

Buru to acquire Origin's Canning Basin Joint Venture interests

Highlights

- *Origin Energy Limited (**Origin Energy**), via its wholly owned subsidiary Origin Energy West Pty Ltd (**Origin**), to assign its interests in its joint venture exploration permits in the Canning Basin (including the Rafael conventional gas and condensate discovery), to a wholly owned subsidiary of Buru Energy Limited (**Buru**) for a future, capped reimbursement of costs linked to gas production success.*
- *As part of the agreement, Origin will provide Buru with up to \$4 million of the required funding for the Rafael 3D seismic survey which is planned to be acquired in the 2023 operating season.*
- *Buru resumes its position as the dominant net acreage holder and operator in the Canning Basin, with ownership of a net 22,500 sq kms of permits including 100% of EP 129, EP 391, EP 428, EP 431 and EP 436; and 60% of the EP 457 and EP 458 permits it shares with Rey Resources Ltd (**Rey**).*
- *Origin's exit from the Canning Basin provides Buru and its shareholders with the autonomy and flexibility to aggressively pursue the commercialisation of its assets in the basin, focused on the Rafael conventional gas and condensate discovery that has been independently assessed to have the potential to hold recoverable volumes of over one TCF of gas and 20 million barrels of condensate, and including the Basin's Carbon Capture and Storage (CCS) and natural hydrogen potential.*

Buru Energy Limited (**Buru, Company**) is pleased to provide the following update in relation to its operated Canning Basin permits EP 129, 391, 428, 431, 436, 457 and 458 (**Permits**).

Background

In December 2020, Origin agreed to farm into seven Canning Basin exploration permits held by Buru and Rey, to earn interests ranging from 40% to 50%. Buru remained Operator of the permits with working interests across the Basin ranging from 40% to 100%. The terms of the farmins required Origin to majority fund a two-well drilling program and the acquisition of a regional scale seismic program.

The second well in the program, Rafael 1, drilled in late 2021, was a large-scale conventional gas and condensate discovery, with an independent expert report subsequently confirming that Rafael has the potential to hold recoverable resources of over one TCF (trillion cubic feet) of high-quality gas and over 20 million barrels of condensate (light oil).

In June 2022, Origin informed Buru that it didn't approve the funding for a proposed 3D seismic survey over the Rafael discovery. On 19 September 2022, Origin announced its intention to exit upstream exploration activities over time, including its joint venture interests with Buru in the Canning Basin, providing the flexibility to allocate capital towards its strategic priorities. Origin's intention to exit introduced uncertainty to the timing and form

of the forward appraisal and commercialisation of Rafael and added significant impetus to resolve matters.

Since the exit was announced both parties have worked to resolve matters and find agreement on commercial outcomes, including Buru proposing independent operations. Subsequent negotiations have resulted in an agreement for Origin to exit its interests and for Buru to resume control and up to 100% ownership of the permits, protecting and enhancing the long-term strategic value of the Company's assets in the Canning Basin.

Commenting on the transaction, Chair of Buru Energy, Mr Eric Streitberg said:

"The original farmin agreement with Origin provided the funding and the impetus that resulted in the Rafael discovery that has now assumed even more significance given the current focus on the West Australian and international gas markets.

Although we were very disappointed with Origin's change of investment focus and the subsequent delays to our operations, this transaction has provided us with a unique opportunity to now reset the development and appraisal process, and most importantly the commercialisation and monetisation strategy for the Rafael discovery.

We now have control over a gas and condensate resource that is potentially unique in Western Australia and look forward to moving quickly to crystallise the value this represents for our shareholders."

Commenting further, CEO Thomas Nador said:

"Since Origin's decision in June last year to not support the proposed 2022 Canning Basin field work program, and then its September announcement that it intends to exit upstream exploration on strategic grounds, Buru has worked relentlessly to minimise the impact of this decision on its Canning Basin assets, and to maintain momentum for the appraisal and commercialisation of its flagship Rafael conventional gas and condensate development.

We are delighted to now be in the position to be back on ground this year to acquire the critical 3D seismic data over Rafael in support of appraisal drilling next year. We will also be finishing our assessment of the extensive seismic data acquired under the Origin farmin program that has already provided valuable insights into regional prospectivity and new play types in the Basin.

This agreement also provides Buru with strategic optionality to extract the highest value for our shareholders from our dominant position in the Canning Basin including not only the extensive hydrocarbon resources, but also the potential carbon capture and storage and natural hydrogen resources being developed through our GeoVault and 2H Resources subsidiaries.

The structure of the deal reflects Origin's belief in the Rafael discovery, insofar as any future capped reimbursements to Origin are directly linked to future high value development and production milestones for Rafael gas."

