

Quarterly Report

Period ended 31 March 2018



The Directors of Buru Energy Limited (Buru Energy) are pleased to provide the report for the quarter ended 31 March 2018.

Highlights

Ungani Oilfield:

- 53,377 barrels of oil lifted from Wyndham on 11 January for A\$4.17m at A\$78/bbl
- Production at Ungani oilfield shut in since 12 January due to access road closure from unprecedented monsoonal rains
- Recommencement of production planned for early May when access road is re-opened to heavy vehicles
- Ungani 4 and Ungani 5 wells to be commissioned as part of production restart
- Production anticipated to increase towards the target rate of 3,000bopd

Exploration and Corporate:

- Farmout negotiations continuing satisfactorily
- DDGT 1 rig contracted for 2018 drilling program

Production and Development

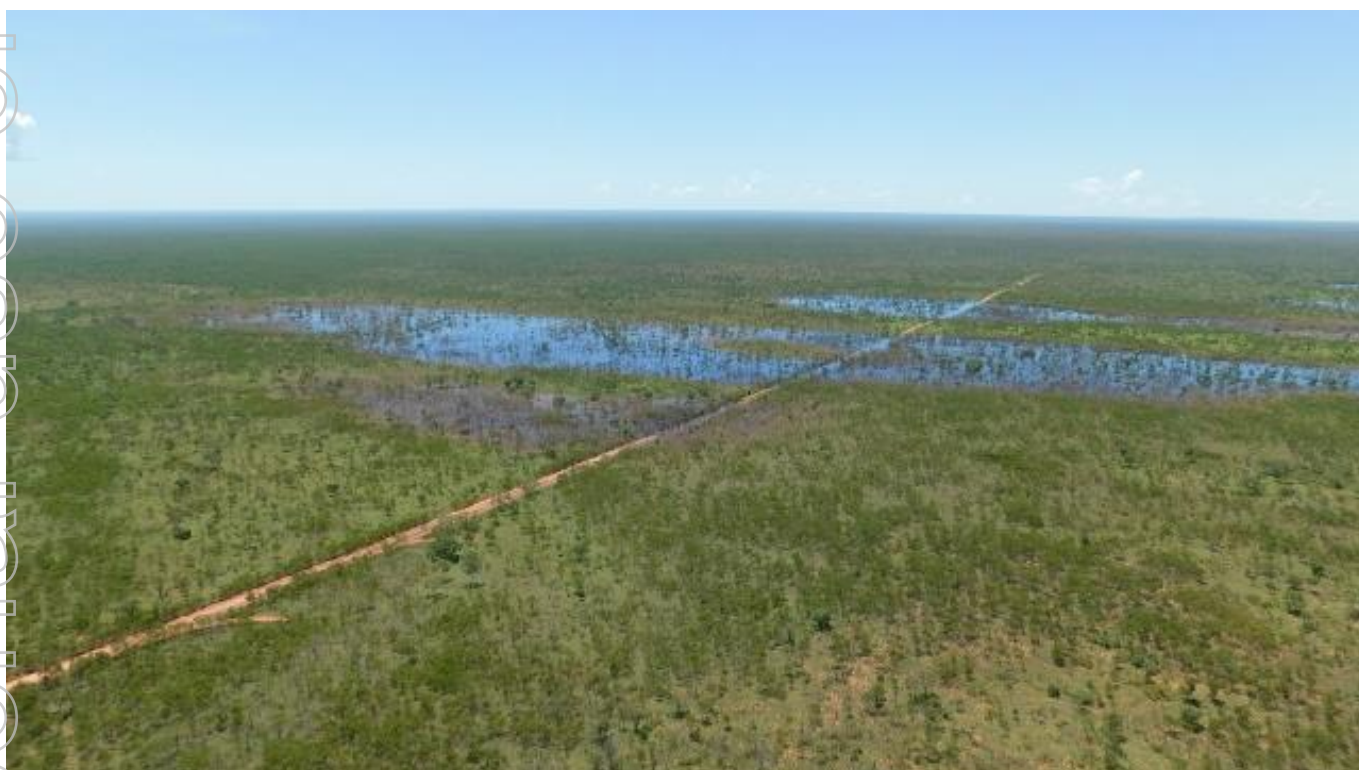
Ungani Oilfield - Production

The Ungani oilfield field was initially shut in on 29 December 2017 when Tropical Cyclone Hilda delivered some 260 mm of rain on the Ungani operations area. This was almost half of the average annual rainfall for the area falling in a three-day period and closed the Ungani access road to heavy vehicle traffic including crude oil haulage trucks. Crude trucking operations recommenced on 6 January 2018 and on 11 January, 53,377 bbls were lifted from Wyndham Port by the Sao Domingos Savio and sold to Trafigura for A\$4.17m at a realised price of A\$78/bbl.

