



Buru Energy Limited Annual Report  
For the year ended 31 December 2018  
ABN 71 130 651 437

## 2018 Annual Report

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Dear Shareholder

Your Company has had another transformational year with the transaction with Roc Oil strengthening the Company's balance sheet and bringing a technically driven and proactive partner to our core Ungani permits and operations. Despite the volatility in the oil price, production from our Ungani Oilfield has been solidly profitable and has underpinned the operations of the Company. The release of the Western Australian Government's report of the Scientific Inquiry into hydraulic fracturing, and Government's subsequent decision to lift the moratorium on hydraulic fracturing operations has also provided a path forward for the Company to realise significant potential value from its 100% owned extensive tight gas resources in the Canning Basin.

However, operating conditions have at times been challenging, with the prolonged 2017/2018 Northern Australian wet season resulting in the Ungani Oilfield being shut-in until 2 May 2018 with the consequent deferment of production during that time. It is therefore pleasing that there has been no material effect on production to date from weather events during this year's wet season.

The longer term production rates from the two new wells drilled on the field, Ungani 4 and Ungani 5, have been below expectations and this has resulted in lower oil production than forecast. However, it is apparent that the Ungani Oilfield is now moving from the appraisal stage into full development and the Joint Venture plans to drill additional development wells in 2019 that are prognosed to substantially increase production levels and more effectively recover the resources from the field. The rig for this program has been contracted, and the drilling activity is targeted to commence in early May 2019.

The production system for the field continues to operate effectively with crude oil transport through the Port of Wyndham providing a safe and efficient export route.

The Company's exploration program during 2018 was confined to the Ungani West 1 well pending the completion of the Roc Oil transaction and access to a larger rig for the planned wider exploration program in 2019. The Ungani West 1 well encountered good quality dolomite reservoir with oil shows, but unfortunately did not have any commercially producible hydrocarbons.

However, the Company's extensive permit holdings provide it with a world scale exploration prospect portfolio, and the 2019 exploration drilling program is expected to target a number of these prospects using the rig contracted to drill the Ungani development wells. This is expected to be a very exciting program and has the potential to transform both the Company and the Canning Basin.



An important part of the Company's operations is to build enduring relationships with local communities and stakeholders, and to demonstrate our commitment to minimising our environmental impacts, particularly as the world moves to a lower carbon future. In that regard, it is clear that hydrocarbons will continue to play a significant role in the energy mix for some considerable time to come. Australia is well below self sufficiency in oil production, and natural gas will provide a transition and backup for further renewable energy production, and for the needs of the developing world.

Our business is very reliant on our employees and contractors who have shown great support for the Company during some difficult periods and the Board is very grateful for their commitment and efforts.

Our stakeholders have also shown strong support, with local communities in particular providing support and encouragement for our activities for which we are most grateful.

The Board also greatly appreciates the continued support of our loyal shareholders some of whom have been supporting the Company for an extended period, and we look forward to achieving success for them and all our stakeholders during 2019.

A handwritten signature in blue ink that reads "Eric Streitberg". The signature is fluid and cursive.

**Eric Streitberg**  
Executive Chairman

## Corporate Summary

Buru Energy Limited (ASX: BRU) is a Western Australian oil and gas exploration and production company formed in 2008 with petroleum assets and tenements located onshore in the Canning Basin in the west Kimberley region of Western Australia. It is a 50% holder and operator of the Ungani Oilfield project and holds 100% of potentially world class tight wet gas resources which are widespread across its tenements. It has secure tenure over regional acreage holdings across the whole of the Canning Basin that contain exploration prospects across a variety of play types. It has the balance

sheet strength and operating capability to systematically explore these areas, and the experience and technical and financial capability to bring further hydrocarbon discoveries into production quickly and effectively.

## Board Composition

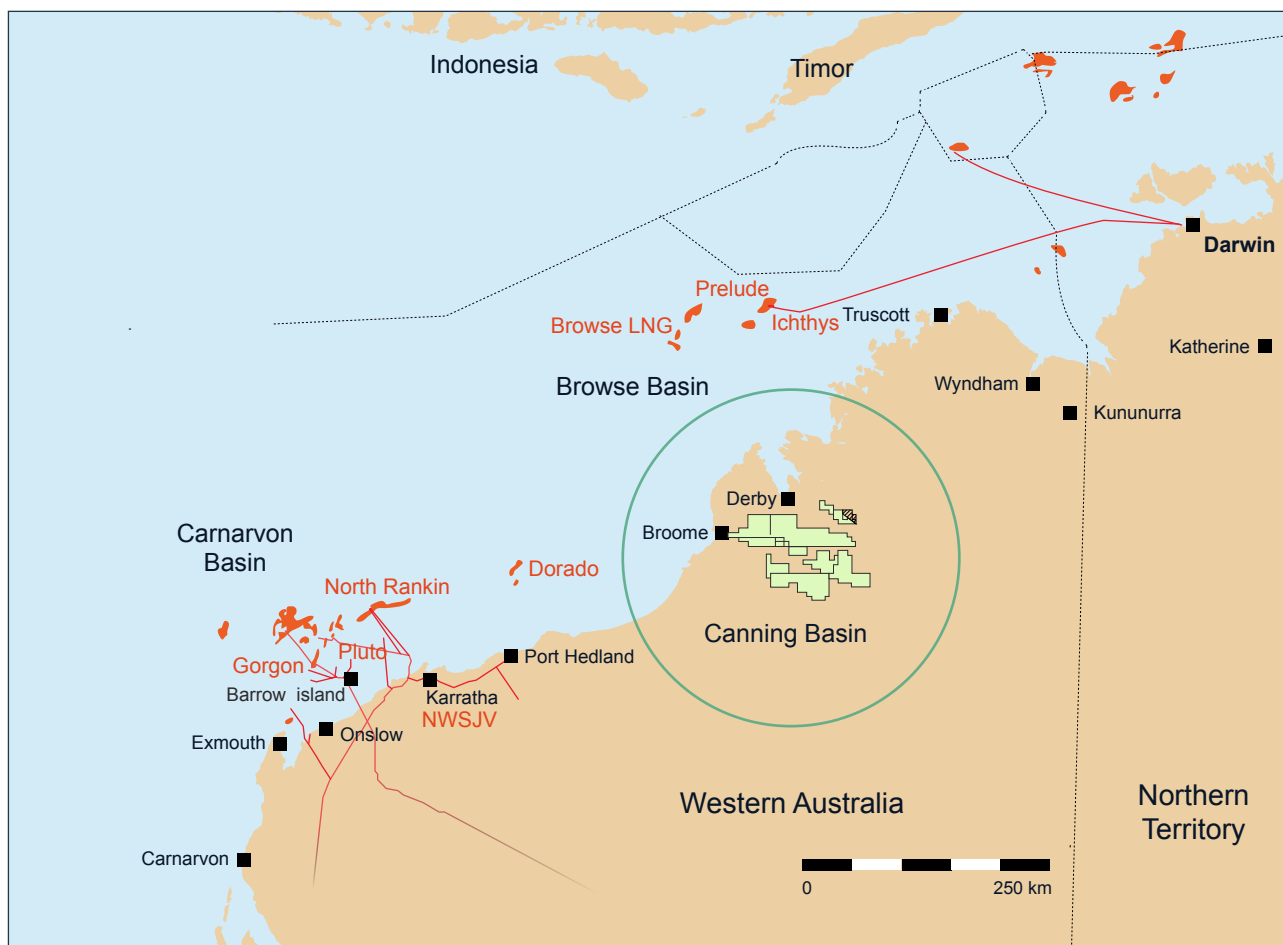
Eric Streitberg	Executive Chairman
Eve Howell	Non-executive Director
Robert Willes	Non-executive Director

## Current Issued Capital

Fully paid ordinary shares	432,074,241
Options (unlisted – Staff)	9,150,000

## Trading History

Share price range during 2018	\$0.19 to \$0.40
Liquidity (annual turnover as % of average issued capital)	26.86%
Average number of shares traded per month	~ 9.66 million



Location of the Company's Assets

## Business Philosophy and Strategy

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.