Transaction Summary

Under the terms of the transaction as reflected in a withdrawal agreement (**Agreement**) executed between Origin, Buru and Buru Canning Gas Pty Ltd (**Buru Canning**), Buru Canning, as a wholly owned subsidiary of Buru, will receive Origin's 50% participating interest in exploration permits EP 428 (containing the Rafael-1 conventional gas and condensate discovery), EP 129, EP 391, EP 431 and EP 436 with Buru and Buru Canning

becoming the collective 100% owners of these permits. Separately, Origin has agreed to withdraw from the EP 457 and EP 458 joint ventures and assign its interests back to the Buru/Rey joint venture as described further below.

The Agreement includes a contribution of up to \$4 million by Origin to undertake the Rafael 3D seismic survey program which is now planned to be conducted in the 2023 operating season. This survey will provide the highest value of information to support the structured appraisal of the Rafael discovery and will be critical to realising the highest value for any potential future transactions on the asset.

Under the terms of the Agreement, Buru will provide to Origin future capped staged contingent reimbursement payments of up to a total \$34 million, conditional on the achievement of key Rafael discovery related development and production milestones. These contingent payments reflect certain past costs and costs related to this transaction as incurred by Origin.

As part of the Agreement, Origin will be released from any residual farmin and rehabilitation liabilities and costs associated with these Canning Basin exploration permits.

Origin's 40% interest in EP 457 and EP 458 it shares with Buru and Rey will be assigned back to Buru and Rey equally in accordance with their pre-farmin equities, in consideration for releasing Origin from its residual farmin and rehabilitation liabilities associated with the Celestine 2D seismic survey carried out in 2021. Buru will remain Operator of these permits with a participating interest of 60%, with Rey holding the remaining 40%.

The transaction and assignment of Origin's interests as set out above remains subject to regulatory approvals following the lodgment of the Agreement and instruments of transfer in respect of the Permits with the Department of Mines, Industry Regulation and Safety (**DMIRS**). The effective date in relation to joint venture costs is the date these documents are lodged with DMIRS.

Transaction Rationale

1. The transaction represents a major strategic step forward for Buru.

The transaction ensures the timely restart of value critical field activities and provides immediate funding to progress the Rafael 3D seismic survey as part of the structured appraisal of the Rafael discovery.

In addition, it will greatly facilitate Buru's ongoing commercialisation discussions with third parties and creates new partnership opportunities with aligned potential partners who share Buru's vision for the Basin and the potential of the Rafael discovery.

The transaction creates optionality for Buru to extract maximum value from the Canning Basin through potential new deal structures and activities including the Carbon Capture and Storage potential of the Basin through the Company's GeoVault subsidiary.

2. The transaction is financially compelling for Buru.

The Agreement includes funding up to \$4m for the 3D seismic program in EP 428 by Origin and any potential future payments to Origin are linked to the achievement of key milestones associated with developing Rafael which are assessed as not material in the context of the major infrastructure developments that would trigger them.

The milestones are set out in detail in Attachment A and include a) the granting of a Production License relating to the Rafael-1 discovery; b) a positive Final Investment Decision (FID) for the Rafael development based on an agreed large scale production capacity threshold within EP 428, and c) upon production rates exceeding an agreed threshold.

These contingent payments are capped at a cumulative \$34 million including reimbursement of the 3D seismic funding, noting that the transaction does not include any mechanisms such as royalties that would give Origin a continuing interest in the assets.

Under the terms of the transaction the relevant Buru group companies will be assigned Origin's interests in the Rafael discovery which has been independently assessed by ERCE for EP 428 and EP 457 for Contingent Resources in April 2022. Refer to ASX release of 26 April 2022 for full definitions and disclosures.

The Net Contingent Resources numbers as set out in the table below reflect the additional permit interests being assigned to the Buru group companies as part of this transaction.

Contingent Resources as of 12 April 2022

	Oil and Condensate (MMstb)			Gas (Bscf)		
	1C	2C	3C	1C	2C	3C
Gross Contingent Resources	1.2	5.3	20.5	59	260	1,024
Net Contingent Resources before transaction	0.6	2.6	9.7	29	126	486
Net Contingent Resources after transaction	1.2	5.0	18.4	58	245	921

Notes

1. Gross Contingent Resources represent a 100% total of estimated recoverable volumes within EP428 and EP457.
2. Net Contingent Resources represent Buru's share of the Gross Contingent Resources based on its working interest in EP428, which is 100% and EP457, which is 60%, and the proportion of the volumes in the appropriate permit.
3. These are unrisks Contingent Resources and are sub-classified as Development Unclassified, with a 60% Chance of Development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are outside the knowledge of ERCE they must be used with caution.
4. Contingent Resources volumes shown have had a shrinkage applied to account for removal of inert gases and CO₂ and include hydrocarbon gas only.
5. No allowance for fuel and flare volumes has been made.