The field was again shut in on 12 January 2018 as first Cyclone Joyce and then Cyclone Kelvin brought continued heavy rainfall to the Ungani operations area. Broome has had its wettest year on record with more than two years' worth of rain falling on the Kimberley in the first two months of the year. To put this wet season's weather into perspective, in the 107-year period since 1910, there have been 22 cyclones that have caused gale force winds in Broome. This equates to about one every five years, and in the 14 year period from 1990

to 2004 there were none. This compares to the three cyclones during the current wet season which has now finished.

The Ungani access road has remained closed to heavy vehicles due to the residual ponded water across sections of the road (refer photo from early March below) but was re-opened to light vehicles in early April which has allowed necessary road maintenance to commence. Heavy vehicle (oil tanker) access is expected to be possible towards the end of April or early May.



Flooded section of Ungani access road looking north (photo from early March 2018)

The lack of access to the field has also delayed the hookup and initial flow testing from the Ungani 4 and Ungani 5 wells which will now be undertaken as soon as access to the site has been regained for heavy vehicles to allow the current oil in the storage tanks at the field to be taken to Wyndham storage.

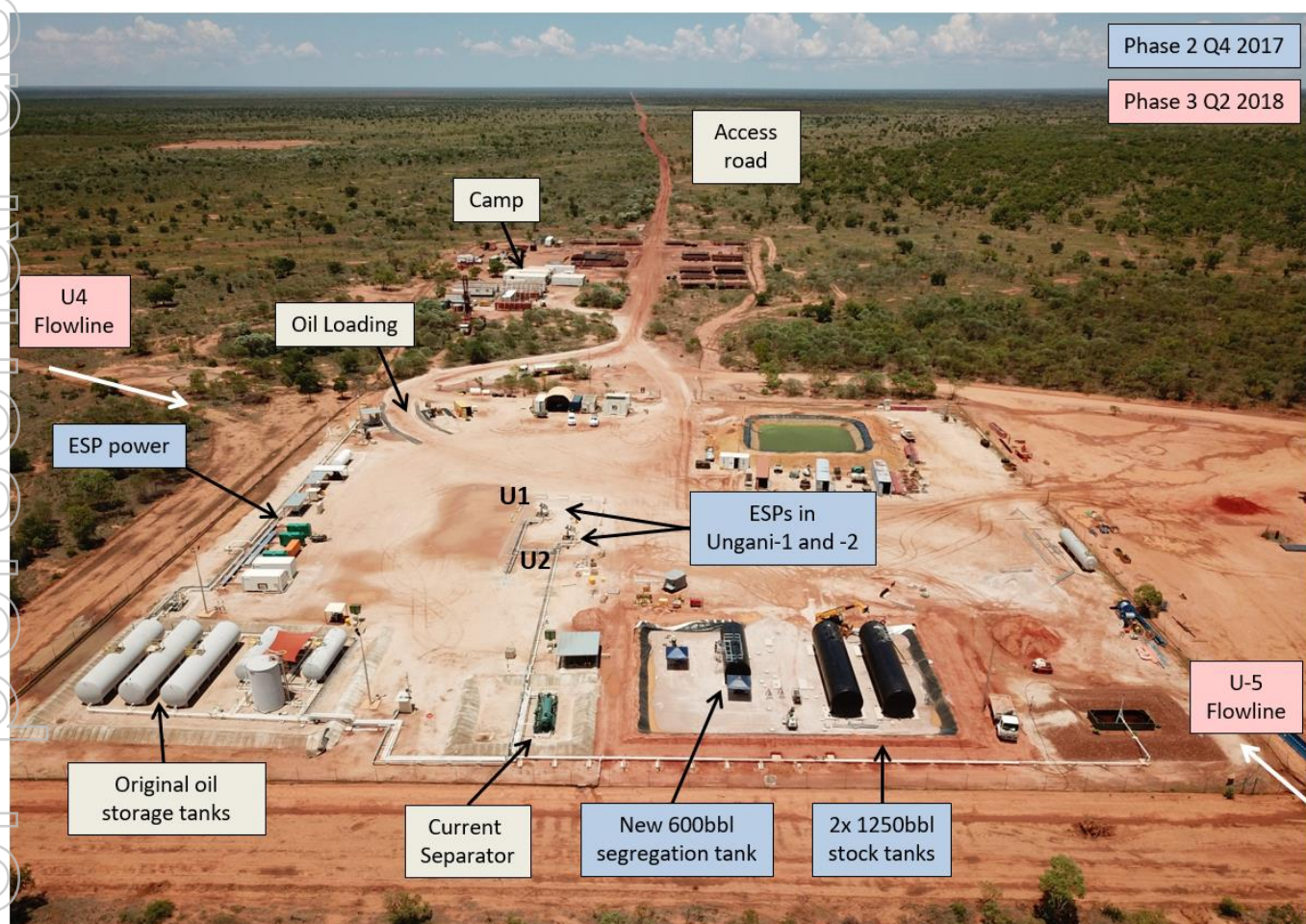
The Ungani production facility has been accessed via helicopter and inspected by Buru personnel with start-up of equipment demonstrating the field surface facilities are in good condition. With light vehicle access the field crew have now re-manned the site, and work on flowline installation for the two new production wells will commence very shortly.

