

Buru Energy balance sheet restructured with variation of Alcoa repayments

Buru Energy Limited (Buru) is pleased to advise that it has entered into an agreement with Alcoa of Australia Limited (Alcoa) for the reschedule of its current debt repayment obligations.

The original gas sales agreement between ARC Energy Limited (subsequently Buru) and Alcoa was entered into in 2007. The gas sales agreement was for ARC Energy to supply up to 500 petajoules of gas to Alcoa at a gas price that reflected the long-term commitment between the parties and the realities of the Western Australian gas market in 2007. Under the terms of the original agreement, Alcoa made a \$40 million prepayment for gas which became due to be repaid when a final investment decision to supply gas did not occur by the agreed dates.

The terms of the repayment were varied most recently in August 2016 when the parties agreed that Buru would repay \$12.5 million of the \$25 million remaining at that time, on or before 28 December 2016, with the final \$12.5 million due for repayment on 30 June 2018. Buru made the first \$12.5 million repayment on 22 December 2016. The remaining \$12.5 million repayment due on 30 June 2018 was unsecured with no interest payable.

Buru and Alcoa have now reached a further agreement to vary the repayment terms under which payments will be made in the tranches set out below:

- \$5.0 million to be paid on or before 15 July 2017;
- \$2.5 million to be paid on or before 31 December 2018
- \$2.5 million to be paid on or before 31 December 2019
- \$2.5 million to be paid on or before 31 December 2020

The debt continues to be unsecured and will now be subject to an agreed market based interest rate on the outstanding balances commencing 1 January 2018, and payable annually in arrears. The \$2.5 million annual tranches are further subject to an accelerated capital repayment mechanism based on Buru's gross revenue from Ungani oil sales exceeding an agreed base level. This aligns the amortisation of the remaining Alcoa loan to the future oil revenue profile of Buru's 100% owned Ungani Field, and provides more funding flexibility for Buru to repay this debt from surplus cash flow.

Buru's cash balance at 30 June 2017 is \$18.7 million. The first proceeds from oil sales from production at Ungani will be received after the lifting of the first ~80,000 bbl cargo from Wyndham expected in September 2017.

Buru's Executive Chairman Eric Streitberg said:

"We are very pleased to have reached this agreement with Alcoa which provides repayment terms that are more aligned with the Company's operations and expected cash flows. The restructure means we now have flexibility in our financial arrangements and are looking forward to the income from the restart of production at Ungani. The relationship with Alcoa remains strong and we will continue to consult with them regarding their future gas requirements."

Visit www.buruenergy.com for information on Buru Energy's current and future activities.

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