Buru is not aware of any new information or data that materially affects this assessment and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

In addition, Buru Canning will also receive the benefit of some 990 kilometres of recently acquired seismic data that was paid for by Origin as part of the farmin program.

Way forward

Buru and Origin are working expeditiously to effect the formal transfer of titles with DMIRS which is a condition precedent to completion occurring under the terms of the Agreement. This is expected to be completed by 2Q 2023.

Planning and contractor engagement for the acquisition of the Rafael 3D seismic survey has commenced, targeting field acquisition early in CY 2023, subject to any outstanding customary regulatory approvals.

The acquisition of the Rafael 3D seismic survey is considered by Buru as the highest impact, highest value and most cost-effective activity at this stage of field appraisal and development, with the interpreted 3D seismic data required for appraisal drilling planned for 2024.

Authorisation

This ASX announcement has been authorised for release by the Board of Buru Energy.

For further information, visit www.buruenergy.com or contact:

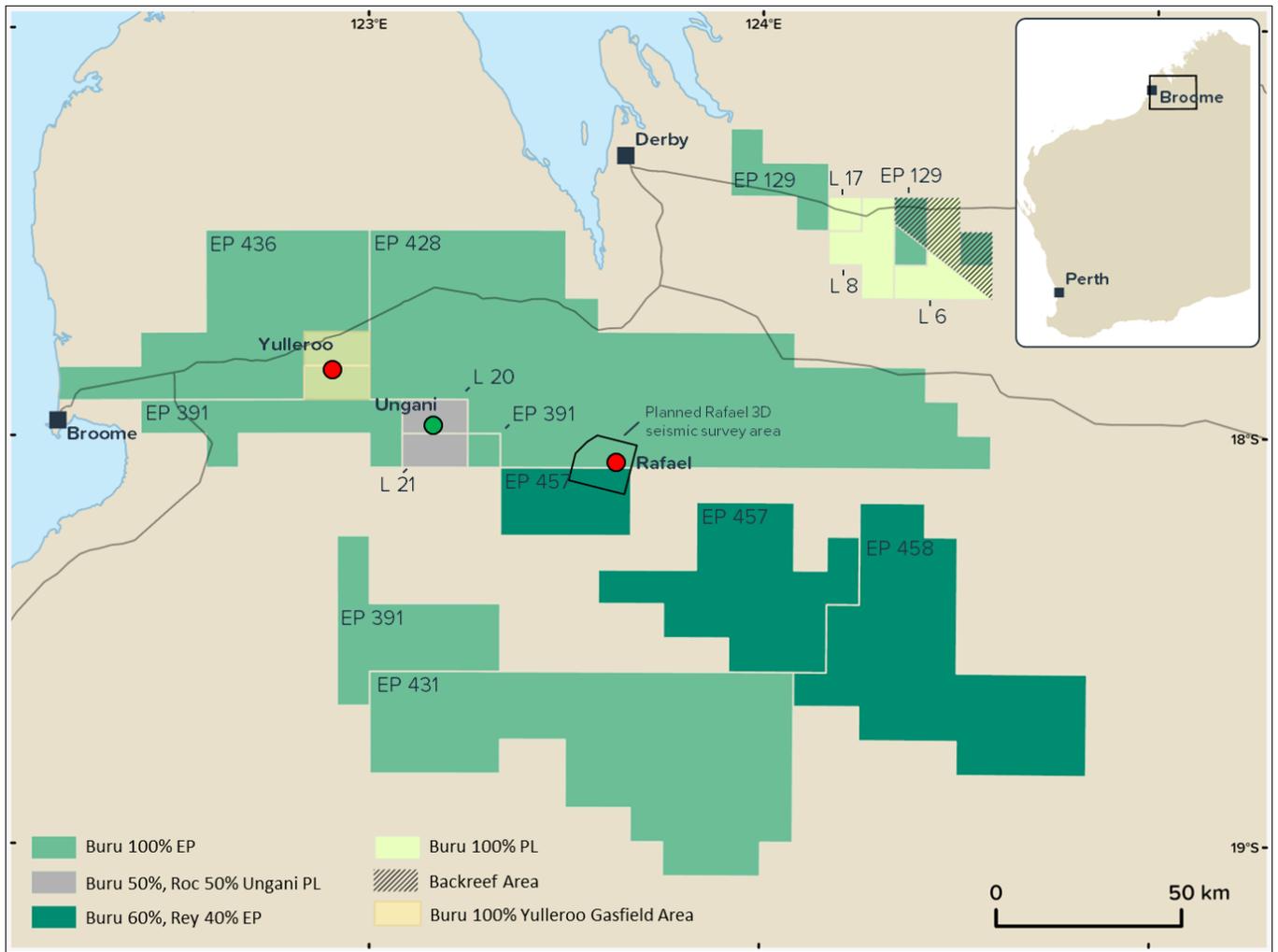
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**Buru’s operational areas and participating interest in the onshore Canning Basin
Post Assignment of Origin Interests**