Subject to the production results from the Ungani 4 and Ungani 5 wells, the forward plan is to continue to build production to the target rate of 3,000 barrels of oil per day. The existing oil cartage contractor Fuel Trans Australia Pty Ltd has committed six road trains in quad configuration for Ungani production on re-start which will allow production transport capacity of ~2,400 bopd. A contract has now also been executed with Road Trains Australia Pty Ltd for an additional three road trains in triple configuration to provide the additional transport capacity towards Buru's production target of ~3,000 bopd.

As the on-site storage tanks are full with an inventory of some 5,000 barrels of oil this will be the immediate focus on the resumption of the trucking operation to provide ullage for the resumption of production and the commissioning of Ungani 4 and 5.

Ungani Oilfield - Development

The drilling program for the Ungani 4 and 5 development wells was completed in January 2018 and the hookup of both wells will be undertaken as part of the field restart. The wet weather delay has allowed a modification to the previously planned hookup and testing program such that the Ungani 4 well will now be connected and flowed directly into the facility rather than undertaking a stand alone production test on the well. The various zones in the well will then be tested by flow into the facility. A similar program will be undertaken for Ungani 5. The Ungani 5 well will be set up for flow when the Ungani 4 commissioning equipment is on site and then put on production into the facility as soon as the flowline is commissioned. This program is considerably more cost effective than stand alone flow testing and will allow the oil to be immediately available for sale.



