must declare their interest and not vote on that item of business and excuse themselves from the Board Meeting if required by the Board before commencement of discussion on the topic.

The Company also does not comply with the Guidelines to the extent that it has not established a nominations committee. Accordingly, the Board will perform the function of the nominations committee. The Board considers it more efficient for the selection and appointment of directors to be considered by the Board itself. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's selection criteria.

These issues will be reassessed by the Board on a regular basis.

Principle 3 - Promote ethical and responsible decision making

The Board has adopted a detailed code of ethics and values (as part of its Corporate Governance Charter) and a Securities Trading Policy. The purpose of these codes is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities.

The Board will ensure that restrictions on dealings in securities are strictly enforced. Both codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Guidelines.

Due to the size, small number of employees and low turnover of employees a separate formal diversity policy has not been adopted. Consequently, the Company does not comply with the Guidelines to the extent that it cannot disclose measureable objectives for achieving gender diversity.

The Company does not discriminate on the basis of age, ethnicity or gender in any employment matters and when a position becomes vacant the Company seeks to employ the best candidates available for the position.

The Company has no full time female employees, executives, nor board members. It should be noted the Company has only three full time employees.

Principle 4 - Safeguard integrity in financial reporting

An Audit and Risk Management Committee has been established by the Board and is governed by its own charter. This charter requires the Managing Director to state in writing to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that the operational results are in accordance with relevant accounting standards.

In light of the size and scale of its operations as well as the composition of the Board and the nature of its activities, the Company is not able to comply with the Guidelines to the extent that they recommend the Audit and Risk Management Committee comprise a majority of independent directors, an independent chairperson who is not chairperson of the Board, and at least 3 members. The Company's Audit and Risk Management Committee comprises two non-executive directors, Paul Young (Chairman) and Charles Sands, neither of whom is an independent director, based on the criteria in the Guidelines.

The Board believes that the appointed Audit and Risk Management Committee will adequately fulfil its intended role. Nevertheless, it will reassess its ability to do this on a regular basis. The Company may consider appointing further independent directors in the future at which time it may reconsider the composition of the Audit and Risk Management Committee.

Principle 5 - Make timely and balanced disclosure

The Board believes that the Company's proposed practice on disclosure is consistent with the Guidelines. Policies and procedures for compliance with the disclosure requirement in the Listing Rules are included in the Corporate Governance Charter.

Principle 6 - Respect the rights of shareholders

The Board recognises the importance of this principle and will strive to communicate with Shareholders both regularly and clearly by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors will attend the annual general meetings and will be available to answer Shareholders' questions. The Directors believe that the Company's policies comply with the Guidelines in relation to the rights of Shareholders.

Principle 7 - Recognise and manage risks

The Board and the Audit and Risk Management Committee will constantly seek to identify, monitor, and mitigate risk. Internal controls will be monitored on a continuous basis and, wherever possible, improved. The issue of risk management is formalised in the Corporate Governance Charter (which the Directors believe complies with the Guidelines in relation to risk management) and the charter for the Audit and Risk Management Committee and will continue to be kept under regular review by the Board.

The charter of the Audit and Risk Management Committee requires the Managing Director to state in writing to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board believes that the Company complies with the Guidelines in this regard.

Principle 8 - Remunerate fairly and responsibly

The Company's proposed practices in this area will be reviewed regularly to ensure compliance with the Guidelines. Details of remuneration of Directors during the year are disclosed in the Directors' Report.

In light of the size of the Company and composition of the Board, the Board has not established a remuneration committee and therefore the Company does not comply with the Guidelines which recommend the existence of a remuneration committee. Any matters pertaining to remuneration issues, should they arise, will be considered by the full Board.