



**Buru Energy Limited**  
**ABN 71 130 651 437**

**Interim Financial Report**  
**For the six months ended 30 June 2022**

**BURU ENERGY LIMITED**  
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**BURU ENERGY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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The Directors present their report together with the condensed consolidated interim financial statements of the Group comprising Buru Energy Limited (Buru, Buru Energy or the Company) and its subsidiaries for the six month period ended 30 June 2022 and the auditor's independent review report thereon.

### **Directors**

The Directors of the Company in office at any time during or since the end of the period are as follows:

- Mr Eric Streitberg – Executive Chairman
- Mr Robert Willes – Non-Executive
- Ms Joanne Kendrick – Non-Executive
- Mr Malcolm King – Non-Executive

Subsequent to the resignation of the Company's Secretary and Chief Financial Officer, Mr Shane McDermott, Mr Alex Forcke has been appointed as Company Secretary on an interim basis with effect from 8 July 2022, pending the appointment of a new Chief Financial Officer and Company Secretary.

### **Principal Activities**

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin and Carnarvon Basin, in the northwest of Western Australia. The Group has also been progressing a number of initiatives to ensure it is part of the energy transition both through internal Buru activity and through three subsidiaries, 2H Resources (natural hydrogen), Geovault (carbon capture and storage) and Battmin (battery minerals). There were no significant changes in the nature of the Group's principal activities during the period.

### **Review of Operations**

#### **Ungani Oilfield - L20 & L21 (Buru Energy 50% interest and Operator)**

The Company produces oil from its 50% owned and operated conventional Ungani Oilfield located some 100 kilometres to the east of Broome. Oil production is trucked from the Ungani Oilfield to a storage tank at the Port of Wyndham where it is then sold under a marketing agreement with BP Singapore Pte Limited (BP), primarily to SE Asian refineries. Under the marketing contract, the price received is the actual price BP sell the crude to the refinery (being a fixed differential to the average dated Brent price for the month of delivery), less shipping and associated costs.

Ungani oil sales receipts for the six-month period totalled ~A\$14.2 million (Buru Energy's 50% share \$7.1 million) from two liftings of approximately 106,600 bbls (gross) from Wyndham Port at an average FOB Wyndham price of ~A\$137/bbl. The second lifting commenced on 30 June and was completed on 1 July for a total of 76,080 bbls, with 36,126 bbls (Buru Energy's 50% share ~A\$2.7 million) recognised as revenue in H1 and 39,954 bbls (Buru Energy's 50% share ~A\$3 million) recognised as revenue in H2 2022. Sales receipts for the comparative six months ended 30 June 2021 period totalled ~A\$5 million (Buru Energy's share ~\$2.5 million) from ~70,000 bbls from one lifting at an average FOB Wyndham price of ~A\$72/bbl.

Production from the Ungani Oilfield for the six months ended 30 June 2022 totalled ~91,400 bbls (Buru Energy's 50% share ~45,700 bbls). Production for the comparative six months ended 30 June 2021 was 116,500 bbls (gross). Subsequent to the end of the reporting period, a maintenance well workover was successfully undertaken to replace production tubing and install a larger submersible pump in the Ungani 5 well. The larger pump has resulted in an increased oil production rate from that well due to its higher fluid capacity.

Commercial and technical analysis of the potential for additional production wells at Ungani continued at the end of the period. Any further drilling is subject to further commercial, technical and operational analysis, rig availability, and relevant joint venture and regulatory approvals. However, given the lack of suitable rigs to undertake drilling operations during the current dry season, any additional wells will be deferred until 2023.

**BURU ENERGY LIMITED  
DIRECTORS' REPORT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

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**Exploration – EP 129, EP 391, EP 428, EP 436, EP 431, EP457 & EP458 (Buru Energy 40% to 50% interests and Operator)**

Rafael Gas and Condensate Discovery

The Rafael 1 well is located on Exploration Permit EP 428 in the Canning Basin, some 50 kilometres to the east of the Ungani Oilfield and some 150 kilometres east of Broome. The well was drilled in late 2021 on a large regional structure as part of the farmin program by Origin Energy and encountered wet gas in several zones.