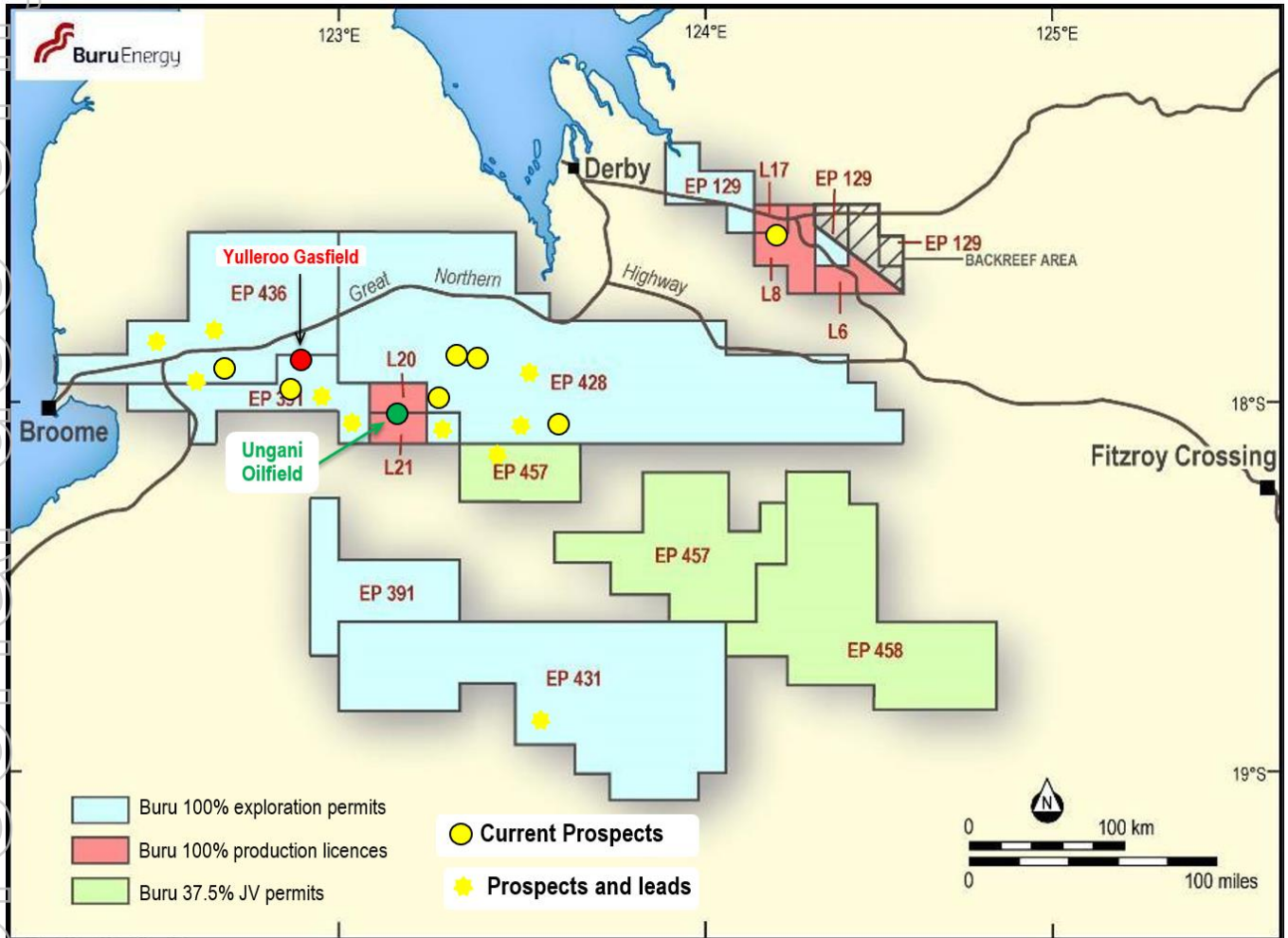
Ungani Production Facility

Blina and Sundown Oilfields

The Blina and Sundown Oilfields remained shut-in during the quarter with maintenance and well inspections continuing.

Exploration

Planning for the 2018 drilling program of up to four exploration wells is continuing. The form and timing of the drilling program will be subject to the conclusion of the current farmout negotiations which are continuing to proceed satisfactorily. The planned drilling locations for this program include a range of play types including the proven Ungani Dolomite and the play opening Reeves oil discovery in Ungani Far West.



Map of selected exploration prospects

An agreement has been entered into with DDG Tubridgi Pty Limited to secure access to the DDGT 1 rig for the 2018 drilling program. The rig currently remains stacked at Ungani and DDGT will be undertaking maintenance, repairs and upgrades to the rig prior to the commencement of that program. As part of the agreement Buru is contributing \$300,000 towards the rig upgrade costs.

Planning and sourcing of long lead items for the 2018 drilling campaign have also been progressed with the final form of the program dependent on continuing farmout discussions.

Corporate

Financial

During the March 2018 quarter, the Company recorded a net cash outflow of \$7.3 million and at the end of the quarter had a cash balance of \$9.6 million. The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter which is summarised as follows:

Cashflows	Mar 2018 Quarter	Dec 2017 Quarter
Production	\$2.5m	\$1.2m
Development	(\$7.4m)	(\$7.5m)
Exploration	(\$0.9m)	(\$0.9m)
Administration and Corporate	(\$1.4m)	(\$1.6m)
Total cash outflow	(\$7.2m)	(\$8.8m)
Closing cash	\$9.6m	\$16.8m

- **Production:** net cash inflows comprised one lifting of Ungani crude in early January 2018 for 53,377 bbls at ~AUD\$78/bbl. As set out above, oil production was suspended for the remainder of the quarter with payments continuing for the fixed operating costs.
- **Development:** cash outflows comprised of costs associated with the drilling operations at the Ungani 4 and Ungani 5 wells and the Ungani Phase 2 upgrades, with most of these costs accounted for as payables or accruals at the end of the previous quarter.
- **Exploration:** cash outflows comprised primarily of the ongoing Ungani oil trend evaluation, asset integrity, Traditional Owner engagement costs and desktop geological and geophysical work.
- **Administration and corporate:** cash outflows were consistent with the prior quarters.

The Company is forecasting a cash outflow of \$3.7 million in the June 2018 quarter as set out below.

