

ASX Announcement

26 May 2022

Operations and Corporate Update

- *Rafael 1 well test program planning being advanced for third quarter execution*
- *Preparations for 3D seismic program over Rafael underway*
- *L20-1 onshore Carnarvon Basin activity advanced with farmout for well carry and CCS program*
- *Rights issue supported by major shareholders*

Rafael well test program

Planning for the proposed Rafael 1 well test is well advanced. Buru as operator has recommended to the Joint Venture that the program be undertaken using a coil tubing unit rather than a workover rig.

The use of a coil tubing unit for the operation will be more cost effective than using a workover rig. It also means the workover can be undertaken without the requirement to introduce heavy brines into the well for well control that could potentially cause a reduction in formation flow capacity.

Using a coil tubing unit will also allow the more accurate placement of treatment fluid across the zones of interest.

There are three coil tubing units potentially available in the third quarter of this year and advanced discussions are in progress to select a preferred contractor. The ancillary equipment required for the operations is also available during the third quarter.

The program will clean-up and test the lower barefoot zone that was previously tested during March this year, then perforate, clean up and individually flow test additional zones. These will include the zone in the main Ungani Dolomite reservoir section where gas influxes were encountered while drilling that is currently behind casing, and the Upper Laurel Dolomite where indications of light oil were encountered.

Based on the available well data and Buru's previous experience in the basin, the clean-up operation and testing of these additional zones has the potential to materially increase the flow rates compared to the initial test earlier this year.

The operation including the test program is planned to take 25 days.

Final details of the program are under review internally and by the Joint Venture, and will also require the usual regulatory approvals.



Coil tubing unit in operation at Ungani in 2020



Rafael 1 flow test during March 2022

Rafael Forward Program

Resource evaluation - At the completion of the planned test, the results will be reviewed by ERCE who recently completed an independent assessment of Rafael's Contingent and Prospective resources for Buru (refer Buru ASX release dated 26 April 2022). This next review by ERCE will be aimed at increasing confidence in the recovery factor and reservoir

deliverability in the Ungani Dolomite zone and the flow potential and liquids content (condensate/oil) in the untested Upper Laurel Dolomite zone. A successful flow test in the Upper Laurel Dolomite zone would allow reclassification of these resources from Prospective Resources to the more certain Contingent Resource category.

3D seismic program – Planning for the 3D seismic program to help define the locations of the planned appraisal wells is well advanced. Subject to final JV approval, the contractor, Terrex Seismic, is expected to be on ground to commence acquisition in August. The 3D data will also provide confirmation of the size of the structure and hence its resource potential.

Condensate analysis – The initial well test has produced condensate, a form of light oil, at high rates of some 40 barrels per million cubic feet of gas. This is a very valuable resource, as condensate is a light crude oil (~50 degrees API) that currently sells at a small discount to Brent or Tapis. The value of condensate is partly related to its composition, and Rafael condensate samples are currently being assayed for detailed yields, but by inspection from the chromatographic analysis, the Rafael condensate consists primarily of gasoline and diesel fractions.

For illustration, a field development with a production rate of 100 million cubic feet of gas per day, would potentially yield 4,000 barrels a day of condensate based on the initial well test data.



Condensate sample from first flow period

Discovery Assessment Report – A discovery assessment report for Rafael 1 was submitted to the regulator (DMIRS) on 25 May 2022. The requirement to submit a discovery assessment report to DMIRS is an important and essential step towards obtaining a production licence and ensures that the Minister is fully informed of the details of the discovery and plans for appraisal.

The contents of the discovery assessment report include a preliminary estimate of the location and areal extent of the hydrocarbon pool, details of the geological structure, the chemical composition and physical properties of the hydrocarbons, the rate of flow, a preliminary estimate of the quantity of recoverable hydrocarbons and plans for the further evaluation (appraisal) of the discovery.

Following acceptance of the discovery assessment report by DMIRS, the regulations then allow for an application for the declaration of a Location to be lodged over the discovery after which there is an initial period of two years within which an application may be made for a Production Licence to allow production to commence.

Commercialisation – As previously reported, Buru is undertaking an intensive review of commercialisation options for the Rafael gas condensate discovery assisted by its corporate consultants and other appropriate engineering and technical consultants. The first phase of this process is a Concept Select program which is building on the previous work that Buru has undertaken in regard to its substantial tight gas resources in the Kimberley. These activities are progressing well with engagement with Government, regulatory agencies and potential partners and service providers.