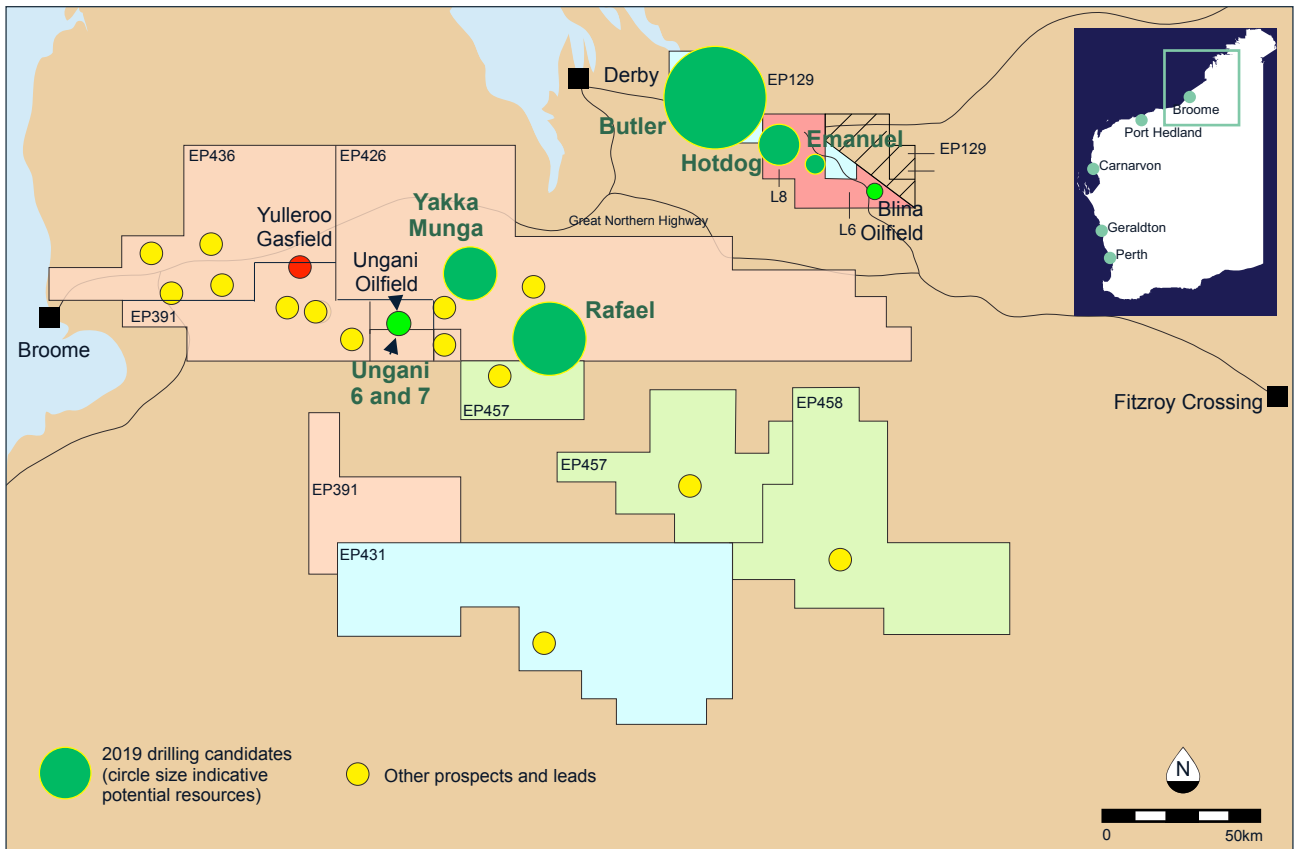
The Company's strategy over the next 12 months includes:

- Maximising the production levels and resources of the Ungani Oilfield
- Systematically exploring the Company's extensive acreage holdings in the Canning Basin
- Maintaining profitability and balance sheet strength

## Shareholder Communications

The Company provides continuous disclosure of its operations under its ASX obligations and more generally in regard to stakeholder communication. It notes that its disclosure obligations as a publicly listed company hold it to a significantly higher standard than general community communications, and require it to be factual and to be able to substantiate any statements it makes, with significant penalties applying for matters that are misleading or deceptive. The disclosure obligations require the Company to provide shareholders with all relevant and price sensitive information in a timely manner, and these obligations are met by ASX releases as information comes to hand. In addition to this continuous disclosure process, the Company provides regular shareholder updates, and quarterly, half yearly and annual reports. All of this information is made available on the Company's website ([www.buruenergy.com](http://www.buruenergy.com)) which also contains details of the Company's background, corporate structure and general activities.

As the continuous disclosure process provides a very significant volume of detailed operational reporting, this Annual Report provides a general summary of these details and also communicates to shareholders the Company's business philosophy, economic and financial condition and future prospects.



Map of selected exploration prospects



## Funding, Commitments and Prospects

The Company's funding position is sound, with a strong balance sheet, generally discretionary exploration and development expenditure, and income from oil production from its Ungani Oilfield.

The Company maintains a detailed process to test its financial position on a short term and long term basis including detailed internal cash flow models. These models are updated as required for external and internal factors and stress tested over various time periods to ensure all reasonable scenarios are modelled, including the Company's ability to meet commitments as they fall due. Discretionary investment decisions including exploration, development, and production are tested against these cash flow models to ensure the appropriate use of the Company's funds.

Formal Board control over the Company's activities is maintained through these cash flow modelling scenarios together with annual budgets that are considered in detail by the Board. The Board also reviews monthly operational and detailed financial accounts and cash flow projections.

## Corporate Governance

The ASX core principles of corporate governance have been integrated into the governance policy of the Company together with specific principles relevant to a company of Buru Energy's nature and size. These policies are regularly reviewed and the Company's compliance with them formally monitored.

The Board currently has three Directors and a majority (two out of three) of independent Directors. The Chairman is not independent as he is a significant shareholder and acts as the chief executive of the Company. This arrangement does not comply with ASX best practice guidelines but has the support of major shareholders, and the Board is of the view that the current composition of the Board is appropriate for the current situation of the Company. The Board regularly considers whether this structure continues to be appropriate.

The full Corporate Governance Statement of the Company is included in this Annual Report at pages 57 to 66.

## Corporate Responsibility

The Company's responsibilities to the community and its shareholders are supported by codes of conduct and a number of specific policies, the details of which are available on the Company's website. The Company's activities include engagement with a broad variety of stakeholders in the areas in which it operates including local communities, Traditional Owners, and pastoralists. The level of this engagement varies directly with the level of the Company's activities but includes a long term program of information provision and feedback. This longer term program also includes substantial support of local community activities through a structured program aimed at community development.