A flow testing program was undertaken in March 2022 over the lower open hole section of the interpreted gas bearing Ungani Dolomite section with the following material results:

- Gas flow rates of up to 7.6 mmscfd
- Ideal gas composition with measured condensate content of ~40 barrels per mmscf of gas and low levels of inerts in the gas
- Initial reservoir pressure of ~6,200 psi, with no observed pressure depletion during the test flow
- No reservoir boundaries seen during the test flow
- No evidence of produced formation water
- Confirmation of reservoir pressures significantly above regional hydrostatic gradients implying a substantially larger gas column than that seen at the well

Independent Resources Review

Subsequent to the successful flow test of the well, ERCE Australia Pty Ltd (ERCE), a specialist resource assessment consulting group, was commissioned by Buru to undertake an independent assessment of the gas and liquids resources of the Rafael 1 discovery.

The assessment incorporated the technical evaluation of the Rafael 1 well results and the subsequent flow test of a limited part of the interpreted hydrocarbon column in the well.

In summary, ERCE have assessed the accumulation to contain sufficient resources at the 3C level to have the potential for a major development project and at the 1C level sufficient resources to provide local Kimberley supply with a considerably reduced carbon footprint to current supply systems.

Proposed Rafael Appraisal Program

Subsequent to the Rafael discovery evaluation and flow test, Buru has been planning the acquisition of a 3D seismic survey over the Rafael structure, and a further flow test of the Rafael 1 well, as part of a systematic appraisal of the discovery. Planning for the acquisition of the Rafael 3D seismic survey and the Rafael flow test is well advanced, however, Buru has since been informed by its 50% joint venture partner Origin Energy that it will require additional time to consider the required internal approvals for these operations. This unexpected delay has caused the seismic operations to be deferred beyond this dry season and for the test program to be deferred until at least the fourth quarter of this year. Buru continues to work with Origin to obtain these approvals.

Commercialisation

The Rafael accumulation is located in the onshore of the Canning Basin in northwest Western Australia with no existing gas pipeline infrastructure. Buru is undertaking a structured pre-commercialisation program for the discovery including detailed economic analysis, engagement with Government and regulators and potential customers, together with pre-FEED analysis of development capital requirements. Buru is being assisted in this program by Poynton Stavrianou investment advisers, and a range of appropriate consultants.

Exploration work program

As required under the farmin arrangements for Origin to earn its interest in the Buru Canning Basin assets, Buru provided Origin with an indicative exploration and evaluation work program for the next three years for consideration by the Joint Venture. Buru has proposed a comprehensive work program with the objective of fully evaluating the Rafael structure and any potential follow-ups, and a systematic evaluation of the large areas of the permits that were covered by the 2021 seismic data acquired as part of the Origin farmin program.

**BURU ENERGY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

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## **Other Exploration Areas**

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

The Yulleroo Gasfield represents a significant asset for the Company and work continues to chart a development path for the field, with a previously completed pre-feasibility study providing the basis for discussions with potential customers for electricity and gas. A further technical review of the field was completed during the half year and planning work for a potential appraisal well targeting conventional reservoir has now been completed by the Buru technical team.

### Carnarvon Basin (EP 510 – Buru 50%, farming down to 25%)

In October 2020, Buru Energy and Energy Resources Limited (EnRes), a wholly owned subsidiary of Mineral Resources Limited, applied for block L20-1 as part of the 2020 State Government onshore Petroleum Acreage Release. The parties bid for this block on a 50/50 joint venture basis with Buru as operator. The L20-1 block covers the onshore portion of the Peedamullah Shelf, a geological unit bordering the main oil and gas productive area of the Carnarvon Basin. Oil and gas infrastructure in the area includes the Tubridgi gas storage field, the Wheatstone LNG gas processing plant and associated pipeline infrastructure and the gas pipelines from Varanus Island that cross the north of the block.

Buru's and EnRes' bid was successful, with the joint venture offered the award of the permit arising from L20-1 in March 2021. During the half year, the joint venture parties executed a heritage protection agreement with the Thalanyji People, who are the native title holders over parts of the application area, that will allow petroleum exploration activities to be undertaken on their lands. Subsequent to the completion of this agreement, the permit has now been granted by the WA Government as EP 510. The joint venture intends to drill two exploration wells on the permit as soon as practicable. The wells will target highly prospective Palaeozoic aged structures geologically analogous to Buru's discoveries in the Canning Basin.