Carnarvon Basin farmout and CCS alignment

As detailed in the ASX release of 24 May 2022, Buru has entered into a farmout agreement with Energy Resources Limited (EnRes) that will provide the Company with a full financial carry for its near term Carnarvon Basin exploration and Carbon Capture and Storage (CCS) study programs.

The Joint Venture's intention is to drill two wells on the L20-1 area in the onshore Carnarvon Basin in the second quarter of 2023 on well-defined prospects that have similarities to the Company's existing oil and gas discoveries in the Canning Basin.

The Carbon Capture and Storage feasibility study that will now be funded by a Commonwealth Grant and EnRes, will also provide Buru with market leading expertise in CCS which is an essential project enabler for future gas developments.

Rights Issue

The Company's current entitlement offer to shareholders is on the basis of 1 share for every 6 held at a price of 16 cents with the offer closing at 5pm (AEST) on 31 May 2022.

The Company's major shareholders have indicated their support for the issue, and interest has also been received from shareholders and investors in potentially participating in any placement that may arise from a shortfall.

The funds raised will be used to progress the Rafael appraisal and commercialisation program including the near term production test.

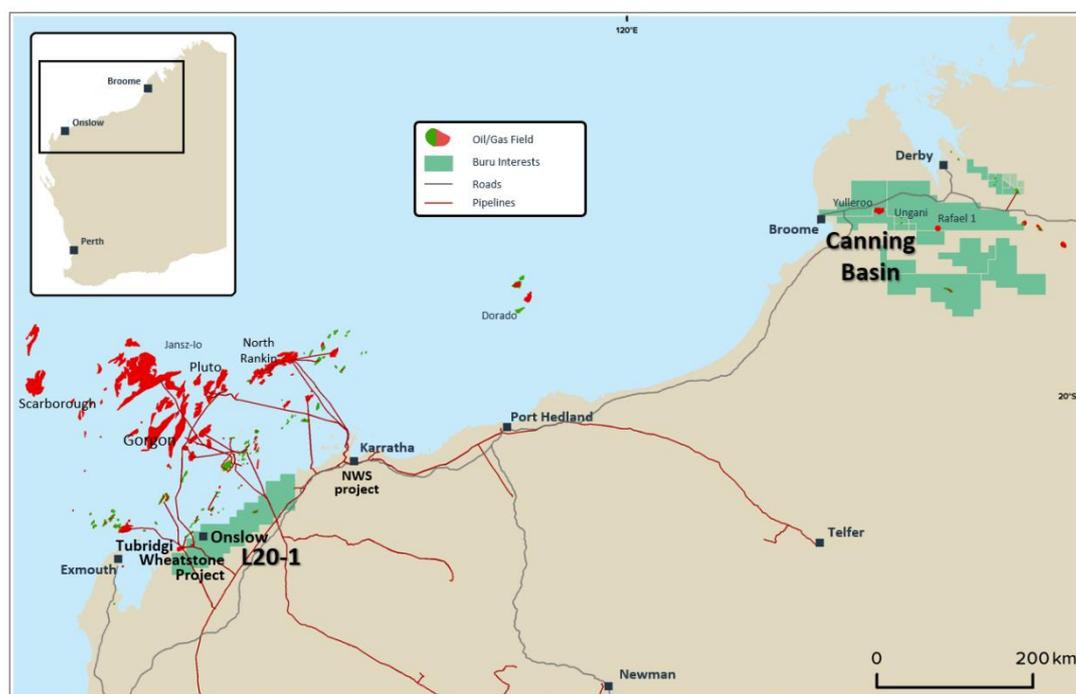
Eric Streitberg, Buru's Executive Chairman said:

"We are very pleased that our further testing program for Rafael is on track and we have identified a low cost and efficient way to get it done in the relatively short term. Given the zonal treatment and perforation program we are proposing, we believe that we should be able to materially increase the flow rates, based on our experience with similar reservoirs in our other wells with dolomitic reservoirs in the Canning Basin.

Our recent transactions involving our Carnarvon Basin interests have both accelerated our planned CCS activities and provided additional funding that lets us focus on the Rafael program.

The commercialisation concept select activity for the Rafael gas discovery is also proceeding well with the help of our external consultants and building on our previous commercialisation activity.

The next few months are going to be very exciting as the Rafael testing program gets underway and our commercialisation and CCS activity ramps up."



Authorisation

This ASX announcement has been authorised for release by Eric Streitberg, the Executive Chairman of Buru Energy.

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