The Company has a strong commitment to ensuring that it engages local community members and contractors in its activities as far as practicable.

The Kimberley region has a large and disparate Aboriginal population that is dispersed throughout the region and the Company's activities interact with many communities and more generally with Aboriginal people in the area. The Company is committed to assisting Aboriginal people to achieve economic independence through employment, business development and training

## Business Risk Management

The Company manages risk through a formal risk identification and risk management system, details of which are included in the Corporate Governance Statement. The identified risks are considered to be in the normal course of the Company's involvement in the hydrocarbon exploration and extraction industry and the Company employs management and contractors who have relevant experience in the industry and the ability to identify and manage such risks as they arise. The Board has direct oversight and involvement in the risk review and management process and engages external consultants to assist with the process as appropriate.

The Company has in place an operational risk management system that is implemented through Health Safety and Environment management systems that are subject to detailed Government regulatory oversight. Included in the identified operational risks are those specific risks associated with the oil and gas industry including the production, processing and transport of crude oil, and the testing and evaluation of high pressure gas accumulations, and the associated HSE risks and impacts of these activities.

The Company's compliance with its operational risk management system is continuously audited internally and externally through structured auditing and reporting processes.

Corporate risks are also managed through a series of policies and procedures and the Company's formal risk identification and management system. The systems ensure that the Company's financial position is sound, financial systems and controls are robust, insurances are effective, and internal personnel management systems ensure the business is appropriately resourced and staffed.

The Company is cognisant of the potential effects of climate change policies instigated by various State and Federal governments on both the costs and time frames of projects. It is particularly aware of the changing dynamics in relation to community attitudes to fossil fuel extraction and use and

these factors are considered in the investment decisions made by the Company, together with the effects such policies may have on commodity prices on both a local and global scale. There have been no direct effects on Buru's operations by these matters except for the moratorium on hydraulic fracturing put in place by the Western Australian government while a scientific inquiry was conducted. As expected, the inquiry came to the conclusion that the activity was low risk and the moratorium has been lifted in the areas of the Company's permits.

The Company's activities during the year continued to be focused on exploration, development and production within its petroleum exploration permit and licence areas in the Canning Basin in the northwest of Western Australia.



*Oil tanker on Ungani access road*

## Roc Oil Transactions

On 21 May 2018, Buru announced it had entered into two transactions with Roc Oil (Canning) Pty Limited (Roc Oil) in relation to its Canning Basin oil production and exploration assets. Roc Oil purchased a 50% interest in the Ungani production licences L20 and L21 (the Ungani Oilfield) for a total cash payment of \$64 million.

The parties also agreed that Roc Oil will farm into a 50% interest in exploration permits EP 391, EP 428 and EP 436 by paying \$20 million of a \$25 million exploration program of up to four wells. These permits cover a significant part of the prospective Ungani conventional oil trend. This transaction was conditional on the termination, by an Act of the Parliament of Western Australia, of the State Agreement dated 7 November 2012. This Act was approved by the Western Australian Government in August 2018 and consequently the farm-in agreement was completed in September 2018. The farm-in transaction did not include the Laurel Formation unconventional gas accumulation within the exploration permits which remain 100% owned by Buru. This includes the Yulleroo Gasfield. Buru remains as operator of all permits.

Further details about the transactions were set out in Buru's ASX release dated 21 May 2018.

## EP 457 & EP 458

Further to continued negotiations with Mitsubishi as part of the asset swap transaction of May 2017, Buru entered into a purchase agreement with a wholly owned subsidiary of Mitsubishi Corporation (Diamond Resources (Barbwire) Pty Ltd) to purchase its 37.5% interests in exploration permits EP 457 and EP 458. Under the terms of the permit Joint Venture agreements, the other participant in the permits, Rey Resources Limited, exercised its pre-emptive rights and consequently, the interests in the permits will now be Buru 60% and Rey 40% after settlement of the transactions expected during early 2019.

The permits are prospective for conventional oil in a number of formations and also contain significant potential for the Laurel Formation tight wet gas play which will be evaluated once the changes to regulations arising from the Scientific Inquiry have been put in place.

The Joint Venture will now review the overall prospectivity of the permits with the forward program likely to include the reprocessing of existing 2D seismic data and potentially the acquisition of new seismic data in 2019.

## Traditional Owner Engagement

No petroleum activity can be conducted on the Company's licences without the involvement of the Traditional Owners of the areas, and Buru has never accessed an area without this consent.

In order to formalise these access arrangements, the Company has Heritage Protection and Land Use Agreements in place with Traditional Owners in all of its permit areas. For any ground disturbing activities, the Company first requests and funds a formal heritage survey organised and conducted by the Traditional Owners, which may involve up to eight Traditional Owners together with relevant anthropological and archaeological advisers to the Traditional Owners. If a clearance is received from the Traditional Owners to proceed with the activity in that area, further monitoring is carried out on site by Traditional Owners as the activity, for example seismic surveys and drill pad clearances, is carried out. This extensive and formalised process ensures heritage values are protected in all of Buru's activities.

Heritage Protection and Land Use Agreements ensure all company operations are undertaken with respect for the social, heritage, cultural and environmental values of the relevant Traditional Owner group. Specifically in relation to the Ungani Oilfield, the Company has Native Title Agreements with the Nyikina Mangala, Karajarri Yanja and Yawuru Native Title Groups. The agreements recognise the importance of the Ungani area to the Traditional Owners and highlight the Joint Venture's commitment to ensuring that the development of the Ungani Oilfield is undertaken with respect for the social, cultural and environmental interests of the Traditional Owners.

Buru has a number of Nyikina Mangala and Yawuru Aboriginal employees both at the Ungani Oilfield, and to support our Kimberley operations more generally. The Company is exceeding its targets for Aboriginal employment under the relevant agreements and enjoyed full retention of its Aboriginal workforce in the Kimberley during 2018. Buru also provides support for local Aboriginal ranger groups for key areas in which it operates. The Company continues to give preference to contracting local Kimberley Aboriginal businesses to provide services with a ~35% increase in the value of contracts delivered by Aboriginal businesses in 2018 compared to 2017.



## Production - Ungani Oilfield

The Ungani Oilfield and the associated accumulations are the Company's currently producing assets.

The Ungani Oilfield lies some 70 kms to the east of Broome and produces high quality oil from a conventional dolomite reservoir at depths of some 2,400 metres. The produced oil is trucked to Wyndham Port where it is stored for lifting by ship to be transported to refineries in SE Asia. All of the producing wells in the field are currently on artificial lift with a combination of electric submersible pumps and beam pumps. The field facilities are simple and production is low pressure, with principal operating costs being transport of crude oil and operating personnel.

The field facilities are subject to ongoing modifications to increase throughput capacity and operational efficiency as part of the Company's HSE monitoring and continuous improvement strategy.

Other than a brief period of production from 6 January to 12 January 2018, the Ungani Oilfield was shut in from 1 January 2018 to 2 May 2018. The shut down was caused by record rainfall in late 2017 and early 2018, from Cyclone Hilda, Cyclone Joyce and then Cyclone Kelvin with the rainfall flooding the Ungani access road and preventing truck movements for the shipment of oil from the field.