### *Farmout Transaction*

On 24 May 2022 Buru and EnRes executed a farmout transaction agreement pursuant to which EnRes will assume the operatorship of the permit and be assigned a 25% interest from Buru such that the permit interests will be Buru 25% and EnRes 75% and operator. In return for the assignment of the interest and the operatorship, EnRes will carry Buru for the exploration program of the first two wells to be drilled in the permit to satisfy the minimum work requirements during the first two permit years including geological and geophysical studies.

## **Integrated Energy Projects**

The Company is progressing a number of initiatives to ensure it is part of the energy transition both through internal Buru Energy activity and through three wholly owned subsidiaries, Geovault (carbon capture and storage), 2H Resources (natural hydrogen) and Battmin (battery minerals).

### Geovault - Carbon Capture and Storage (CCS)

Buru has been undertaking CCS technical and commercial activity through its Geovault subsidiary, with a focus on onshore geological greenhouse gas (GHG) storage in the Carnarvon Basin (EP 510) and also in the Canning Basin. Buru has, as part of this activity, applied for and recently been offered, a Commonwealth Grant for matching funds of up to \$7 million to undertake a detailed technical review and field activity feasibility study to evaluate the CCS potential in the Carnarvon Basin area around EP 510 (CCS Feasibility Study).

### *Equity Alignment Agreement with EnRes*

In parallel with the execution of the farmout transaction with EnRes as discussed above, the parties also entered into an equity alignment agreement in relation to a CCS Joint Venture between the two companies. As part of this arrangement, Buru will undertake the CCS Feasibility Study work program as operator on behalf of the CCS Joint Venture, and EnRes will be the operator of the CCS Joint Venture in connection with any future GHG permit that is jointly granted to EnRes and Buru over all or parts of the EP 510 permit area. As consideration for its aligned equity interest in, and operatorship of, the future CCS Joint Venture, EnRes will contribute funds towards the CCS Feasibility Study to match the Commonwealth Grant of up to \$7 million. Any costs in excess of the matched Grant funds (totalling a maximum of \$14 million) for the CCS Feasibility Study will be allocated to the parties in accordance with their participating interests (75% EnRes/25% Buru).

**BURU ENERGY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

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### 2H Resources

2H Resources was established to apply the geological knowledge of its supporting shareholder Buru Energy in the exploration and appraisal of natural hydrogen accumulations. 2H has established an exploration portfolio in South Australia where the regulatory framework is in place for natural hydrogen exploration and is actively evaluating other areas where there is potential for natural hydrogen occurrences. Preparations for field work to identify and characterise hydrogen seeps using proprietary sampling technology continued during the reporting period.

### Battmin (battery minerals)

Battmin was initially formed to apply the geological knowledge that Buru had acquired in its extensive petroleum exploration activity in the Canning Basin to the exploration for minerals formed by similar processes, and often in association with, oil and gas accumulations. The geological conditions that form the hydrothermal dolomites that comprise the reservoirs in a number of Canning Basin oilfields also host hydrothermal lead/zinc deposits, generically known as Mississippi Valley (MVT) deposits.

Battmin's current activity is focused on its 50/50 joint venture with (and operated by) Sipa Resources Limited where a drilling program of up to four exploration holes along the Barbwire Terrace area in the Canning Basin has recently commenced on interpreted hydrothermal lead zinc targets. The drill program is the result of extensive geological and geophysical interpretation by the combined technical teams and the subsequent acquisition of targeted geophysical data and has had very encouraging initial results. Other mineral permit applications held by Battmin are being systematically high graded or relinquished as appropriate.

## **Corporate**

### Entitlement Issue

During the half year period Buru completed a 1 for 6 non-renounceable pro-rata entitlement issue raising a total of \$9.2 million before costs. The rights issue was well supported by major shareholders and resulted in the issue of some 57.6 million shares.

