

Quarterly Report

Period ended 31 March 2020



Buru Energy Limited (Buru) provides the quarterly report for the period ended 31 March 2020.

Highlights

Corporate

- Appropriate and timely response to the oil price collapse with significantly reduced operating and corporate costs.
- The Company has no material exploration permit obligations and all discretionary capital and exploration expenditures have been deferred.
- Focus on preserving balance sheet strength with cash and cash equivalents balance of \$30.1 million as at 31 March 2020.

Ungani Oil Production and Sales

- Ungani oil production continuing with next lifting and sale expected mid-May.
- Oil sales for the quarter of ~142,000 bbls (gross) from two liftings.
- Oil production for the quarter of ~88,000 bbls (gross).
- Ungani 6H well suspended, all other wells on production with ongoing well optimisation program.

Exploration

- Comprehensive review of the Company's Canning Basin exploration portfolio has identified several new exploration play areas with potential for large conventional oil discoveries and confirmed the Company's extensive and high potential prospect portfolio.
- Strong interest being shown in the current farmout process for the Company's exploration areas.

Corporate

The Company has quickly and appropriately responded at both a corporate and operational level to the current unprecedented global situation of a combination of an oil oversupply by OPEC+ producers and demand destruction from the shutdown of the global economy by the COVID-19 virus.

As an initial measure, the Company's corporate and office staff have reduced their salaries by between 20% and 75%, the Executive Chairman has reduced his salary by 55%, and Non-Executive Directors have reduced their fees by 40%. Individual salary reductions have been determined by requirements that include the need for employees to be available to ensure the safe and environmentally compliant operating capability of the Company. These measures have resulted in an overall reduction of the Company's personnel costs (excluding Ungani production) of more than 50%. The reductions were effective as of 1 April and will be reviewed on a quarterly basis or as required. All other non-personnel overheads are also being reduced to the fullest extent practicable.

Field operational costs are also being carefully reviewed to ensure the Company is able to maintain cash flow positive production operations in the current low oil price environment for as long as possible. The Company has no material exploration permit obligations and

has deferred all discretionary expenditure including non-essential capital expenditure on the Ungani Oilfield.

Ungani Oilfield Production and Development

(L20/L21 - Buru Energy 50% and operator)

Oil Production

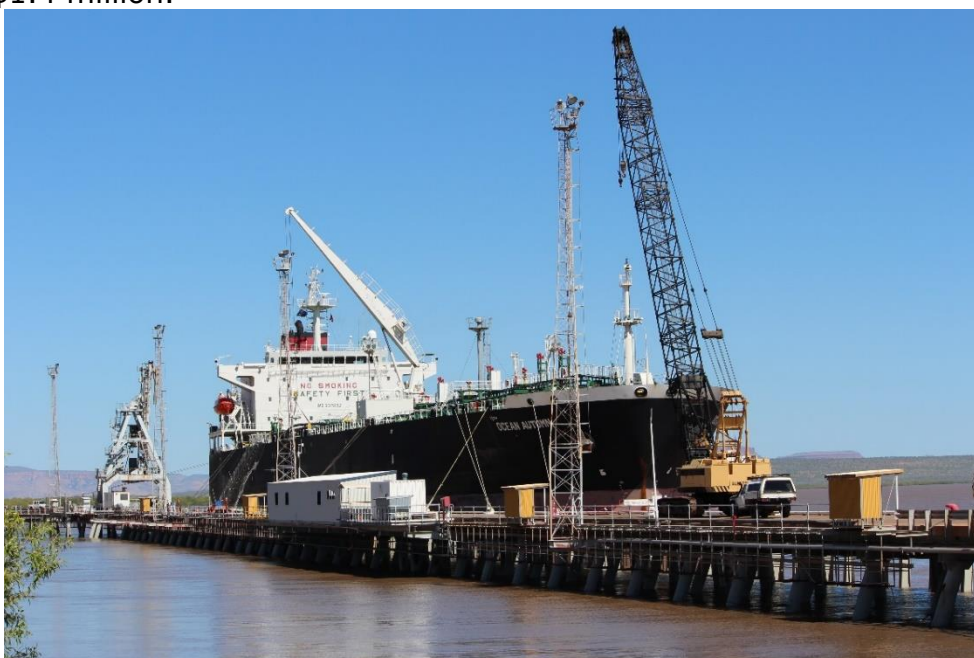
Production from the Ungani Oilfield for the quarter totalled ~88,000 bbls (gross) at an average daily rate over the period of ~970bopd (December quarter 104,000 bbls at ~1,130bopd).