Production for the year totalled approximately 330,000 bbls (gross) of crude oil at an average rate of approximately 1,300 bopd for the 251 days that the field was on production. In accordance with the 21 May 2018 completion date of the sale of 50% of the Ungani Oilfield to Roc Oil, production prior to that date was 100% to Buru and production subsequent to that date 50% to Buru. A significant milestone was achieved during September 2018 with the production of the millionth barrel of oil from the field.

*A significant milestone was achieved during September 2018 with the production of the millionth barrel of oil from the field.*



*Ungani production operations*



## *Ungani Production Facility*

The Ungani 1ST1 and Ungani 2 wells were on production via electric submersible pumps (ESPs) throughout the period with Ungani 4 and Ungani 5 both commissioned prior to the May 2018 production restart with flowlines constructed to the Ungani Production Facility.

Initial testing operations on the Ungani 4 well established a flow rate of some 350 bopd of clean oil. This oil flow rate was anomalously low which was interpreted to be due to significant reservoir damage incurred during the drilling and completion of that well and the Joint Venture agreed to undertake a sidetrack of the well as the first operation in the 2018 drilling program and this was completed in December 2018.

The Ungani 5 well initially flow tested at rates of up to 1,200 bopd of essentially clean oil. Flow rates on this well also declined quickly and a beam pump was installed in November and production is continuing. The Ungani Far West 1 well was brought on production late in September with good initial flow rates which then declined as expected as water cuts increased. A beam pump was installed, and production is continuing.

Following the Joint Venture's decision to conclude drilling activity on the Ungani Oilfield after completion of the Ungani 4 sidetrack, production will be confined to the existing wells until the recommencement of drilling operations in May 2019. The results of both the recently drilled wells, further production data, and mapping of the reprocessed Ungani 3D seismic volume will be incorporated into reservoir models to revise the resource potential of the field and guide the further drilling program in the field.

With the geological knowledge gained from the additional wells, and the performance of the existing wells with artificial lift, the development of the Ungani Oilfield is now moving from appraisal/early production into longer term development. This may involve the drilling of horizontal wells to more effectively drain the reservoir. The contracted Loc 405 rig has the capability to effectively undertake the 2019 development program.



## Sales

Ungani crude oil is trucked by Fuel Trans Australia Pty Ltd to Wyndham Port and stored in Cambridge Gulf Limited's storage Tank 10 prior to its FOB sale to Trafigura. The price received FOB Wyndham represents the realised Brent linked oil price less the buyer's (Trafigura) fixed marine transport discount.

Gross sales of Ungani crude during the period totalled approximately 350,000 bbls. Given the 80,000bbl storage capacity at Wyndham, there will always be a variance between volumes produced and sold on an annualised basis. All liftings during the 2018 year are shown in the table below:

Lifting Date	Ship	Quantity bbls	Revenue Gross A\$	Buru Share %	Quantity Net bbls	Revenue Net A\$	FOB Price A\$/BBL
11 Jan 18	MT Sao Domingos Savio	53,377	\$ 4.2 M	100% <sup>1</sup>	53,377	\$ 4.2 M	\$79.58
8 Jun 18	Magic Wand	72,722	\$ 6.6 M	81% <sup>1</sup>	58,616	\$ 5.3 M	\$90.28
10 Jul 18	Palanca Muscat	53,328	\$ 4.9 M	50%	26,664	\$ 2.4 M	\$91.33
16 Aug 18	MT Security	51,962	\$ 4.7 M	50%	25,981	\$ 2.4 M	\$90.68
21 Oct 18	MT VS Lisbeth	74,432	\$ 8.0 M	50%	37,261	\$ 4.0 M	\$107.57
1 Jan 19	Palanca Miami	46,867 <sup>2</sup>	\$ 3.2 M	50%	23,434	\$ 1.6 M	\$68.64 <sup>3</sup>
<b>TOTAL</b>		<b>352,688</b>	<b>\$ 31.6 M</b>	<b>64%</b>	<b>225,333</b>	<b>\$ 19.9 M</b>	<b>\$88.21</b>

1. Production prior to the 21 May 2018 transaction with Roc Oil was 100% to Buru with production after that date being 50% to Buru.
2. Lifting took place during the period 31 December 2018 to 1 January 2019. Total lifting was for 69,687bbls, with 46,867bbls recognised as revenue in 2018 with the remainder recognised as revenue in 2019.
3. Provisional price subject to January 2019 pricing. Final price was ~A\$75/bbl with the adjustment to revenue recognised in 2019.



*Ship loading at Wyndham Port*

Buru's share of revenue from the Ungani Oilfield for the year totalled A\$19,877,000 at an average received price of A\$88/bbl. Cost of sales totalled A\$10,417,000 at A\$46/bbl giving a gross profit from sales of Ungani crude net to Buru of A\$9,460,000, before amortisation charges, at

an average annualised margin of A\$42/bbl. The margin is heavily dependent on production rate and the expected increase in production from the 2019 drilling program should substantially improve the operating margin.

# Operations Review

## Lennard Shelf Oilfields

The Blina and Sundown and associated oilfields remained shut-in during the period with maintenance and well inspections continuing. Systematic operations to complete site remediation were continued during the year with all legacy wells with no future potential expected to be remediated during 2019.

Technical studies of the Lennard Shelf have identified a number of prospects and these will be further evaluated in the coming year with the objective of undertaking future drilling programs.

## Exploration

Exploration drilling activity during the year was confined to the Ungani West 1 well with the operational focus on Ungani production and working with Roc Oil to assess the prospectivity of the area prior to the 2019 drilling program.

The 2018 drilling program was undertaken with the DDGT 1 rig, which although adequate for the 2018 drilling program has limited depth capacity and is not suitable for deeper exploration prospects and the drilling of more complex wells at Ungani.

### Ungani West 1

The Ungani West 1 exploration well is located on Production License L20 some 1,600 metres to the west of the Ungani Production Facility and was funded 80% by Roc Oil under the terms of the Farm In Agreement between the parties, with Buru Energy contributing 20%. The prospect lies between the producing Ungani and Ungani Far West oilfields and although of modest size was considered a viable exploration target.

The results of the well indicated that although oil shows were encountered in a well developed Ungani Dolomite reservoir section, there were no producible hydrocarbons and the well was suspended for use as a future water injection well.

Although this was a disappointing result, the excellent reservoir encountered and the evidence for extensive oil migration are encouraging for further exploration.

### Exploration Review and 2019 Drilling Program preparation

It is intended to drill both high graded exploration prospects and further Ungani production wells during 2019, and the 2018 geological and geophysical program concentrated on preparing for this program.

A number of initiatives were undertaken, apart from the internal geological and geophysical analyses, and these included an extensive 3D seismic reprocessing program, a geochemical exploration program and the contracting of the Loc 405 higher capacity drilling rig.



*DDGT 1 drilling rig*



## 2019 drilling program

The proposed drilling program includes both exploration and development wells and will require a rig with considerably more capability than the DDGT1 rig used for the 2018 program and hence that rig was demobilised at the conclusion of the 2018 program. The rig contracted for the 2019 drilling program is NewGen Drilling Pty Ltd (NGD) Loc 405 rig which is a fully automated modular rig with a nominal depth capacity of 5,000 metres, as well as the capacity to drill high angle and horizontal wells. Because of its modular nature and self-erecting capability, the rig is very well suited to remote operations in areas such as the Canning Basin.