### Buru Management Restructuring

As part of the ongoing review of the Company's management structure the Company has appointed Mr Thomas Nador as Chief Executive Officer with a commencement date of 22 August 2022. Mr Nador's appointment was the result of an extensive local and international professional search. His most recent role was Group Executive – Development at Beach Energy, based in Perth. As CEO, Mr Nador will have responsibility for the Company's day-to-day operations and for delivery of a forward program to capitalise on the inherent value in the Company's assets.

The Executive Chairman, Eric Streitberg, will continue in his current role for an appropriate period as Mr Nador assumes day-to-day management of the Company. He will work closely with Mr Nador to ensure a smooth transition of responsibilities. Mr Streitberg will in due course, as part of the transition, assume the role of Non-Executive Chair to maintain oversight of the monetisation of Buru's growth opportunities.

On 8 July 2022, Buru announced that Alex Forcke, Buru's Commercial Manager, has assumed the role of Company Secretary following the resignation of the Company's Chief Financial Officer and Company Secretary, Shane McDermott. The recruitment process for a replacement Chief Financial Officer and Company Secretary has since been completed with the successful applicant due to commence in early October. The successful applicant will assume the role of Company Secretary upon commencement of his employment.

### After Balance Date Events

No significant events have occurred subsequent to balance date, other than described above in the Review of Operations.

### Dividends

**BURU ENERGY LIMITED  
DIRECTORS' REPORT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

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The Directors do not propose to recommend the payment of a dividend. No dividends have been paid or declared by the Company during the current period.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the period is set out on page 8 and forms part of this Directors' Report.

**Rounding Off**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016 and in accordance with that Corporations Instrument, amounts in the condensed consolidated interim financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.



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Mr Eric Streitberg  
Executive Chairman  
Perth  
7 September 2022



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Mr Robert Willes  
Non-Executive Director  
Perth  
7 September 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Buru Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Buru Energy Limited for the half-year ended 30 June 2022 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. No contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

7 September 2022

**BURU ENERGY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION AS AT 30 JUNE 2022**

<i>in thousands of AUD</i>	Note	30 Jun 2022	31 Dec 2021
<b>Current Assets</b>			
Cash and cash equivalents		19,001	23,723
Trade and other receivables		3,481	919
Inventories		1,794	2,035
<b>Total Current Assets</b>		<u>24,276</u>	<u>26,677</u>
<b>Non-Current Assets</b>			
Oil and gas assets	4	16,386	22,028
Exploration and evaluation expenditure	5	10,056	9,501
Property, plant and equipment		2,724	3,349
<b>Total Non-Current Assets</b>		<u>29,166</u>	<u>34,878</u>
<b>Total Assets</b>		<u>53,442</u>	<u>61,555</u>
<b>Current Liabilities</b>			
Trade and other payables		1,968	8,953
Lease liabilities		1,353	1,249
Provisions	6	1,884	1,776
<b>Total Current Liabilities</b>		<u>5,205</u>	<u>11,978</u>
<b>Non-Current Liabilities</b>			
Lease liabilities		162	790
Provisions	6	4,950	5,334
<b>Total Non-Current Liabilities</b>		<u>5,112</u>	<u>6,124</u>
<b>Total Liabilities</b>		<u>10,317</u>	<u>18,102</u>
<b>Net Assets</b>		<u>43,125</u>	<u>43,453</u>
<b>Equity</b>			
Contributed equity	8	296,018	286,891
Reserves		550	565
Accumulated losses		(253,443)	(244,003)
<b>Total Equity</b>		<u>43,125</u>	<u>43,453</u>

*The notes on pages 13 to 17 are an integral part of these condensed consolidated financial statements.*

**BURU ENERGY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

<i>in thousands of AUD</i>	<b>Note</b>	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
Revenue		7,185	2,539
Cost of sales		(3,485)	(2,863)
Movement in crude inventories		(241)	1,182
Amortisation of oil and gas assets	4	(1,380)	(1,481)
<b>Gross profit / (loss)</b>		<u>2,079</u>	<u>(623)</u>
Exploration and evaluation expenditure		(1,765)	(3,402)
Corporate and administrative expenditure	7	(2,272)	(1,706)
Impairment of oil and gas expenditure	4	(7,390)	-
Equity based payment expenses		-	(565)
<b>Results from operating activities</b>		<u>(9,348)</u>	<u>(6,296)</u>
Net finance income / (expense)		(107)	(2)
<b>Loss for the period before income tax</b>		<u>(9,455)</u>	<u>(6,298)</u>
Income tax expense		-	-
<b>Total comprehensive loss for the period</b>		<u><u>(9,455)</u></u>	<u><u>(6,298)</u></u>
<b>Loss per share (cents) and diluted loss per share (cents)</b>		(1.75)	(1.37)