Production in early January was shut in for several days prior to the 10 January lifting with storage reaching tank tops due to delays in the scheduled arrival of the offtaking vessel at Wyndham. In addition, crude production through January and February was affected by a number of short-term closures of the Ungani access road from normal wet season rainfall.

Ungani crude oil continues to be trucked to CGL storage Tank 10 at Wyndham Port prior to its FOB sale. With all currently configured wells online, field production capacity is ~1,500 bopd. Field operating costs are being reduced to the extent possible and the COVID-19 management protocols have had no material effect on the Company's operational capability. The Company's policy of staffing its operations locally with no FIFO staff has been a positive in this regard, along with the location of the facilities which are not proximate to any Kimberley remote Aboriginal communities.

Oil Sales

Ungani crude sales for the quarter totalled ~142,000 bbls (gross) from two liftings by Petro-Diamond Singapore Pte Ltd (PDS). The first lifting was completed on 10 January by the ST Jacobi for ~78,000 bbls at a realised FOB price of ~A\$86/bbl, providing a cash inflow for Buru's 50% share of ~A\$3.4 million. The second lifting was significantly impacted by the decline in global crude oil prices. It was completed on 15 March by the SCF Yenisei for ~64,000 bbls with a final realised FOB price of ~A\$45/bbl resulting in Buru's 50% revenue share of ~A\$1.4 million.



Ungani crude lifting at Wyndham

The price per barrel received FOB Wyndham under the current PDS contract is the realised average Brent oil price during the month of loading, less the buyer's fixed discount. The next lifting is scheduled for mid-May and the current PDS contract expires on 30 June. The global crude market environment is being closely monitored by the joint venture. The Ungani joint venture is in a fortunate position compared to many other producers in that, as it has done in the past, it is able to temporarily shut in the field if oil prices and associated trading terms deteriorate further for a prolonged period.

Development

The Halliburton coil tubing unit arrived at the Ungani 6H wellsite in early March. Coil tubing operations then commenced at the well with milling operations on the cement shoe track at the total depth of the well. The shoe track was successfully milled out after a number of issues were encountered, but the coil drilling assembly subsequently became stuck in the area of the shoe track. After numerous unsuccessful attempts to free the stuck string, it was agreed to suspend the well and demobilise all contractor and rental equipment including the coil tubing unit. The well will remain suspended at least until the current economic conditions, the oil price and the COVID-19 restrictions have stabilised.

Exploration

The Company has some 22,000 square kms of exploration permits under licence in the most prospective areas of the Canning Basin containing a large inventory of drill ready conventional oil exploration targets as well as a very large liquids rich tight gas accumulation.

It has been conducting a detailed regional technical review to identify leads and prospects additional to the currently defined prospect portfolio and this was completed during the quarter. It is very encouraging that this review has not only confirmed the Company's extensive and high potential prospect portfolio, but has also identified several new exploration play areas with potential for large scale conventional oil discoveries.

Areas identified that have broadened the prospectivity of the Company's conventional oil exploration portfolio outside its currently identified Ungani Dolomite and Reeves plays include:

- confirmation of a major new oil source area in the vicinity of the world scale Rafael prospect,
- the identification of untested potential in the very large structural closures in the basin centre, and
- a previously unrecognised Devonian aged salt section with mapped large-scale pre-salt structures and overlying potential for pinnacle reef development.

A farmout process incorporating the results of the review and these new play types has now commenced. Ocean Reach Advisory has been engaged to assist with the process, having previously advised the Company on the sale of a 50% interest in the Ungani Oilfield in 2018.

Despite the currently challenging market conditions, strong interest has been shown from a number of parties and technical due diligence material is being made available through a virtual data room.