The rig contract was executed at the end of the year and the rig is available for mobilisation from Perth for the 2019 drilling program, which is planned to commence as early as practicable in the dry season (nominally early May 2019).

## Unconventional Gas Assets

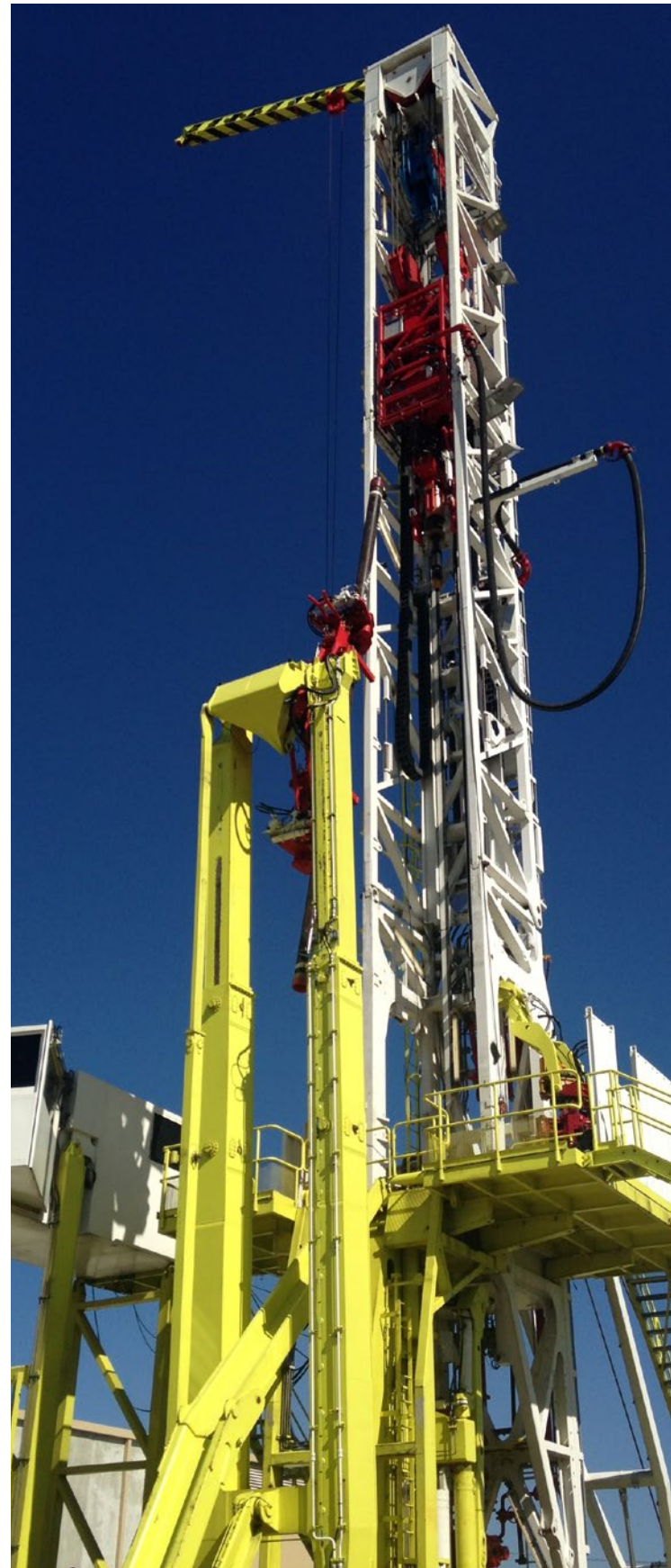
Buru has title and exclusive rights to the extensive tight wet gas resources of the Laurel Formation through the central part of the Fitzroy Trough of the Canning Basin. Buru and its previous Joint Venture partner undertook a comprehensive evaluation of the wet gas resources in the Yulleroo Gasfield area where it had drilled three wells additional to the 1967 Yulleroo 1 discovery, and undertaken a hydraulic stimulation (frac) program in the Yulleroo 2 well in 2010 with encouraging results.

Further review of the Yulleroo resource has identified a number of horizons in the existing wells where there is potential for conventional gas accumulations, and these are currently being evaluated for testing in 2019 with the objective of quantifying their ability to supply local industry and power generation from conventional gas.

## Scientific Inquiry into hydraulic stimulation (fracking)

On 27 November 2018 the Western Australian Government released the report of the independent Scientific Inquiry into hydraulic fracture stimulation, together with the Government's response to the report. This response included a range of regulatory measures that will take some time to implement. The moratorium on fracking in the northern Perth Basin and Canning Basin was lifted as part of this response, however, the implementation of the additional regulations and approvals arising from the report's recommendations means that there is likely to be a substantial delay before any activities are able to be carried out.

The Company has already demonstrated that under the existing regulatory regime it has conducted fracs on three wells on a total of 14 zones with no issues and will continue to work constructively with Government to ensure the safe, commercially and environmentally sustainable developments, of the tight gas and liquid resources of the Canning Basin.



*Loc 405 drilling rig*

# Operations Review

## Health, Safety and Environment

As an onshore petroleum operator in Western Australia, Buru Energy is regulated by the Department of Mines, Industry, Resources and Safety (DMIRS) under the Petroleum and Geothermal Energy Resources Act 1967 (PGER Act), Petroleum Pipelines Act 1969 and associated regulations. Buru's activities are also regulated by the Department of Water and Environmental Regulation (DWER) under the Rights and Water and Irrigation Act 1914 and the Environmental Protection Act 1986 and other relevant agencies and regulations.

Health, safety and environmental approvals are required to be in place prior to undertaking petroleum activities. During all activities, the Company implements a structured internal environmental audit process to identify opportunities for improvement and measurement of HSE performance. Regular external audits and inspections are also undertaken by regulatory agencies to measure compliance against approved plans.

Environmental performance objectives are objectives set by the Company for minimising the environmental impacts and environmental risks of the petroleum activity. Environmental performance objectives have associated measurement criteria that determine if the Company has met the objectives for the activity with both metrics included in the Environment Plan for a petroleum activity and must be approved by the regulator (DMIRS) prior to undertaking that activity. Since 2012/13, the Company has had year-on-year improvement in compliance with measurement criteria with no measurement criteria requiring action since 2016.

The Company also recorded good health and safety performance over 2018 with a single reportable health and safety incident relating to a contractor straining a stomach muscle during routine operations.

During 2018, Buru Energy was not aware of any material non-compliance in relation to health safety or environmental legislation.



The Directors present their report together with the consolidated financial statements of the Group comprising Buru Energy Limited ("Buru Energy" or "Group") and its subsidiaries for the year ended 31 December 2018, and the auditor's report thereon. The remuneration report for the year ended 31 December 2018 on pages 19 to 22 forms part of the Directors' report.

