18 June 2020

ASX Release
Oil Price Risk Management Update

- **Byron has added an additional 400 bopd financial hedge for the remainder of 2020 in the form of put options with a strike price of US$39 per barrel on the WTI base price**
- **Under combined physical and financial hedges, the Company currently has approximately 1,070 barrels of oil per day, or 75%, of Byron's forecasted volume, from existing wells hedged for the remainder of 2020**
- **Byron's hedging strategy will assure stable production revenue during the scheduled SM58 development program**

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 Oil Price Risk Management Update ASX release dated 22 April 2020.

Byron's realised prices for oil are a combination of hedged and unhedged volumes. The Company's current oil hedging position involves two hedge constructs:- (i) the existing physical forward sale agreement (Forward Sale Agreement), which specifies a price per barrel in advance for each delivery period during the term of the contract, and (ii) a financial put option described below.

The physical 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.

To complement and enhance Byron's existing physical hedges (detailed in the ASX release of 22 April 2020), protect its ongoing revenue during the capital spend phase and capitalize on the recent improvement in oil prices, the Company has added financial hedges on 400 barrels of oil per day ("bopd") of production covering the period from 1 July to 31 December, 2020.

These new hedges are in the form of purchased put options, with a Strike Price of US$39.00/barrel, on the July 2020 to December 2020 NYMEX Calendar Month Average (CMA) price, which is the base West Texas Intermediate (WTI) price that Byron receives for its oil production prior to adjustments for the Louisiana Light Sweet (LLS) differential, CMA Roll

Adjustment (CMA Roll), transportation and other adjustments. The options were purchased from the same “supermajor” who buys Byron’s physical production.

These put options provide the Company with full protection against NYMEX CMA prices below the Strike Price, while providing it with several advantages including:

- Full participation in higher oil prices on these and unhedged volumes;
- Protection of Byron’s capital spending program through greater revenue certainty;
- Full flexibility to adjust these financial hedges in case of production disruptions; and
- Minimal and fixed downside, which equates to the purchase price of the options.

When combined with the existing all in fixed price (ex-transport and royalties) on Byron’s physical hedges, under the Forward Sale Agreement, and using current market levels for LLS and CMA Roll on the 400 bopd of new hedges, Byron’s price floor on 1,070 bopd of hedged production is US$46.78/bbl on a weighted average basis.

Projected oil revenues from existing physical hedging activities as well as the additional financial hedge are summarized below for the remainder of the 2020 year. Byron’s estimated gross revenue for the *currently* ***hedged volumes only***, prior to transportation and royalty, is estimated to be US$10.2 million dollars through December 2020, roughly US$1.5 million per month, assuming rates are maintained at a level equal to or greater than 1070 bopd.

Byron’s realized prices for oil are made up of the following components: WTI CMA Base Price, the LLS/WTI price differential and CMA 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 arrangement related to the issue of the Promissory Note to Crimson Midstream.

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 at a preferred customer rate under the Forward Sale Agreement. As of June 18th, Byron has entered into a financial hedge for an additional 400 bopd to put a floor on the WTI base price received on these barrels of US$39.00/barrel with realized pricing further benefitting from the LLS differential and subject to transportation and other costs. Byron paid an up-front premium of US$338,560 for the options.

Hedging Volumes and Components

When added to the fixed-price physical hedge, this extra financial hedge protection results in the following realised prices for the balance of the 2020 period (further summarized, with estimates, in Attachment 1):

- 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

- July 2020 - Dec 2020: a fixed oil price of US$39.00/barrel on an additional 400 bopd for the period, **prior to** taking into account the LLS/WTI differential, the Roll and adjustments for Transportation.

Oil Price Risk Management Through 2020

The placement of the multi-component physical and financial hedges outlined above captures the recent uptick in oil prices and increases hedge coverage while reducing potential volatility in the hedged oil revenue component for the remainder of 2020. Byron's share of estimated gross revenue for current **hedged volumes only**, prior to transportation, through December 2020 is estimated to be a minimum of US$10.2 million dollars with additional revenue upside should prices be maintained above the floor of US$39.00/barrel.

The summary above and Attachment 1 apply to SM71 hedged production only. Unhedged production is subject to these same price components but based on their published monthly floating index values. Byron intends to continue to manage SM71 production levels to optimize 2020 revenues during the upcoming SM58 development capital program.

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.

CEO Comment

Byron's CEO, Maynard Smith, commented:

"Byron's 2020 hedge program to date has allowed us to successfully navigate through this unprecedented environment. Placement of the additional financial hedges layered on to our existing Physical WTI Fixed Price hedge, will allow us to lock in prices on approximately 75% of our forecasted production for the remainder of 2020. Forecasted revenue from our combined hedge level of 1,070 bopd should provide for a stable and significant base level cash flow from hedged oil."

Authorised by:
The Chief Executive Officer

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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

Summary 2020 Hedging Table

Byron's currently estimated hedged revenue prior to Transportation for remainder of 2020 is as follows:

Period	**Daily Hedged Volume** (bopd)	**Period Hedged Volume** (bbl)	**NYMEX WTI Fixed Base Price Crude Oil*** **Or Fixed Oil price Floor(i.e. the Put Strike Price)**	**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 (ex Transportation and Royalty)*****
July-Dec 2020 (Puts)	400	73,600	US39.00**	unhedged -US$0.27 (estimated on futures curve)	unhedged US$1.40 (estimated on futures curve)	Estimated floor of Not Less Than **US$40.13** **	**US$2.95 Million estimated minimum**
Jun-Dec 2020 (Forward Sale Agreement)	670	164,150	US54.78	-US$1.80 (fixed)	-US$2.78 (fixed)	**US$50.20**	US$7.20 Million (~US$1.03 Million per month)

*WTI CMA base price is adjusted for NYMEX Roll, LLS/WTI price differentials, Transportation (estimated at -US$4.70/barrel +- 0.20) to arrive at a realised price.

** Minimum WTI CMA base price prior to NYMEX Roll Adjust and/or LLS/WTI Differential

*** Estimated *minimum* oil sales revenue based on Put strike price and after estimated NYMEX Roll Adjust and/or LLS/WTI Differential based on current futures pricing, after Transportation, and Royalty