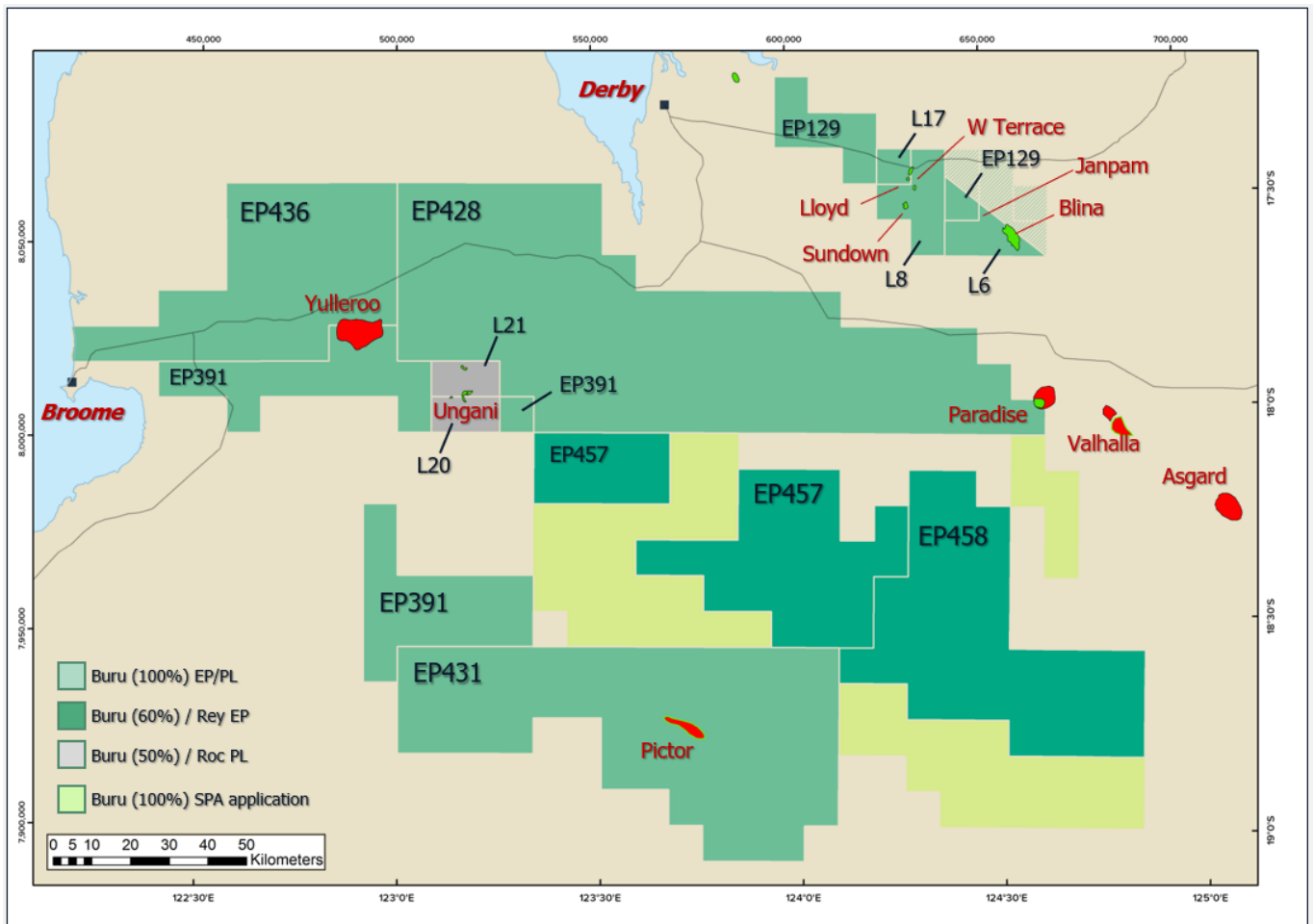
Blina Oilfield (L6 - Buru Energy 100%)

As set out above, all discretionary capital and exploration expenditure has been deferred and there is no current plan to resume production at the Blina Oilfield in the current lower oil price environment and COVID-19 related operating restrictions. Maintenance and well inspections are continuing as required.

Yulleroo Gasfield (EP 391 & EP 436 - Buru Energy 100%)

The Yulleroo Gasfield includes four wells that have defined a substantial gas accumulation with a number of zones identified that have the potential for conventional gas production. The planned test of the conventional gas flow potential of the Yulleroo 3 well has also been deferred in accordance with the Company's suspension of all discretionary activity.

Current feasibility studies for the establishment of a major solar power precinct at Yulleroo with "gas firming" will be progressed with the objective of finalising a pre-feed study later in 2020.