## Directors

The Directors of the Company at any time during or since the end of the financial year are:

### Name, qualifications and independence status

**Mr Eric Streitberg, BSc (App Geoph)**  
Executive Chairman

### Experience, special responsibilities and other directorships

Mr Streitberg has more than 40 years of experience in petroleum geology and geophysics, oil and gas exploration and oil and gas company management. He was a founding shareholder and held the position of Managing Director of ARC Energy Limited from 1997 until August 2008, during which time ARC Energy Limited was transformed from a junior oil and gas exploration company into a mid-size Australian oil and gas producer. He was also the founding shareholder and Managing Director of Discovery Petroleum which was a key participant in the renaissance of the Perth Basin as a significant gas producer until the takeover of that company in 1996. Prior to that he held various senior international exploration roles with Occidental Petroleum and BP. He was a founding shareholder and Non-executive Director of Adelphi Energy Limited from 2005 until its takeover in 2010.

He is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Mr Streitberg is a Director and past Chair of the Australian Petroleum Production and Exploration Association and has also chaired the APPEA Exploration and Environment Committees. He is a past Chair of the Marine Parks and Reserves Authority of Western Australia.

Mr Streitberg is a Certified Petroleum Geologist and Geophysicist and holds a Bachelor of Science (App. Geoph.) from the University of Queensland.

Mr Streitberg has been a Director since October 2008 and has been the Executive Chairman since May 2014, he is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.



# Directors' Report

For the year ended 31 December 2018

## Name, qualifications and independence status

### Ms Eve Howell

Independent Non-executive Director

## Experience, special responsibilities and other directorships

Ms Howell has over 40 years of experience in the oil and gas industry in a number of technical and managerial roles, primarily with Amoco Corporation, Apache Energy Ltd and Woodside Energy Ltd. She is a director of MMA Offshore Ltd.

Ms Howell has previously served on a number of boards including Downer EDI Ltd, Tangiers Petroleum (as Executive Chairman), the Fremantle Port Authority, the Australian Petroleum Production and Exploration Association where she chaired the Environment Committee, and as a board member and President of the Australian Mines and Metals Association. She is a Graduate of the Australian Institute of Company Directors.

Ms Howell began her exploration career in the UK and since 1981 has worked for several Australian based companies including Apache during a time when the company developed significant oil production from the offshore Carnarvon Basin and became the second largest domestic gas supplier in Western Australia. She held various senior positions with Apache in Australia including Exploration Manager, Business Development Manager and Managing Director. Between 2006 and 2011, Ms Howell was a Woodside Executive Committee member, with her positions including Executive Vice President - North West Shelf and Executive Vice President – Health, Safety and Security for all Woodside's operations.

Ms Howell holds a Bachelor of Science (with Honours in Geology and Mathematics) from King's College, University of London and an MBA from the Edinburgh Business School, Heriot Watt University.

Ms Howell has been a Director since July 2014, is the Chairperson of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

### Mr Robert Willes

Independent Non-executive Director

Mr Willes has over 30 years of extensive international experience in the oil and gas and energy industries. He is currently Managing Director of Challenger Energy Ltd, an ASX-listed oil and gas explorer with exposure to the emerging world-scale shale gas province in South Africa's Karoo Basin. He has previously served on a number of boards including the Australian Petroleum Production and Exploration Association (APPEA), North West Shelf Gas Pty Ltd, North West Shelf Liaison Co. Pty Ltd, North West Shelf Australia LNG Pty Ltd, North West Shelf Shipping Services Co. Pty Ltd, Carbon Reduction Ventures Pty Ltd and Perth Centre for Photography. His early career with BP involved several positions in petroleum product supply, trading and marketing, and as a lead negotiator for numerous gas transactions in Europe. He subsequently joined BP's Group Mergers and Acquisitions team, where he led the divestments of Burmah Castrol's Chemicals Division and Great Yarmouth Power Ltd, and advised the Corporation on a number of acquisition opportunities. In Australia, Mr Willes was BP's General Manager of the North West Shelf LNG Project. He also had overall accountability for BP's interests in the Browse LNG and Greater Gorgon LNG Projects, and for Business Development activities in Asia Pacific. More recently, Mr Willes was CEO of Eureka Energy Limited, and was instrumental in managing the recommended A\$107million on-market takeover by Aurora Oil and Gas Limited. Mr Willes is a Graduate of the Australian Institute of Company Directors and member of the Association of International Petroleum Negotiators. He holds an Honours Degree in Geography from Durham University in the UK, and has completed Executive Education Programmes at Harvard Business School in the USA and Cambridge University in the UK.

Mr Willes has been a Director since July 2014, is the Chairperson of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.



## Company Secretary

Mr Shane McDermott, CA, AGIA, BComm (Accounting and Finance) has an accounting and auditing background having worked at a large international accounting practice before joining Buru Energy in 2009. Mr McDermott has been Company Secretary since December 2011 and is the Chief Financial Officer of the Company. He is a member of the Institute of Chartered Accountants Australia and an Associate of the Governance Institute of Australia.

## Board and Committee Meetings

The number of Board and Committee meetings and the number of meetings attended by each of the Directors of the Company during the year were:

Meeting Director	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Eric Streitberg	14	14	3	3	4	4
Eve Howell	14	14	3	3	4	4
Robert Willes	14	14	3	3	4	4

## Principal Activities

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin, in the northwest of Western Australia. There were no significant changes in the nature of the Group's principal activities during the period.

## Operations Review

The Operations Review for the year ended 31 December 2018 is set out on pages 6 to 12 and forms part of this Directors' Report.

## Operating Results

The consolidated profit of the Group after providing for income tax for the year ended 31 December 2018 was \$29,737,000 (31 December 2017: loss of \$6,217,000).

## Financial Position

The net assets of the Group totalled \$94,324,000 as at 31 December 2018 (31 December 2017: \$64,090,000).

## Dividends

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

## Significant Changes in the State of Affairs

No significant change in the state of affairs of the Group occurred during the period other than already referred to elsewhere in this report.

## After Balance Date Events

No significant events have occurred subsequent to balance date other than those already disclosed in the Operations Review.

# Directors' Report

For the year ended 31 December 2018

## Likely Developments

The Group's likely developments in its operations in future financial years and the expected results of those operations have been included generally in the Operations Review. Other than as disclosed elsewhere, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed.

## Environmental Regulations

Buru Energy is subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its oil and gas exploration and production activities. DMIRS is the primary regulator in Western Australia for petroleum activities though the Group's activities are also regulated by DWER. The Directors actively monitor compliance with these regulations. As at the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

## Directors' Interests

The relevant interest of each Director in the shares or options issued by the Company, as notified by the Directors to the ASX in accordance with s205G(1) of the *Corporations Act 2001*, at the date of this report were as follows:

Directors	Ordinary Shares	Unlisted Options
Eric Streitberg	21,225,409	-
Eve Howell	294,000	-
Robert Willes	132,000	-
<b>Total</b>	<b>21,651,409</b>	<b>-</b>

## Share Options

At the date of this report, the unissued shares of the Company under option (all of which are unlisted and held by employees of the Company) were as follows:

Date of Expiry	Exercise Price	Number of shares under Option
31 December 2019	\$0.31	4,000,000
31 December 2020	\$0.50	5,150,000

All share options are over ordinary shares in the Company. All options are unlisted and expire on the earlier of their expiry date or within 30 days from termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details about options granted to senior executives during the financial year are included in the Remuneration Report on pages 19 to 22. No options have been granted since the end of the reporting period.

