

## **Farm-out of EP457 and EP458 Canning Basin permits to significantly advance exploration**

---

Buru Energy Limited (Buru) (ASX: BRU) is pleased to announce that it has entered into a farm-out transaction via a binding letter agreement with the Origin Energy Group (Origin) (ASX:ORG) for an exploration program on the EP457 and EP458 permits. Buru's current joint venture partner in the permits, Rey Oil and Gas Pty Ltd (Rey), has also agreed to participate in the farm-out (the Transaction). The full details of the Transaction are set out in the attachment.

The EP457 and EP458 permits lie to the south of Buru's 100% owned exploration permits which are also subject to a separate farm-out transaction with Origin announced today (see attached map).

### **Transaction Highlights**

- In return for funding the agreed exploration program (the Initial Work Program) as set out in detail in the attachment, Origin will earn a 40% interest in the EP457 and EP458 permits with a 20% equity interest being contributed by each of Buru and Rey. Accordingly, the post farm out equity interests in both permits will be Buru (40%), Origin (40%) and Rey (20%).
- The Initial Work Program consists of a 2D seismic acquisition survey targeting potential large-scale drilling prospects within EP457 and EP458 (Celestine seismic survey) at an approximate cost of \$3 million. It is intended that the survey will be undertaken during the 2021 Canning Basin field season in conjunction with seismic surveys planned by Buru in adjacent permits.
- Origin will pay the first \$3 million of expenditure towards the acquisition cost of the Celestine seismic survey with any expenditures in excess of this carry amount being paid by the parties in accordance with their participating interests (subject to Buru's existing loan carry obligations to Rey – refer attachment).
- Origin has options to either withdraw or fund further activity in the permits as set out in more detail in the attachment. If fully exercised, these options require Origin to fund (on a carried basis) an additional \$6 million of exploration drilling expenditure to maintain its 40% interests in these two permits.
- Buru will remain operator of the permits.

The farm-in party (Origin Energy West Pty Ltd) is a wholly owned subsidiary of Origin Energy Limited which is a major Australian integrated energy company.

This transaction provides the funding to significantly advance exploration on these relatively unexplored permits where the potential for several new play types has been identified on existing seismic data and by regional geological modeling. It is expected that the planned Celestine 2D seismic survey will confirm large scale targets for future drilling.

Further details about the Transaction and the applicable conditions are set out in the Attachment.

**Buru’s Executive Chairman Eric Streitberg said:**

*"This transaction has been concluded after an extensive and competitive farm-out process that has included thorough technical and corporate due diligence, during a challenging period for all parties due to the pandemic restrictions.*

*The EP457 and EP458 permits have seen little modern exploration and have generally poor seismic coverage, but notwithstanding this, several high potential play types have been identified by Buru’s technical team. These plays require a modern high quality seismic grid to transform them from concepts to prospects, and the funding from Origin will allow us to acquire this seismic data in a timely and technically robust manner.*

*Origin are a well credentialled and experienced Australian energy company and the Joint Venture welcome their technical and financial support to unlock the potential of these permits."*

**Advisers**

Buru was advised on the Transaction by Ocean Reach Advisory.

**Authorisation**

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

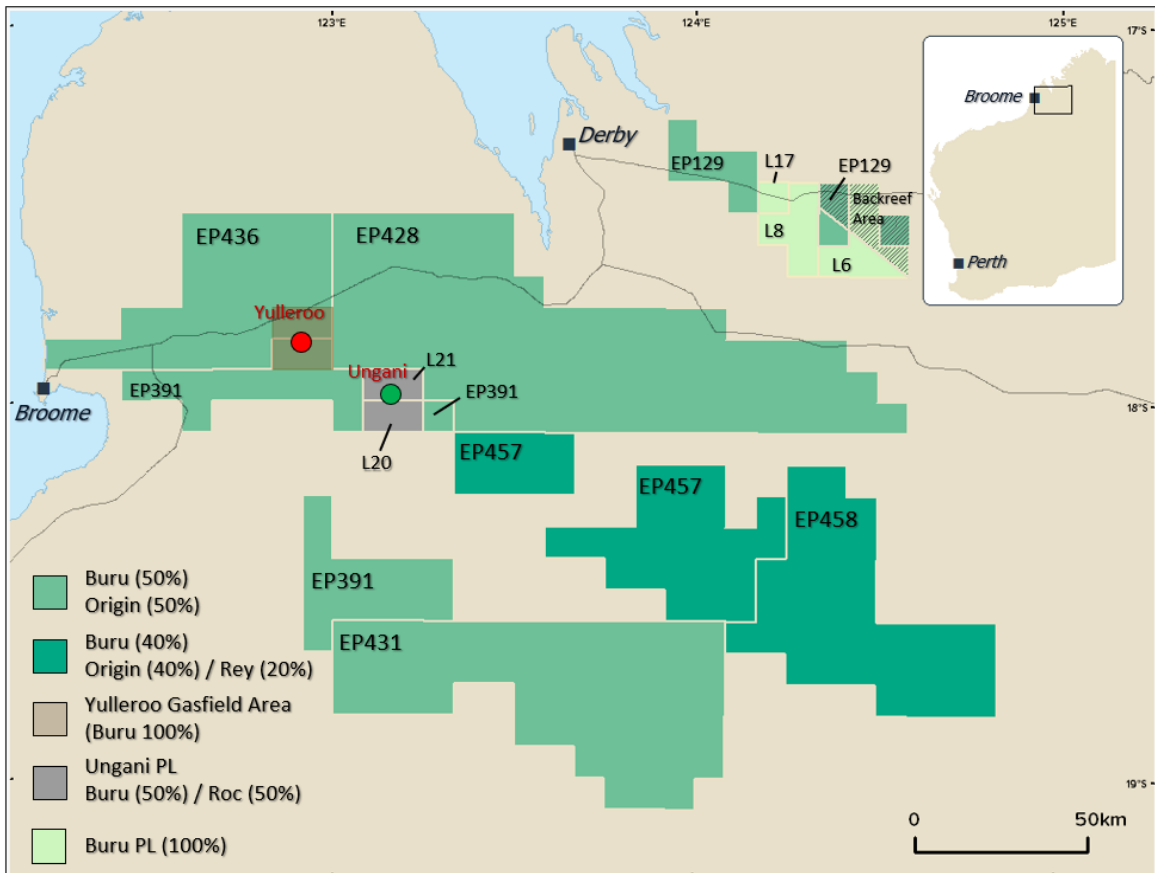
For further information, visit [www.buruenergy.com](http://www.buruenergy.com) or contact:

Eric Streitberg, Executive Chairman

Telephone: +61 8 9215 1800

Freecall: 1800 337 330

Email: [info@buruenergy.com](mailto:info@buruenergy.com)



## Attachment

### Details of the transaction in accordance with ASX Guidance Note 8

#### A. Parties to the Agreement are:

Buru Fitzroy Pty Ltd (Buru)  
Rey Oil and Gas Pty Ltd (Rey)  
Origin Energy West Pty Ltd (Origin)  
Buru Energy Limited  
Rey Resources Ltd  
Origin Energy Upstream Holdings Pty Ltd

#### B. The assets the subject of the transaction with before and after holdings:

Permit	Registered Holders before Transaction	Permit Type	Registered Holders after Transaction
EP457	Buru 60% and Rey 40%	Exploration Permit	Buru 40%, Origin 40% and Rey 20%
EP458	Buru 60% and Rey 40%	Exploration Permit	Buru 40%, Origin 40% and Rey 20%

#### C. Summary of key contractual matters

##### Binding Letter Agreement – Exploration Permits EP457 and EP458

1. The parties have today entered into a fully binding letter agreement (Agreement) which commits the parties to negotiate and execute a farm-in agreement by no later than 31 March 2021. If the parties are unable to agree and enter into a farm-in agreement by that date (or such later date as may be agreed), the Agreement binds the parties to proceed with the transaction based on its terms and effect Completion by 12 April 2021.
2. Upon entering into the transaction documentation and permit transfers (Completion), Origin will be assigned a 20% interest from each of Buru and Rey in each of the Exploration Permits, subject to the approval and registration of the dealings and transfers by the WA regulatory authority (DMIRS).
3. The Farm-in Consideration to be provided by Origin is as follows:
  - 3.1. Initial Work Program Carry Amount
    - a. Origin to pay the first \$3 million of expenditure towards a 2D seismic acquisition survey targeting potential drilling prospects within EP457 and EP458, the exact scope and costs still to be finalised.
    - b. Any expenditures in excess of the Initial Work Program Carry Amount will be paid by the parties in accordance with their participating interests (subject to Buru's existing loan carry obligations to Rey – refer below).

Note: The Initial Work Program detailed above will be undertaken during the 2021 Canning Basin field season, subject to the availability of seismic acquisition services.

### 3.2. Contingent Well Carry Obligation

Origin has the option, to be exercised by an agreed date, to retain its 40% interests in EP457 and EP458 by committing to drill one well in either permit with a carry of \$6 million towards the costs of drilling that well. Alternatively, Origin may reduce its interests in each of EP457 and EP458 to 20% after the option exercise date (by assigning a 10% interest in each permit to each of Buru and Rey for \$1 each) and with no remaining carry obligation towards any well. Origin may also decide to withdraw from EP457 and EP458 at any time after the Initial Work Program is completed until the option exercise date by re-assigning a 20% interest in each permit to each of Buru and Rey for \$1 each.

Note: Any expenditures incurred on these permits in excess of this contingent carry obligations will be funded by the parties' in accordance with their participating interests (subject to Buru's existing loan carry obligations to Rey – refer below).

4. The farm-in carry amounts contributed by Origin for the Initial Work Program and the Contingent Well will be shared equally by Buru and Rey, with Rey's net funding contributions being further adjusted by way of the existing loan carry funding arrangement with Buru whereby Buru is obligated to fund 6.664% of joint venture costs that accrue on Rey's behalf.
5. On Completion, Origin will be assigned a 40% interest in each of the existing joint operating agreements for EP457 and EP458.
6. Buru will remain operator of the Exploration Permits.
7. The Agreement includes warranties, indemnities and limitation of liability clauses standard for a transaction of this nature.

#### **D. Commercial implications**

Apart from Origin's Farm-in Consideration as detailed above, Origin will fund 40% of agreed operator costs for each permit. To the extent that any of Origin's farm-in carry obligations on seismic or well costs are not reached, the shortfall will be applied to 100% of subsequent joint venture expenditure or paid equally to Buru and Rey upon Origin's withdrawal from the Exploration Permits should it elect to do so within the agreed period.

#### **E. Other matters**

The transaction does not involve the issue of securities or changes to the Board or management of Buru.