Permit and Licence interests-

Financial

The Company's balance sheet remains strong with ~\$30.1 million in cash and cash equivalents as at 31 March 2020. Net trade payables and accruals at the end of the quarter of ~\$3.5 million will be reflected as cash outflows in the June quarter. Net trade payables and accruals include joint venture contributions received in advance, expenditure incurred during coil tubing operations at Ungani 6H during March, and the true up payment to the buyer of the March lifting of Ungani crude as set out below.

The remaining loan liability to Alcoa of \$2 million plus interest is due on 31 December 2020.

The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter which is summarised as follows:

Cashflows	Mar 2020 Quarter
Production (net)	\$3.5m
Development	(\$2.7m)
Exploration	(\$2.4m)
Administration and Corporate	(\$0.7m)
Total cash outflow	(\$2.3m)
Closing cash	\$30.1m

Production: Production cash flows included Buru's share from two liftings during the quarter totaling ~142,000 bbls (gross) as detailed above, less cash costs for Ungani crude production. The second lifting completed on 15 March by the SCF Yenisei for ~64,000 bbls was provisionally invoiced at ~A\$1.9 million for Buru's 50% share, with that cash inflow recorded in the March quarter. However, the final realised FOB price of ~A\$45/bbl resulted in Buru's 50% revenue share decreasing to ~A\$1.4 million. The ~A\$0.5 million cash outflow for the true up with the buyer will be reflected in the June quarter production cash flows.

Development: Cash outflows primarily comprised of Buru's share of capital costs associated with Ungani 6H and 7H well operations and residual costs from the 2019 drilling program. The majority of the cash outflows from the coil tubing operations at Ungani 6H during March will be reflected in the June quarter cash flows.

Exploration: Cash outflows comprised residual 2019 drilling program costs, as well as ongoing expenditures relating to desktop geological and geophysical work, asset integrity and Traditional Owner engagement.

Schedule of interests in permits as at 31 March 2020

<u>Permit</u>	<u>Type</u>	<u>Ownership</u>	<u>Operator</u>	<u>Location</u>
L 6*	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 20	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
L 21	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
EP 129*	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 391	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 428	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 431	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 436	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 457	Exploration permit	60.00%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP 458	Exploration permit	60.00%	Buru Fitzroy Pty Ltd	Canning Basin, WA

* Excluding the Backreef Area.

This ASX announcement has been authorised for release by the Buru Board of Directors.

For further information, visit www.buruenergy.com or contact:

Eric Streitberg, Executive Chairman

Telephone: +61 8 9215 1800

Freecall: 1800 337 330

Email: info@buruenergy.com

About Buru Energy

Buru Energy Limited (ASX: BRU) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. It owns and operates 50% of its flagship high quality conventional Ungani Oilfield project and 100% of its potentially world class tight gas resources and exploration areas.

The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin in an environmentally and culturally sensitive manner.

Qualified Petroleum Resources Evaluator Statement

Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information compiled by Eric Streitberg who is an employee of Buru Energy Limited. Mr Streitberg is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 40 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this document.

Forward Looking Statements

This document has been prepared by Buru Energy Limited ABN 71 130 651 437 ("Buru Energy"). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to:

Price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Buru Energy's operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements, including native title arrangements.

Although Buru Energy believes that the expectations raised in this document are reasonable there can be no certainty that the events or operations described in this document will occur in the timeframe or order presented or at all.

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All dates in this document are for calendar years. All references to \$ are in Australian currency, unless stated otherwise.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

BURU ENERGY LIMITED

ABN

71 130 651 437

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,316	5,316
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(2,403)	(2,403)
(b) development	(2,755)	(2,755)
(c) production	(1,794)	(1,794)
(d) staff costs	(586)	(586)
(e) administration and corporate costs	(281)	(281)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	135	135
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,368)	(2,368)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,417	32,417
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,368)	(2,368)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	94	94
4.6	Cash and cash equivalents at end of period	30,143	30,143

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,431	2,472
5.2	Term deposits	24,712	29,945
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	30,143	32,417

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	214
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts included in 6.1 are remuneration payments made to Directors

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities (Alcoa)	2,000	2,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	2,000

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Alcoa Loan

The Alcoa liability of \$2,000,000 will be payable on or before 31 December 2020.

The loan remains unsecured, subject to an agreed interest rate of 5% per annum.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,368)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,368)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	30,143
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	30,143
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	13

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 April 2020

Authorised by: 
Shane McDermott – Chief Financial Officer and Company Secretary

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.