## Indemnification and Insurance of Officers

The Company has agreed to indemnify all current Directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year, the Company has paid insurance premiums of \$95,590 (2017: \$79,860) in respect of Directors' and officers' liability. The premiums cover current and former Directors and officers, including senior executives of the Company and Directors and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

## Proceedings on Behalf of Company

No person has applied for leave from any Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

## Non-audit Services

During the period, the Company's auditor did not perform any other services in addition to their statutory full year audit, half year review, Joint Venture audits and a royalty audit. During the year ended 31 December 2018, the amount paid or payable to the Group's auditor (KPMG Australia) for statutory and other audit and review services totalled to \$91,500 (31 December 2017: \$96,000).

# Directors' Report

For the year ended 31 December 2018

## Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the year ended 31 December 2018.

## Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Consolidated Financial Statements 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  
26 March 2019



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Mr Robert Willes  
Non-executive Director  
Perth  
26 March 2019



## Principles of remuneration - Audited

The Directors present their Remuneration Report for Buru Energy for the year ended 31 December 2018. This remuneration report outlines the remuneration arrangements of the Company's Directors and other key management personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and its Regulations. In accordance with section 308(3C) of the *Corporations Act 2001*, the Remuneration Report has been audited and forms part of the Directors' Report.

KMP have the authority and responsibility for planning, directing and controlling the activities of the Group and comprise the Directors, executives and senior management in accordance with s300A of the *Corporations Act 2001*.

Remuneration levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The remuneration structures explained below are designed to reward the achievement of the Company's strategic objectives and achieve the broader outcome of the creation of shareholder value. The Company's remuneration structures take into account:

- the capability and experience of KMP; and
- the Group's corporate, operational and financial performance.

Remuneration packages include a mix of fixed and variable remuneration, and short and long term performance based incentives.

### Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors, executive and senior management remuneration is competitive in the market place. Remuneration is also reviewed on promotion.

### Performance linked remuneration

Performance linked remuneration includes both short term and long term incentives, and is designed to reward KMP for meeting or exceeding the Company's expectations and agreed objectives. Any short term incentive (STI) is an 'at risk' bonus provided in the form of cash, while any long term incentive (LTI) is provided under the Employee Share Option Plan (ESOP) to KMP. The LTIs are structured to ensure that incentives are appropriately aligned to sustainable shareholder value creation.

### Short term incentive bonuses

The payments of any STI bonuses are linked to the fulfilment of key performance indicators (KPIs). The KPIs are designed to promote shareholder value creation and include financial and non-financial measures. The financial and non-financial KPIs include base and stretch targets related to health and safety results, production levels, exploration outcomes and share price appreciation. All STI bonuses are subject to Board approval.

### Long-term incentive bonuses

The Remuneration and Nomination Committee considers that an LTI scheme structured around equity based remuneration is necessary to attract and retain the highest calibre of professionals to the Group, whilst preserving the Group's cash reserves. The purpose of these schemes is to align the interests of KMP with shareholders and to reward, over the medium term, KMP for delivering value to shareholders through share price appreciation.

Options are issued under the ESOP in accordance with the thresholds set in the plan approved by shareholders. The number of options available to be issued under the ESOP is limited to 5% of the total number of ordinary shares in the Company. The options are issued for no consideration and vest immediately. All options refer to options over ordinary shares of Buru Energy Limited which are exercisable on a one for one basis.

# Remuneration Report - Audited

For the year ended 31 December 2018

## Consequences of performance on shareholder wealth

The Board considers that the most effective way to increase shareholder wealth is through the successful exploration and development of the Group's oil and gas exploration permits and increasing production at the Group's production licenses. The Board considers that the Group's LTI schemes incentivise KMP to achieve these outcomes by providing rewards, over the short and long term that are directly correlated to delivering value to shareholders through share price appreciation. The Company's relative share price performance is the primary measure when the Board considers the effectiveness of STI and LTI remuneration consequences on shareholder wealth.

## Service contracts

The employment contract with the Executive Chairman, Mr Eric Streitberg, is unlimited in term but capable of termination with three months' notice by either party, or by payment in lieu thereof at the discretion of the Company.

Service contracts with all other current non-Director KMP are unlimited in term but capable of termination on three months' notice by either party, or by payment in lieu thereof at the discretion of the Company.

The Remuneration & Nomination Committee determined the amount of remuneration payable to KMP under each agreement. KMP are also entitled to receive their contractual and statutory entitlements including accrued annual and long service leave, together with any superannuation benefits, on termination of employment. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by KMP and any changes required to meet the principles of the Group's remuneration policy.

## Services from remuneration consultants

There were no services received from remuneration consultants during the period.

## Non-executive Directors

Total fixed remuneration for all Non-executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed \$600,000 per annum. The Non-executive Directors' base fee is \$94,000 plus statutory superannuation per annum. The Chairman's base fee is ordinarily \$150,000 plus statutory superannuation per annum, however the current Chairman, Mr Streitberg, is not eligible for this remuneration as he is not acting in a non-executive capacity. An additional fee of \$7,100 plus statutory superannuation per annum is payable for Non-executive Directors being a member of a Committee and the fee for chairing a Committee is \$14,250 plus statutory superannuation.

## Key Management Personnel Remuneration - Audited

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the consolidated entity are:

		Short term				Total	Post-employment	Other long term	Share-based payments		s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration	
		Salary & Fees	Annual leave	STI cash bonus	Non-monetary benefits (A)		Superannuation benefits	Long service leave	Termination benefits	ESOP (B)			Total
<b>Non-executive Directors</b>													
Ms E Howell, NED	2018	115,350	-	-	115,350	10,958	-	-	-	126,308	0.00%	0.00%	
	2017	113,392	-	-	113,392	10,772	-	-	-	124,164	0.00%	0.00%	
Mr R Willes, NED	2018	115,350	-	-	115,350	10,958	-	-	-	126,308	0.00%	0.00%	
	2017	113,392	-	-	113,392	10,772	-	-	-	124,164	0.00%	0.00%	
<b>Total Non-executive Directors' Remuneration</b>	<b>2018</b>	<b>230,700</b>	<b>-</b>	<b>-</b>	<b>230,700</b>	<b>21,916</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,616</b>	<b>0.00%</b>	<b>0.00%</b>	
	<b>2017</b>	<b>226,784</b>	<b>-</b>	<b>-</b>	<b>226,784</b>	<b>21,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248,328</b>	<b>0.00%</b>	<b>0.00%</b>	
<b>Executive Directors</b>													
Mr E Streitberg, Executive Chairman	2018	586,462	47,692	-	16,594	650,748	58,900	9,830	-	-	719,478	0.00%	0.00%
	2017	610,462	47,692	-	17,935	676,089	58,900	6,678	-	-	741,667	0.00%	0.00%
<b>Total Directors' Remuneration</b>	<b>2018</b>	<b>817,162</b>	<b>47,692</b>	<b>-</b>	<b>16,594</b>	<b>881,448</b>	<b>80,816</b>	<b>9,830</b>	<b>-</b>	<b>-</b>	<b>972,094</b>		
	<b>2017</b>	<b>837,245</b>	<b>47,692</b>	<b>-</b>	<b>17,935</b>	<b>902,872</b>	<b>80,444</b>	<b>6,678</b>	<b>-</b>	<b>-</b>	<b>989,994</b>		
<b>Executives</b>													
Mr N Rohr, General Counsel (Ceased employment May 2018)	2018	170,000	13,077	-	1,650	184,727	16,150	-	204,000	-	404,877	0.00%	0.00%
	2017	368,478	31,000	-	17,265	416,743	38,285	5,596	-	32,966	493,590	6.68%	6.68%
Mr S McDermott, Chief Financial Officer & Company Secretary	2018	274,292	21,769	14,150	7,031	317,242	28,229	8,669	-	27,985	382,125	11.03%	7.32%
	2017	263,339	21,513	-	10,482	295,334	26,568	10,044	-	32,966	364,912	9.03%	9.03%
Mr A Forcke, General Manager - Commercial (Commenced employment July 2018)	2018	156,154	26,923	-	2,764	185,841	16,625	180	-	27,985	230,631	12.13%	12.13%
	2017	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Executive Officer Remuneration</b>	<b>2018</b>	<b>600,446</b>	<b>61,769</b>	<b>14,150</b>	<b>11,445</b>	<b>687,810</b>	<b>61,004</b>	<b>8,849</b>	<b>204,000</b>	<b>55,970</b>	<b>1,017,633</b>		
	<b>2017</b>	<b>631,817</b>	<b>52,513</b>	<b>-</b>	<b>27,747</b>	<b>712,076</b>	<b>64,853</b>	<b>15,640</b>	<b>-</b>	<b>65,932</b>	<b>858,501</b>		
<b>Total Directors and Executive Officer Remuneration</b>	<b>2018</b>	<b>1,417,608</b>	<b>109,461</b>	<b>14,150</b>	<b>28,039</b>	<b>1,569,258</b>	<b>141,820</b>	<b>18,679</b>	<b>204,000</b>	<b>55,970</b>	<b>1,989,727</b>		
	<b>2017</b>	<b>1,469,061</b>	<b>100,205</b>	<b>-</b>	<b>45,682</b>	<b>1,614,949</b>	<b>145,297</b>	<b>22,318</b>	<b>-</b>	<b>65,932</b>	<b>1,848,495</b>		