*The notes on pages 13 to 17 are an integral part of these condensed consolidated financial statements.*

**BURU ENERGY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

*in thousands of AUD*

	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
<b>Balance as at 1 January 2021</b>	<b>271,857</b>	<b>528</b>	<b>(233,780)</b>	<b>38,605</b>
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(6,298)	(6,298)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(6,298)</b>	<b>(6,298)</b>
<b>Transactions with owners recorded directly in equity</b>				
Issue of ordinary shares, net of transaction costs	15,050	-	-	15,050
Equity based payment transactions	-	565	-	565
Employee share options forfeited	-	(82)	82	-
<b>Total transactions with owners recorded directly in equity</b>	<b>15,050</b>	<b>483</b>	<b>82</b>	<b>15,615</b>
<b>Balance as at 30 June 2021</b>	<b>286,907</b>	<b>1,011</b>	<b>(239,996)</b>	<b>47,922</b>

	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
<b>Balance as at 1 January 2022</b>	<b>286,891</b>	<b>565</b>	<b>(244,003)</b>	<b>43,453</b>
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(9,455)	(9,455)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(9,455)</b>	<b>(9,455)</b>
<b>Transactions with owners recorded directly in equity</b>				
Issue of ordinary shares, net of transaction costs	9,127	-	-	9,127
Equity based payment transactions	-	-	-	-
Employee share options forfeited	-	(15)	15	-
<b>Total transactions with owners recorded directly in equity</b>	<b>9,127</b>	<b>(15)</b>	<b>15</b>	<b>9,127</b>
<b>Balance as at 30 June 2022</b>	<b>296,018</b>	<b>550</b>	<b>(253,443)</b>	<b>43,125</b>

*The notes on pages 13 to 17 are an integral part of these condensed consolidated financial statements.*

**BURU ENERGY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH**  
**FLows FOR THE SIX MONTHS ENDED 30 JUNE 2022**

<i>In thousands of AUD</i>	Note	30 Jun 2022	30 Jun 2021
<b>Cash flows from operating activities</b>			
Cash receipts from sales		4,410	2,539
Payments for production		(3,075)	(2,424)
Net exploration and evaluation receipts/(expenditure)		(4,842)	3,465
Other payments to suppliers and employees		(1,750)	(1,447)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>(5,257)</u>	<u>2,133</u>
<b>Cash flows from investing activities</b>			
Interest received		20	33
Receipts from sale of plant and equipment		12	23
Payments for exploration and evaluation expenditure		(1,416)	-
Payments for oil and gas development		(6,482)	(2,796)
<b>Net cash outflow from investing activities</b>		<u>(7,866)</u>	<u>(2,740)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from the issue of share capital	8	9,126	15,050
Payments for lease liabilities		(648)	(622)
<b>Net cash inflow from financing activities</b>		<u>8,478</u>	<u>14,428</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(4,645)	13,821
Cash and cash equivalents at beginning of the period		23,723	21,428
Effect of exchange rate changes on cash and cash equivalents		(77)	(8)
<b>Cash and cash equivalents at the end of the period</b>		<u>19,001</u>	<u>35,241</u>

*The notes on pages 13 to 17 are an integral part of these condensed consolidated financial statements.*

**BURU ENERGY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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**1 Reporting Entity**

Buru Energy Limited (Buru, Buru Energy or the Company) is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2, 16 Ord Street, West Perth, Western Australia. The condensed consolidated interim financial statements of the Company as at, and for the six months ended, 30 June 2022 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in jointly controlled entities. The Group is primarily involved in oil and gas exploration and production in the Canning Basin in the Kimberley region of northwest Western Australia.

