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Indices and Prices

All Ordinaries	6,383
Energy Index	10,905
Brent AU\$/bbl	\$ 99
AUS\$/US\$	\$ 0.701
Live Gold/AU\$	\$ 1,832

As at close 7 May 2019

Buru – A dry season with productive wells?

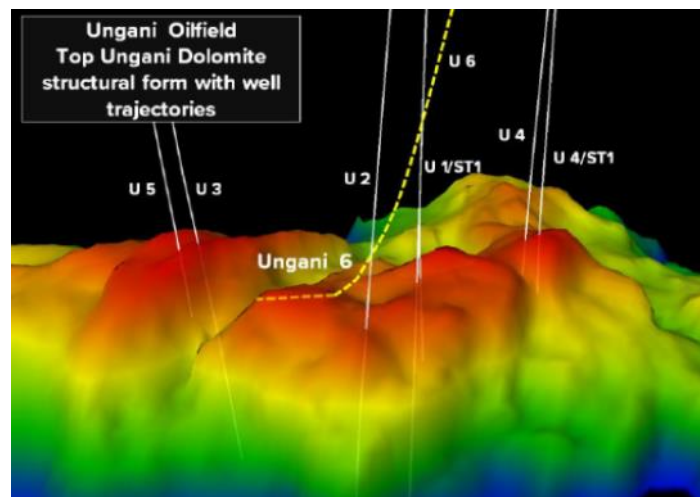
Capital Structure: BRU

Shares	432	m.
Options	15.1	m.
Price	\$ 0.245	
Market Cap	\$ 106	m.
Net Cash (est June '19)	\$ 54	m.
Debt	\$ 4.5	
EV	\$ 56	m.
EV/2P+2C	\$ 0.38	/BOE
EV/2P+2C	\$ 0.06	/Mcf

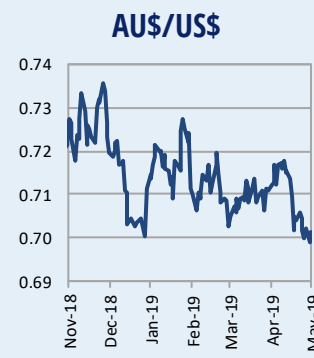
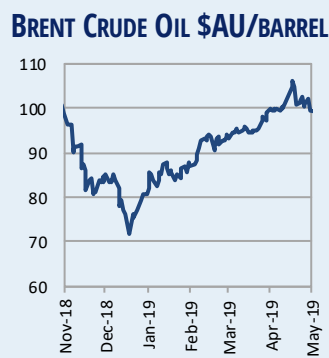
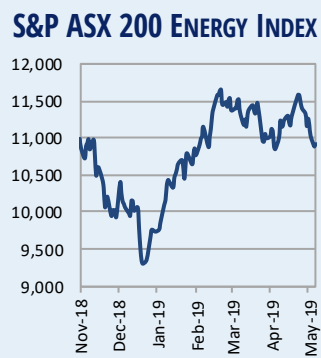
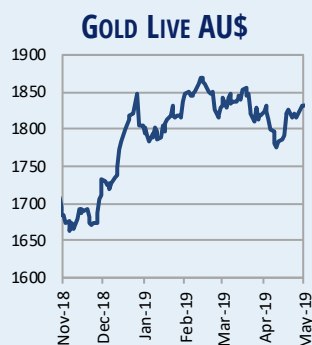
Undervalued oil producer and explorer Buru Energy (BRU) has commenced a 20-day development drilling operation at the Ungani-6 well. This programme will be followed by a similar operation to drill U-7, commencing in early June. Both wells will be deviated from vertical to approach the top of the Ungani dolomite at an angle of 71 degrees, where they will be cased and suspended ahead of completion with horizontal sections through the dolomite reservoir.

StockAnalysis estimates that a coil tubing drilling unit (CTD) will be mobilised to site in late June to commence a 3-week programme over both wells.

Horizontal Ungani Dolomite reservoir sections at both Ungani wells will then be drilled sequentially, employing the CTD in the case of U-6, to extend 260 metres through the top of the reservoir. The directional drilling capability of the CTD unit provides Buru with flexibility to steer a hole to different locations and to drill multiple laterals if required. In order to preserve the reservoir's permeability and porosity close to the wellbore, both horizontal sections will be drilled underbalanced and the section thus drilled will have an open-hole completion to preserve oil delivery rates.



Source: Buru



Buru Valuation	\$m	\$/shr Dilt'd	Comments
Ungani	\$ 62	\$ 0.127	\$20/bbl Reserve
Cash (est)	\$ 54	\$ 0.110	Est.
New Equity (assumed)	\$ 10	\$ 0.020	Assumed
Debt	-\$ 5	-\$ 0.009	
Corporate + Option cash	-\$ 4	-\$ 0.008	\$2.5mpa + ops
	\$ 118	\$ 0.240	
Yakka Munga Reeves	\$ 42	\$ 0.09	29 mmBO @ \$16/bbl & 18% PoS
Rafael	\$ 144	\$ 0.29	75 mmBO @ \$16/bbl & 25% PoS
Hotdog	\$ 29	\$ 0.06	22 mmBO @ \$16/bbl & 15% PoS
Risked Ungani trend	\$ 141	\$ 0.29	81 mmBO @ \$16/bbl & 21% PoS
Risked Yulleroo 2C	\$ 32	\$ 0.07	10 c/Gj & \$12/bbl @ 20% PoS
Risked Butler	\$ 65	\$ 0.13	20 c/Gj @ 16% PoS
U/lying oil + near term exp'n	\$ 570	\$ 1.17	

Source: Strachan Corporate Pty Ltd

StockAnalysis estimates that the stock's current market value is underpinned by producing oil assets plus net cash. Risked value of near-term exploration interests lifts total value to \$507 million or \$1.17 per share.

Success value at Yakka Munga's Reeves Formation is estimated at \$232 million or 47 cps for Buru.

Possible drilling on conventional target sands at the Butler prospect on the southern border of the company's 100% held EP-129, late in 2019 holds potential to add value of over \$500 million or +\$1 per share in the case of success, while the Rafael prospect has upside value to \$600 million or \$1.20 per share, should hydrocarbons be present.



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