

Farm-out of Buru's Canning Basin portfolio kicks off basin-wide exploration program

Buru Energy Limited (Buru) (ASX: BRU) is pleased to announce it has entered into a farm-out transaction with the Origin Energy Group (Origin) (ASX:ORG) for a Canning Basin-wide exploration program that will include the drilling of the world class Rafael conventional oil prospect (the Transaction).

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 50% interest in all of Buru's five currently 100% held exploration permits (Buru Permits). In a separate transaction announced today Origin will also earn an interest in the EP 457 and EP 458 permits held by subsidiaries of Buru and Rey Resources Ltd.
- The Initial Work Program includes a commitment to drilling the Rafael 1 and Kurrajong 1 wells as soon as practicable in 2021 after the end of the current northern Australian wet season. Origin will provide individual carry amounts totaling \$16 million for these well costs, and will provide an additional \$1 million payment to Buru in recognition of past costs.
- The Initial Work Program further includes the acquisition of extensive regional and prospect level seismic programs on the Buru Permits during 2021, with Origin carrying the first \$3 million of this seismic acquisition expenditure.
- Origin will also carry the first \$4 million of expenditure if the joint venture decides to acquire a 3D seismic program over the Rafael prospect area within the Buru Permits after the drilling of the Rafael 1 well.
- Origin has options to either withdraw or fund further activity in two of the Buru Permits as set out in more detail in the attachment. If fully exercised, these options require Origin to fund (on a carried basis) up to an additional \$10 million of exploration expenditure to maintain its 50% interests in these two permits.
- The Transaction does not include the Yulleroo Gasfield, which will be retained 100% by Buru.

Buru will remain as operator of all exploration permits.

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

This transaction provides the funding and certainty for a basin-wide exploration program commencing during the 2021 Canning Basin operational field season.

Further details of 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.

It affirms Buru's view that the Canning Basin is underexplored and is an attractive area for new field exploration, building on Buru's existing oil and gas discoveries. We are delighted

that we now have a firm commitment to drill the world class Rafael prospect and we will be entering into a rig contract for the drilling program as soon as practicable.

We are also excited to be joined in the Basin by Origin who are highly experienced in both the upstream and downstream oil and gas business in Australia and bring particular operational and marketing skills in the dynamic and growing Australian gas market.

Buru's predecessor, ARC Energy, also had a long and fruitful joint venture relationship with Origin in the Perth Basin. Their joint discovery and development of the Hovea Oilfield in 2001 and the Xyris Gasfield in 2004 kickstarted the renaissance of the Perth Basin which has resulted in nationally significant oil and gas discoveries. We look forward to a similar successful journey with Origin in the Canning Basin."

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.

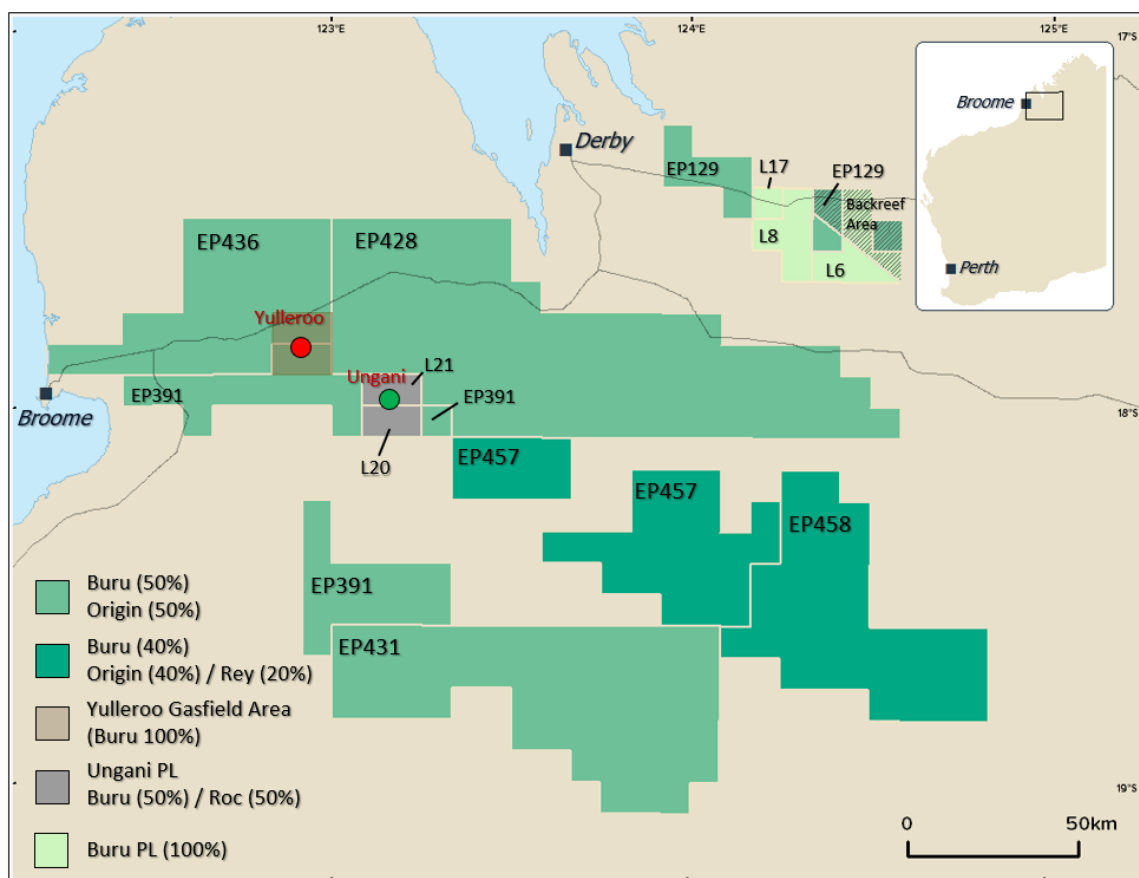
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Attachment