**2 Basis of Accounting**

These interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021 (last annual financial statements). They do not include all of the information required for full annual financial statements. The last annual financial statements are available at [www.buruenergy.com](http://www.buruenergy.com). All accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 7 September 2022.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the last annual financial statements.

No new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022.

**3 Operating Segments**

The reportable operating segments are based on the Group's strategic business units: oil production, exploration and energy transition. The following summary describes the operations in each of the Group's reportable operating segments:

- Oil Production: Development and production of the Ungani Oilfield.
- Exploration: The exploration program is focused on the following:
  - the Rafael area where the Rafael 1 exploration well was drilled in 2021 with a subsequent successful flow test of gas and condensate to surface;
  - the Yulleroo area where gas resources have been identified in the Laurel Formation;
  - several other prospects along the Ungani oil trend;
  - the Lennard Shelf area including the shut-in Blina and Sundown Oilfields;
  - the Carnarvon basin where Buru holds an interest in the recently granted EP 510 permit; and
  - evaluation of the other areas in the Group's portfolio.
- Energy Transition: The Company is progressing a number of energy transition initiatives through three subsidiaries, 2H Resources (natural hydrogen), Geovault (carbon capture and storage) and Battmin (battery minerals).

Information regarding the results of each reportable segment is included below. Performance is measured in regard to the Group and its segments principally with reference to earnings before interest and tax, and capital expenditure on exploration and evaluation assets, oil and gas assets, and property, plant and equipment. The unallocated segment represents a reconciliation of reportable segment revenues, profit or loss and assets to the consolidated figures.

**BURU ENERGY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

<b>Profit or loss</b> <i>in thousands of AUD</i>	<b>Oil Production</b>		<b>Exploration</b>		<b>Energy Transition</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>Jun 22</b>	<b>Jun 21</b>	<b>Jun 22</b>	<b>Jun 21</b>	<b>Jun 22</b>	<b>Jun 21</b>	<b>Jun 22</b>	<b>Jun 21</b>	<b>Jun 22</b>	<b>Jun 21</b>
External revenues	7,185	2,539	-	-	-	-	-	-	7,185	2,539
Cost of sales	(3,485)	(2,863)	-	-	-	-	-	-	(3,485)	(2,863)
Movement in crude inventories	(241)	1,182	-	-	-	-	-	-	(241)	1,182
Amortisation of oil and gas assets	(1,380)	(1,481)	-	-	-	-	-	-	(1,380)	(1,481)
<b>Gross Profit / (Loss)</b>	<b>2,079</b>	<b>(623)</b>	-	-	-	-	-	-	<b>2,079</b>	<b>(623)</b>
Exploration and evaluation expenditure	-	-	(1,485)	(3,299)	(280)	(103)	-	-	(1,765)	(3,402)
Corporate and administrative expenditure	-	-	-	-	-	-	(1,582)	(1,011)	(1,582)	(1,011)
Impairment of oil and gas expenditure	(7,390)	-	-	-	-	-	-	-	(7,390)	-
Depreciation expense	-	-	-	-	-	-	(690)	(695)	(690)	(695)
Equity based payment expenses	-	-	-	-	-	-	-	(565)	-	(565)
<b>EBIT</b>	<b>(5,311)</b>	<b>(623)</b>	<b>(1,485)</b>	<b>(3,299)</b>	<b>(280)</b>	<b>(103)</b>	<b>(2,272)</b>	<b>(2,271)</b>	<b>(9,348)</b>	<b>(6,296)</b>
Net financial income / expense	-	-	-	-	-	-	(107)	(2)	(107)	(2)
<b>Reportable segment profit / (loss) before tax</b>	<b>(5,311)</b>	<b>(623)</b>	<b>(1,485)</b>	<b>(3,299)</b>	<b>(280)</b>	<b>(103)</b>	<b>(2,379)</b>	<b>(2,273)</b>	<b>(9,455)</b>	<b>(6,298)</b>