Cashflows	Jun 2018 Forecast	Mar 2018 Actual
Production	\$3.6m	\$2.5m
Development	(\$4.1m)	(\$7.4m)
Exploration	(\$2.0m)	(\$0.9m)
Administration and Corporate	(\$1.2m)	(\$1.4m)
Total cash outflow	(\$3.7m)	(\$7.2m)
Closing cash	\$5.8m	\$9.6m

- **Production:** This cash inflow estimate assumes Ungani production recommences by late April / early May and assumes two liftings are sold from Wyndham during the quarter.
- **Development:** The cash outflow estimate includes the surface commissioning upgrades and the flow test operations for the Ungani 4 and 5 wells as well as the repairs to the Ungani access road. The estimate also includes the remaining payables and accruals already incurred relating to the Ungani 4 and 5 drilling operations.
- **Exploration:** cash outflows include ongoing expenditures relating to desktop geological and geophysical work, ongoing asset integrity and Traditional Owner engagement as well as the above-mentioned contribution towards the DDGT 1 rig upgrade costs.
- **Administration and corporate:** cash outflows are estimated to be consistent with previous quarters.

Although the Company's cash flows for the first quarter of 2018 were significantly impacted by the unexpected shut-in of the field, the Company's current projections indicate that it has sufficient financial resources to undertake its ongoing and planned activities which in the short term is primarily preparing for the 2018 drilling program.

The Company's cash position continues to be carefully monitored to ensure the Company can meet its commitments as and when they fall due. Production cash inflows for Q3 and Q4 in 2018 are forecast to be significantly higher with a consequent increase of cash on hand as production increases towards the target rate of 3,000 bopd.

Schedule of interests in permits as at 31 March 2018

<u>Permit</u>	<u>Type</u>	<u>Ownership</u>	<u>Operator</u>	<u>Location</u>
L6*	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L20	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L21	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 129*	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 391	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 428	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 431	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 436	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 457	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP 458	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA

* Excluding the Backreef Area.

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

For investor inquiries please contact Buru Energy:

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About Buru Energy

Buru Energy Limited (ASX: BRU) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. It owns 100% of its flagship high quality conventional Ungani Oilfield project and potentially world class tight gas resources.

The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin in an environmentally and culturally sensitive manner.

Qualified Petroleum Resources Evaluator Statement

Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information compiled by Eric Streitberg who is an employee of Buru Energy Limited. Mr Streitberg is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 40 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this document.

Forward Looking Statements

This document has been prepared by Buru Energy Limited ABN 71 130 651 437 ("Buru Energy"). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to:

price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

Buru Energy's operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements, including native title arrangements.

Although Buru Energy believes that the expectations raised in this document are reasonable there can be no certainty that the events or operations described in this document will occur in the timeframe or order presented or at all.

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All dates in this document are for calendar years. All references to \$ are in Australian currency, unless stated otherwise.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin: Appendix 8. Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BURU ENERGY LIMITED

ABN

71 130 651 437

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,144	4,144
1.2 Payments for		
(a) exploration & evaluation	(865)	(865)
(b) development	(7,547)	(7,547)
(c) production	(1,631)	(1,631)
(d) staff costs	(783)	(783)
(e) administration and corporate costs	(663)	(663)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	93	93
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Net cash from / (used in) operating activities	(7,252)	(7,252)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of Alcoa liability	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,859	16,859
4.2	Net cash from / (used in) operating activities (item 1.7 above)	(7,252)	(7,252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(25)	(25)
4.6	Cash and cash equivalents at end of period	9,582	9,582

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,544	1,290
5.2 Call deposits	7,038	15,569
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,582	16,859

6. Payments to directors of the entity and their associates

Current quarter \$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

233

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

N/A

7. Payments to related entities of the entity and their associates

Current quarter \$A'000

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Alcoa Liability

The remaining balance on the Alcoa liability as at 31 March is \$7.5m. The liability is repayable in three annual instalments of \$2.5m commencing 31 December 2018.

The debt is unsecured and subject to an agreed interest rate of 5% on the outstanding balances commencing 1 January 2018.

The annual tranches are further subject to an accelerated capital repayment mechanism based on Buru Energy's gross revenue from Ungani oil sales exceeding an agreed base level.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(2,000)
9.2 Development	(4,100)
9.3 Production (Net after receipts)	3,600
9.4 Staff costs	(600)
9.5 Administration and corporate costs	(600)
9.7 Total estimated cash outflows	(3,700)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Nil		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Nil		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

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Company Secretary

Date: 19 April 2018

Print name: Shane McDermott

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.