Details of the transaction in accordance with ASX Guidance Note 8

A. Parties to the agreement are:

Buru Energy Limited (Buru)
Origin Energy West Pty Limited (Origin)
Origin Energy Upstream Holdings Pty Ltd (Origin Upstream)

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

Permit	Registered Holder before Transaction	Permit Type	Registered Holders after Transaction
EP391*	Buru 100%	Exploration Permit	Buru 50% and Origin 50%
EP428	Buru 100%	Exploration Permit	Buru 50% and Origin 50%
EP436*	Buru 100%	Exploration Permit	Buru 50% and Origin 50%
EP129	Buru 100%	Exploration Permit	Buru 50% and Origin 50%
EP431	Buru 100%	Exploration Permit	Buru 50% and Origin 50%

* Origin's interests in these Exploration Permits excludes the Yulleroo Gasfield Area (4 defined graticular blocks within these Exploration Permits – refer map)

C. Summary of key contractual matters

Farm-in Agreement (FIA) and Joint Venture Agreements (JOA) – Exploration Permits EP391, EP428, EP436, EP129 and EP431

1. Upon Completion (which occurred simultaneously with the execution of the FIA and other associated documents and deeds today), Origin will be assigned a 50% interest in each of the Exploration Permits which is subject to the approval and registration of the dealings and transfers by the WA regulatory authority (DMIRS).
2. The Farm-in Consideration to be provided by Origin is as follows:
 - 2.1. Initial Work Program Carry Amounts
 - a) Origin to pay the first \$9.6 million of expenditure towards the drilling of the Rafael 1 well (EP428) and first \$6.4 million towards the Kurrajong 1 well (EP391).
 - b) Origin to pay the first \$3 million of expenditure towards 2D seismic acquisition surveys targeting new potential drilling prospects within EP391, EP428 and EP436, with the final scope and costs to be agreed by the parties.
 - c) Any expenditures incurred by the joint ventures in excess of the respective Initial Work Program Carry Amounts will be paid by the parties in accordance with their participating interests.

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

2.2. Back Costs Payment

Upon approval and registration of the dealings and transfers by DMIRS, Origin will make a one-off payment of \$1 million to Buru as part reimbursement for past exploration costs.

2.3. Contingent Carry Obligations

- a) Origin to pay the first \$4 million towards a 3D seismic survey over the Rafael Prospect within EP428 should the survey be agreed to be acquired after the drilling of the Rafael 1 well.
- b) Origin has the option, to be exercised by an agreed date, to retain its 50% interest in EP129 by agreeing to drill a well with a carry of \$6 million towards the costs of drilling that well. Alternatively, Origin may reduce its interest in EP129 to 20% after the option exercise date (by assigning 30% to Buru for \$1) and with no remaining carry obligation towards any well. Origin may also decide to withdraw from EP129 at any time prior to or upon the option exercise date and re-assign its 50% interest to Buru for \$1.
- c) Origin has the option, to be exercised by an agreed date, to retain its 50% interest in EP431 by agreeing to drill a well with a carry of \$4 million towards the costs of drilling that well. Alternatively, Origin may reduce its interest in EP431 to 20% after the option exercise date (by assigning 30% to Buru for \$1) and with no remaining carry obligation towards any well. Origin may also decide to withdraw from EP431 at any time prior to or upon the option exercise date and re-assign its 50% interest to Buru for \$1.

Note: Any expenditures incurred on these permits in excess of the applicable contingent carry obligations will be funded by the parties' in accordance with their participating interests.

3. Buru has retained a 100% beneficial interest in the Yulleroo Gasfield Area which would be excised from the respective exploration permits upon the grant of any future retention or production licence over the Yulleroo Gasfield to be held 100% by Buru. Origin has been granted a time limited first right of refusal to acquire an interest in the Yulleroo Gasfield Area.
4. In addition to Origin's withdrawal rights in relation to EP129 and EP431 as set out above, Origin may withdraw and re-assign to Buru (for \$1 each) any of its 50% interests in EP391, EP428 and EP436 within a 6 months period after the Initial Work Program is completed.
5. Buru will remain operator of the Exploration Permits. Origin has the option to assume operatorship for any unconventional gas/liquids or large-scale conventional gas developments (excluding Yulleroo).
6. The FIA terms include warranties, indemnities and limitation of liability clauses standard for a transaction of this nature.
7. Buru and Origin have also entered into a joint venture operating agreement for each Exploration Permit which governs the relationship between the parties for all exploration, appraisal, development and production activities.

D. Commercial implications

Apart from Origin's Farm-in Consideration as detailed above, Origin will fund 50% of agreed operator costs for all permits. To the extent that any of Origin's farm-in carry obligations on wells or seismic are not reached, the shortfall will be applied to 100% of subsequent joint venture expenditure or paid to Buru upon Origin's withdrawal from the relevant permit should it elect to do so within the prescribed periods.

E. Other matters

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