22 April 2020

Oil Price Risk Management Update

- **Byron has temporarily curtailed oil production to align with hedged volumes and maximise realised price while evaluating the hedging of additional volumes;**
- **Supplemental hedges have been secured on both the LLS/WTI price differential and calendar month average Roll-Adjust price components, providing an all in fixed realised price of US$50.20 per barrel, prior to transportation costs, on 670 bopd hedged production for remainder of 2020; and**
- **Byron's hedging counterparty, and dedicated buyer of Byron's oil production, is one of the global oil industry's "supermajors".**

Byron Energy Limited ("Byron or the Company") (**ASX: BYE**) wishes to provide an update on oil price risk management, following on from the Company's Business Update ASX release dated 31 March 2020.

Byron's realised prices for oil are a combination of hedged and unhedged volumes. The Company's current oil hedging position is governed by a forward sale agreement which specifies a price per barrel in advance for each delivery period during the term of the contract.

The hedging counterparty, one of the global oil industry's "supermajors", is also the purchaser of Byron's oil production under a mutually agreed long term purchase arrangement, which provides Byron with a stable, aligned counterparty.

Oil revenues from existing physical hedging activities are summarized below and the market is continually being surveilled for attractive positions on additional hedging opportunities. In the near term, South Marsh Island 71 ("SM71") production levels are being managed by Byron, as operator, to minimize unhedged exposure. Byron's estimated gross revenue for the *currently* *hedged volumes* *only*, prior to transportation, is estimated to be US$9.1 million dollars April through to December 2020, roughly $1.0 million per month.

Byron's realized prices for oil are made up of the following components: WTI *Calendar Month Average* ("CMA") Base Price, the Light Louisiana Sweet/West Texas Intermediate ("LLS/WTI") price differential and, CMA Roll-Adjust ("Roll") which are combined then adjusted downward for transportation costs, pipeline allowance, and quality adjustments (collectively referred to as "Transportation"). Byron previously reported the placement of multiple hedged production volumes on the WTI CMA Base Price component as part of the December 2019 Hedge Agreement related to the issue of the Promissory Note to Crimson Midstream.

During April 2020, Byron has placed additional hedge layers on the two other components, the LLS/WTI price differential and the Roll. When combined, all three hedging components result in an attractive fixed realized price, prior to Transportation, of US$50.20/barrel on the existing 670 barrels of oil per day ("bopd") hedged volume for the June 1-Dec 31, 2020 period. The near months of April and May, while negatively affected by current high price volatility in the LLS/WTI differential and the Roll, are being managed by limiting production to the hedge position.

Hedging Strategy

In December 2019, Byron entered into an oil hedging program on 670 bopd, approximately 50% of the Company's net SM71 proved producing forecast production. This was implemented through a counterparty, at a preferred customer rate, using a fixed-price forward sale agreement (the "December 2019 Hedge Agreement").

In response to the dislocation in the global and local crude oil markets and the unprecedented volatility in prices, Byron has further enhanced and protected its fixed WTI CMA Base Price hedge position by placing the following hedges on two previously floating components:

(i) a fixed price hedge on the **LLS/WTI** differential for May 1 through December 31, 2020 on 670 bopd @ minus US$2.78 per barrel, and

(ii) a fixed price hedge on the CMA **Roll** for June 1, 2020 through December 31, 2020 on 670 bopd @ minus US$1.80 per barrel.

Hedging Volumes and Components

When added to the fixed WTI CMA Base Price hedge, this extra protection results in the following realized prices (further summarized, with estimates, in Attachment 1):-

- April 2020: a fixed oil base price of US$49.36/barrel on 670 bopd for the month **after** the taking into account both the estimated LLS/WTI differential and the estimated Roll **prior to** adjustments for Transportation; and
- May 2020: a fixed oil base price of US$43.80/barrel on 670 bopd for the month **after** the taking into account the LLS/WTI differential hedge and the estimated Roll **prior to** adjustments for Transportation;
- June 2020 - Dec 2020: a fixed oil price of US$50.20/barrel on 670 bopd for the period, **after** the taking into account both LLS/WTI differential and the Roll hedges, **prior to** adjustments for Transportation; and
- Jan-Dec 2021 and Jan-Dec 2022: a fixed base oil price hedge of US$52.86/barrel on 450 bopd and $52.70/barrel on 400 bopd respectively for Jan-to-Dec 2021 and 2022 periods, all **prior to** taking into account the LLS/WTI differential, the Roll and adjustments for Transportation.

Oil Price Risk Management Through 2020

The placement of hedges on the two additional components outlined above provides a more stable hedged oil revenue component for the remainder of 2020, by eliminating the significant volatility of both the LLS/WTI and the Roll during this period. Byron's share of estimated gross revenue for current hedged volumes only, prior to transportation, through December 2020 is estimated to be US$9.1 million dollars.

The summary above and Attachment 1 apply to hedged production only. Byron, as operator of SM71, is currently managing daily production to meet these hedged positions. Unhedged production is subject to these same price components but based on their published monthly index values and until prices become more favourable or additional hedges placed, Byron will continue to focus on production management. Byron is also currently evaluating the market to place additional hedges on potential incremental produced volumes to provide a reasonable level of certainty to potential oil revenue and cash flow. Byron intends to manage SM71 production levels accordingly should market prices improve or the addition of hedged volumes warrant.

Byron operates its primary properties, including the SM71 Field and the SM58 development project, enabling the Company to manage production and control spending levels and timing of expenditure in order to maximize realised prices and preserve long term value.

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 unprecedented environment. Placement of the additional oil price hedges on the LLS/WTI Differential and the NYMEX Roll components layered on to our WTI Fixed Price basis hedge, lock in prices in this highly volatile US market and provide for a base level cash flow from hedged oil sales. The Byron team is prudently evaluating the market for acceptable hedges on unhedged volumes prior to increasing production levels at SM71. In addition to managing production levels, 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 quickly evolving environment. We will continue to closely monitor available hedge opportunities and will keep shareholders informed, of material developments."

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 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

Summary Hedging Table

Byron's currently estimated hedged revenue for the remainder of 2020 is as follows:-

Period	**Daily Hedged Volume** (bopd)	**Period Hedged Volume** (bbl)	**NYMEX WTI Fixed Base Price Crude Oil***	**NYMEX Roll Adjust**	**LLS/WTI Price Differential**	**Realised Price on Hedged Production *prior to Transportation*** (Transportation est. @ US$4.70)	**Estimated Period Hedged Oil Sales Revenue (excluding Transportation and Royalty)**
April 2020	670	20,100	US$54.78	-US$0.42 (estimated)	-US$5.00 (estimated)	US$49.36**	*US$1.0 Million (estimate* only)
May 2020	670	20,770	US$54.78	-US$8.20 (estimated)	-U$S2.78 (fixed)	US$43.80**	*US$0.9 Million* *(estimate only)*
Jun-Dec 2020	670	143,380	US$54.78	-US$1.80 (fixed)	-US$2.78 (fixed)	US$50.20	US$7.2 Million (~US$1.0 Million per month)
Jan-Dec 2021	450	164,250	US$52.86	unhedged	unhedged	To be determined (TBD)	TBD
Jan–Dec 2022	400	146,000	US$52.70	unhedged	unhedged	TBD	TBD

*WTI CMA base price is adjusted for NYMEX Roll, LLS/WTI price differentials, Transportation (estimated at -$US4.70/barrel +/-0.20) to arrive at a realised price.

** subject to finalisation of NYMEX Roll Adjust and/or LLS/WTI Differential.