**BURU ENERGY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

<b>Total Assets</b> <i>in thousands of AUD</i>	<b>Oil Production</b>		<b>Exploration</b>		<b>Energy Transition</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>Jun 22</b>	<b>Dec 21</b>	<b>Jun 22</b>	<b>Dec 21</b>	<b>Jun 22</b>	<b>Dec 21</b>	<b>Jun 22</b>	<b>Dec 21</b>	<b>Jun 22</b>	<b>Dec 21</b>
<b>Assets</b>										
Current assets	4,310	1,776	259	259	-	-	19,707	24,642	<b>24,276</b>	<b>26,677</b>
Oil and gas assets	16,386	22,028	-	-	-	-	-	-	<b>16,386</b>	<b>22,028</b>
Exploration and evaluation assets	-	-	10,056	9,501	--	-	-	-	<b>10,056</b>	<b>9,501</b>
Property, plant and equipment	-	-	-	-	-	-	2,724	3,349	<b>2,724</b>	<b>3,349</b>
<b>Total Assets</b>	<b>20,696</b>	<b>23,804</b>	<b>10,315</b>	<b>1,488</b>	<b>-</b>	<b>-</b>	<b>22,431</b>	<b>27,991</b>	<b>53,442</b>	<b>61,555</b>
<b>Capital Expenditure</b>	<b>3,128</b>	<b>5,649</b>	<b>555</b>	<b>9,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,683</b>	<b>15,158</b>
<b>Liabilities</b>										
Current liabilities	1,599	4,331	1,760	5,220	-	-	1,846	2,427	<b>5,205</b>	<b>11,978</b>
Lease liabilities (Non-current)	16	553	81	158	-	-	65	79	<b>162</b>	<b>790</b>
Provisions (Non-current)	1,534	1,641	2,986	3,328	-	-	430	365	<b>4,950</b>	<b>5,334</b>
<b>Total Liabilities</b>	<b>3,149</b>	<b>6,525</b>	<b>4,827</b>	<b>8,706</b>	<b>-</b>	<b>-</b>	<b>2,341</b>	<b>2,871</b>	<b>10,317</b>	<b>18,102</b>

**BURU ENERGY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

**4 Oil and Gas Assets**

<i>in thousands of AUD</i>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of the period	22,028	19,328
Development expenditure	3,128	5,649
Amortisation expense	(1,380)	(2,949)
Impairment of oil and gas assets	(7,390)	-
Carrying amount at the end of the period	<u>16,386</u>	<u>22,028</u>

The Ungani 8 well was spudded on 18 December 2021. During January 2022, the well was drilled to a total measured depth of 2,605 metres into the Ungani Dolomite at a hole angle of some 76 degrees, substantially as planned. As the drill string was being retrieved prior to running the 9 $\frac{5}{8}$  inch casing it became stuck in the upper part of the Laurel Shale. Despite extensive efforts to recover the drill string it was unable to be freed. It was subsequently backed off at a depth of 2,206 metres measured depth and the remaining drill string was retrieved. Subsequent to analysis of the options for the forward program for the well it was agreed that ROC would undertake a sidetrack to complete the well as a sole risk operation. The Ungani 8 sidetrack was drilled to a measured depth of 2,473 metres in the Ungani Shale with a further incident of stuck pipe and the well was suspended. All costs incurred undertaking the sidetrack were borne by ROC.

A non-cash impairment of \$7,390,000 was recorded for the reporting period being Buru's share of costs associated with the Ungani 8 well incurred and capitalised as Oil and Gas Assets.

**5 Exploration and Evaluation Expenditure**

<i>in thousands of AUD</i>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of the period	9,501	9,501
Exploration assets additions	555	-
Carrying amount at the end of the period	<u>10,056</u>	<u>9,501</u>

The Rafael 1 exploration well was capitalised during the 2021 year with initial results from the well suggesting potential for a substantial accumulation of high-quality gas and condensate to be present in the structure. Although the exploration activities at Rafael 1 have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, significant further exploration operations are planned at Rafael 1 over the coming years.

**6 Provisions**

<i>in thousands of AUD</i>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Provision for annual leave	1,232	1,141
Provision for long-service leave	147	142
Provision for site restoration	505	493
	<u>1,884</u>	<u>1,776</u>
<b>Non-Current</b>		
Provision for long-service leave	430	365
Provision for site restoration	4,520	4,969
	<u>4,950</u>	<u>5,334</u>

**BURU ENERGY LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL**  
**STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 (CONT'D)**

**7 Corporate and Administrative Expenditure**

*in thousands of AUD*

	<b>30 Jun 2022</b>	<b>30 Jun 2021</b>
	<b>\$</b>	<b>\$</b>
Corporate and other administration expenses	2,272	1,706

Total personnel expenses for the six months to 30 June 2022 amounted to \$4,201,000 (six months to 30 June 2021: \$3,792,000) prior to amounts received under Joint Venture reimbursements. Net personnel expenses are included in Cost of Sales, Exploration and Evaluation Expenditure and Corporate and Administrative Expenditure.