Attachment A

Details of Transaction in accordance with ASX Listing Rule 3.1

A. Parties to the Transaction are:

In relation to EP 129, EP 391, EP 428, EP 431 and EP 436:

- Buru Energy Limited (Buru)
- Buru Canning Gas Pty Ltd (Buru Canning)
- Origin Energy West Pty Limited (Origin)

In relation to EP 457 and EP 458:

- Buru Fitzroy Pty Ltd (Buru Fitzroy)
- Rey Oil and Gas Pty Ltd (Rey)
- Origin Energy West Pty Limited (Origin)

B. The assets the subject of the Transaction with before and after holdings:

Permit	Registered Holder before Transaction	Permit Type	Registered Holders after Transaction
EP 391*	Buru 50%, Origin 50%	Exploration Permit	Buru 50%, Buru Canning 50%
EP 428	Buru 50%, Origin 50%	Exploration Permit	Buru 50%, Buru Canning 50%
EP 436*	Buru 50%, Origin 50%	Exploration Permit	Buru 50%, Buru Canning 50%
EP 129	Buru 50%, Origin 50%	Exploration Permit	Buru 50%, Buru Canning 50%
EP 431	Buru 50%, Origin 50%	Exploration Permit	Buru 50%, Buru Canning 50%
EP 457	Buru Fitzroy 40%, Origin 40%, Rey 20%	Exploration Permit	Buru Fitzroy 60%, Rey 40%
EP 458	Buru Fitzroy 40%, Origin 40%, Rey 20%	Exploration Permit	Buru Fitzroy 60%, Rey 40%

* Origin's interests in these Exploration Permits excluded the Yulleroo Gasfield Area (4 defined graticular blocks within these Exploration Permits – refer map)

C. Summary of key contractual matters

Exit Agreement (Canning Basin) (Agreement) – Exploration Permits EP129, EP391, EP428, EP431 and EP436

1. Origin will assign a 50% interest to Buru Canning in each of the Exploration Permits which is subject to the approval and registration of the Agreement and transfers of the permits by the WA regulatory authority (DMIRS).
2. Completion occurs following DMIRS approval and registration of the Agreement and permit transfers (Condition Precedent) and execution of relevant deeds by the parties to the Agreement to effect:
 - i. the assignment/novation of relevant third party contracts;
 - ii. the termination of the 2020 Farm-in Agreement; and
 - iii. the termination of relevant joint venture agreements and associated joint venture cross charges.
3. Upon Completion Origin will provide up to \$4 million in funding (secured by a bank guarantee) to be utilised by Buru and Buru Canning for costs associated with the Rafael 3D seismic program

within EP 428. Buru must commit to the acquisition of that program by no later than 31 Dec 2025 to be able to access those funds.

4. Buru is required to make contingent future payments to Origin of up to \$34 million based on the following milestone being reached:
 - i. \$5 million, plus up to \$4 million for the contribution made by Origin towards the Rafael 3D seismic survey, upon the grant of a production licence relating to the Rafael 1 discovery over any part of EP 428;
 - ii. \$5 million upon a Final Investment Decision (FID) connected to any part of the Rafael 1 discovery to proceed with the development with a production capacity of at least 25 TJ per day of gas produced from any part of EP 428.
 - iii. \$20 million upon a development project connected to any part of the Rafael 1 discovery producing at least 50 TJ per day of gas from any part of EP 428. If the second milestone payment of \$5 million was not payable and the development of the Rafael 1 discovery subsequently meets the criteria for this third milestone, the third milestone payment is increased to \$25 million.
5. As from Completion, Origin is released from any liabilities accrued or remaining pursuant to the 2020 Farm-in Agreement and the relevant joint venture agreements including all well abandonment and rehabilitation costs.
6. The effective date of the Agreement in terms of joint venture costs is the date of lodging the Agreement and permit transfers with DMIRS.

Permit Withdrawal by Origin – Exploration Permits EP457 and EP458

1. Origin withdraws from the EP 457 and EP 458 joint ventures and assigns its 40% interest in the permits and joint ventures equally to Buru Fitzroy and Rey as provided in the 2021 Farm-in Agreement EP 457 & EP 458 (2021 FIA).
2. Buru Fitzroy and Rey release Origin from any liabilities accrued or remaining pursuant to the 2021 FIA and joint venture agreements (including any rehabilitation and residual farm-in carry obligations) as from the effective date of the withdrawals (the date of lodgement of the permit transfers with DMIRS).

D. Commercial implications

None other than as summarised above.

E. Other matters

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