

## Transformational Transaction

Buru Energy Limited (Buru) (ASX: BRU) is pleased to announce it has entered into a transformational transaction with its joint venture partners Diamond Resources (Fitzroy) Pty Ltd (**DRF**) and Diamond Resources (Canning) Pty Ltd (**DRC**) which are both wholly owned subsidiaries of Mitsubishi Corporation on its exploration and production assets in the Canning Basin in the northwest of Western Australia.

## Highlights

**Asset swap to allow each company to achieve their corporate objectives by focusing on the areas where they have the most appropriate technical and commercial capability:**

Buru Energy, DRC and DRF have entered into an agreement having the following effect:

- DRF has agreed to transfer to Buru its 50% interest in the Ungani Oilfield Production Licences (L20 and L21) and its 50% interest in exploration permits EP391, EP431 and EP436.
- DRC has agreed to transfer to Buru its 50% interest in exploration permit EP428.
- Buru has agreed to transfer to DRF, its 50% interest in EP 371 and its 50% interest in the application for special prospecting authority STP-SPA-0065 and STP-AAA-0031 (**SPA**).
- DRF and DRC have also agreed that Buru will provide services in relation to EP371, including community engagement and liaison.

The details of the transaction in accordance with ASX guidelines are attached together with a map showing the permits the subject of the transaction.

Buru's Executive Chairman Eric Streitberg said:

*"This transaction is a logical outcome of the work the joint venture has undertaken in the Canning Basin since 2010. We have enjoyed an excellent working relationship with DRF, DRC and Mitsubishi Corporation and we will continue to be engaged with them both through our assistance with the EP 371 operations, and our continued joint venture interest in EP 457 and EP 458.*

*This transaction provides both Buru and Mitsubishi Corporation entities the ability to achieve their corporate objectives by progressing their respective projects without the corporate and commercial boundaries currently in place under the existing joint venture arrangements.*

*Buru gains access to 100% of the cash flow from the Ungani Oilfield where production will shortly recommence, together with 100% of the highly prospective exploration permits covering the Ungani oil trend, and continued exposure to the Laurel Tight Gas accumulation. It gives DRF and DRC full access to the EP 371 gas resources with the ability to progress the appraisal of the resource in a timeframe and commercial structure most suitable for them."*

*"We will provide a detailed shareholder update of forward plans, and an operational update, at the company's Annual General Meeting on 31 May."*

Visit [www.buruenergy.com](http://www.buruenergy.com) for further information on Buru Energy.

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## Attachment 1

### Details of the transaction in accordance with ASX Guidance Note 8

**a) Parties to the contract are:**

Buru Energy Limited (Buru)  
 Diamond Resources (Canning) Pty Ltd (DRC)  
 Diamond Resources (Fitzroy) Pty Ltd (DRF)

**b) The assets the subject of the transaction with before and after holdings:**

Title	Current Registered Holders	Type	Registered Holder after Transaction
EP371	Buru and DRC each 50%	Exploration	DRC and DRF each 50%
EP391	Buru and DRF each 50%	Exploration	Buru 100%
EP428	Buru and DRC each 50%	Exploration	Buru 100%
EP431	Buru and DRF each 50%	Exploration	Buru 100%
EP436	Buru and DRF each 50%	Exploration	Buru 100%
L20	Buru and DRF each 50%	Production	Buru 100%
L21	Buru and DRF each 50%	Production	Buru 100%
SPA0065	Buru and DRC each 50%	Application	DRC and DRF each 50% (of any permit grant)

**c) Conditions required for completion**

The transaction is binding on the parties as of 24 May 2017. The various instruments of transfer are required to be lodged with and registered by the WA Department of Mines and Petroleum (DMP) and this is expected to occur in the normal course. The parties will also provide the State of Western Australia with a deed of covenant under the State Agreement to reflect the change of interests on the various different petroleum titles.

**d) Other contractual matters**

As of 24 May 2017:

- DRF and DRC assumed 50% each of the assets and liabilities in respect of EP371;
- Buru assumed 100% of the assets and liabilities in respect of EP428; and
- Buru assumed 100% of the assets and liabilities in respect of EP391, EP431, EP436 and the Ungani Production Licences (L20 and L21).

As part of the transaction the parties have agreed to terminate the Ungani Development Funding Agreement (UDFA) and all arrangements in relation to the marketing rights for Ungani crude oil. The parties to the UDFA are Buru, Mitsubishi Corporation and DRF. DRF is paying its share of the costs for restarting the Ungani Oilfield (\$1.5 million) as part of the remaining first tranche of funding under the UDFA. DRF has agreed to pay Buru its share of these costs within 5 business days. As soon as this occurs, Buru, Mitsubishi Corporation and DRF have agreed to terminate the UDFA.

**e) Commercial implications**

Buru will now be entitled to 100% of the income from the Ungani Oilfield but will also be responsible for 100% of the operating and capital costs for the future development of the field. The forward field development program will be reviewed to ensure Buru is able to obtain maximum commercial benefit from a tailored program.

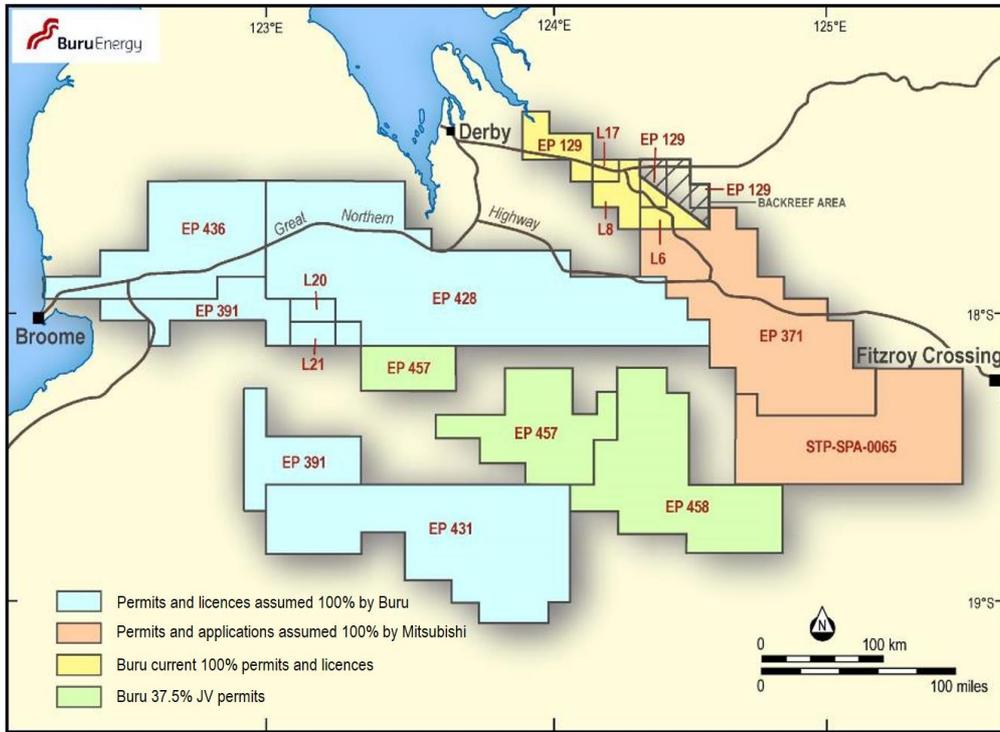
The commitments under the terms of the exploration permits will be reviewed in light of Buru's objectives and government policies.

**f) Other matters**

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

Attachment 2

Map of transaction permits



Buru permits post transaction