**8 Capital and Reserves**

	<b>Ordinary Shares</b>	
	<b>1 Jan – 30 Jun 2022</b>	<b>1 Jan – 31 Dec 2021</b>
	<b>No.</b>	<b>No.</b>
Fully paid shares on issue at the beginning of the period	538,442,991	432,074,241
Issued under non-renounceable entitlement offer and shortfall offer – 7 June 2022	55,350,094	-
Issued under shortfall placement – 8 June 2022	2,250,000	-
Issued under institutional placement – 6 May 2021	-	100,000,000
Issued under share purchase plan – 10 June 2021	-	6,368,750
Fully paid shares on issue at the end of the period	596,043,085	538,442,991

On 7 June, Buru announced the results of its 1 for 6 non-renounceable pro-rata entitlement offer of fully paid ordinary shares in Buru at an offer price of \$0.16 per new share. Eligible shareholders who applied for their entitlements in full were also able to apply for additional shares offered under the Entitlement Offer, (that were not validly applied for by other shareholders under their respective entitlements), under a Shortfall Offer (Shortfall Offer). The combined proceeds of the Entitlement and Shortfall Offers and a placement to new investors (Placement) was approximately \$9.2 million (before costs), resulting in the issue of 57,600,094 new shares.

**9 Capital and Other Commitments**

*in thousands of AUD*

	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration expenditure commitments</b>		
<i>Contracted but not yet provided for and payable:</i>		
Within one year	412	302
One year later and no later than five years	1,993	1,993
	2,405	2,295

The commitments are required in order to maintain the petroleum exploration permits in which the Group has interests in good standing with the Department of Mines, Industry Regulation & Safety (DMIRS), and these obligations may be varied from time to time, subject to approval by DMIRS.

**10 Subsequent Events**

No significant events have occurred subsequent to balance date, other than described in the Review of Operations.

**11 Changes in significant accounting policies**

The Group has adopted all accounting standards and interpretations that had a mandatory application for this reporting period.

**BURU ENERGY LIMITED**  
**DIRECTORS' DECLARATION**

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In the opinion of the Directors of Buru Energy Limited (the Company):

- (a) the financial statements and notes set out on pages 9 to 17, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
  
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



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Mr Eric Streitberg  
Executive Chairman  
Perth  
7 September 2022



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Mr Robert Willes  
Non-Executive Director  
Perth  
7 September 2022



# Independent Auditor's Review Report

To the shareholders of Buru Energy Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Buru Energy Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Buru Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its performance for the Half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 June 2022;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Buru Energy Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



## Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Buru Energy Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Jane Bailey

KPMG

Jane Bailey

Partner

Perth

7 September 2022

**BURU ENERGY LIMITED  
CORPORATE DIRECTORY**

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**Directors**

Mr Eric Streitberg	Executive Chairman
Ms Joanne Kendrick	Independent Non-Executive Director
Mr Malcolm King	Independent Non-Executive Director
Mr Robert Willes	Independent Non-Executive Director

**Interim Company Secretary**

Mr Alex Forcke

**Registered and Principal Office**

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Email: [info@buruenergy.com](mailto:info@buruenergy.com)  
Website: [www.buruenergy.com](http://www.buruenergy.com)

**Share Registry: Link Market Services Limited**

Address: Level 12, QV1 Building  
250 St Georges Terrace, Perth WA 6000  
Telephone: 1800 810 859 (within Australia)  
+61 1800 810 859 (outside Australia)  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Auditors: KPMG**

Address: 235 St George's Terrace, Perth WA 6000

**Stock Exchange: Australian Securities Exchange**

Address: Exchange Plaza, 2 The Esplanade, Perth WA 6000

**ASX Code: BRU**