Notes in relation to the table of KMP remuneration

- A. Non-monetary benefits to KMP relate to the provision of car parking, life insurance and salary continuance insurance.
- B. The fair value of the options issued under the ESOP in 2018 are calculated at the date of grant using the Black & Scholes option-pricing model and expensed at grant date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

# Remuneration Report - Audited

For the year ended 31 December 2018

## Loans to Key Management Personnel

There were no loans outstanding at the end of the period to key management personnel or their related parties.

## Shares held by Key Management Personnel

KMP	Held at 1 Jan 18	Granted as remuneration	Exercise of options	Purchased	Sold	Held at 31 Dec 18
Mr E Streitberg	29,747,406	-	-	-	(8,521,997)	21,225,409
Ms E Howell	294,000	-	-	-	-	294,000
Mr R Willes	132,000	-	-	-	-	132,000
Mr S McDermott	100,000	-	-	-	-	100,000
Mr A Forcke	1,000,000	-	-	-	-	1,000,000

## Analysis of share based payments - ESOP

The movement during the period by number of options granted under the ESOP to KMP during the period is detailed below.

KMP	Held at 1 Jan 18	Granted as remuneration	Exercised	Lapsed / Forfeited	Held at 31 Dec 18	Vested during the year	Vested and exercisable
Mr N Rohr	300,000	-	(2,908)	(297,092)	-	-	-
Mr S McDermott	300,000	300,000	-	-	600,000	300,000	600,000
Mr A Forcke	-	300,000	-	-	300,000	300,000	300,000

No options have been granted since the end of the financial year. All options were provided at no cost to the recipients and expire on the earlier of their expiry date or 30 days after the termination of the individual's employment. All options vested immediately and were exercisable from grant date. No terms of options granted as remuneration to a KMP have been altered or modified by the issuing entity during the reporting period or the prior period. During the reporting period, 2,908 shares were issued on the exercise of options previously granted as remuneration.

## Analysis of share based payments - SARs

No Share Appreciation Rights (SARs) were granted to KMP during the reporting period. The movement during the period by number of SARs granted to KMP during the period is detailed below.

KMP	Held at 1 Jan 18	Granted as remuneration	Exercised	Lapsed	Held at 31 Dec 18	Vested during the year	Vested and exercisable
Mr N Rohr	221,839	-	-	(221,839)	-	-	-
Mr S McDermott	67,596	-	-	(67,596)	-	-	-

During the reporting period, no shares were issued on the exercise of SARs previously granted as remuneration.





## 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 audit of Buru Energy Limited for the financial year ended 31 December 2018 there have been:

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

KPMG

Jane Bailey

KPMG

Jane Bailey  
*Partner*

Perth

26 March 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Statement Of Financial Position

As at 31 December 2018

<i>in thousands of AUD</i>	Note	31 December 2018	31 December 2017
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12a	64,011	16,859
Trade and other receivables	10	2,677	1,289
Inventories	11	2,376	3,018
<b>Total Current Assets</b>		<b>69,064</b>	<b>21,166</b>
<b>NON-CURRENT ASSETS</b>			
Oil and gas assets	6	31,398	55,646
Exploration and evaluation expenditure	7	6,036	6,363
Property, plant and equipment	8	2,507	4,117
Financial assets	9	40	40
<b>Total Non-Current Assets</b>		<b>39,981</b>	<b>66,166</b>
<b>TOTAL ASSETS</b>		<b>109,045</b>	<b>87,332</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	3,650	8,757
Loans and borrowings	16	3,000	5,250
Provisions	17	1,980	1,427
<b>Total Current Liabilities</b>		<b>8,630</b>	<b>15,434</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	16	2,000	2,250
Provisions	17	4,091	5,558
<b>Total Non-Current Liabilities</b>		<b>6,091</b>	<b>7,808</b>
<b>TOTAL LIABILITIES</b>		<b>14,721</b>	<b>23,242</b>
<b>NET ASSETS</b>		<b>94,324</b>	<b>64,090</b>
<b>EQUITY</b>			
Contributed equity		271,857	271,803
Reserves		919	1,185
Accumulated losses		(178,452)	(208,898)
<b>TOTAL EQUITY</b>		<b>94,324</b>	<b>64,090</b>

The notes on pages 28 to 52 are an integral part of these consolidated financial statements

# Consolidated Statement Of Comprehensive Income Or Loss

For the year ended 31 December 2018

<i>in thousands of AUD</i>	Note	31 December 2018	31 December 2017
Revenue	2	19,877	7,893
Cost of sales		(10,417)	(4,224)
Amortisation of oil and gas assets	6	(5,365)	(4,219)
<b>Gross profit / (loss)</b>		<b>4,095</b>	<b>(550)</b>
Other income		-	455
Gain on sale of oil and gas assets	6	36,337	-
Gain on acquisition of oil and gas assets		-	4,331
Exploration and evaluation expenditure		(4,904)	(2,353)
Impairment of inventories	11	(157)	(207)
Corporate and administrative expenditure	3	(5,779)	(6,286)
Share based payment expenses	18	(481)	(499)
Movement in fair value of financial assets		-	(12)
<b>Operating profit / (loss)</b>		<b>29,111</b>	<b>(5,121)</b>
<b>Net finance income / (expense)</b>	<b>4</b>	<b>626</b>	<b>(1,096)</b>
<b>Profit / (loss) before tax</b>		<b>29,737</b>	<b>(6,217)</b>
Income tax expense	5	-	-
Other comprehensive income net of income tax		-	-
<b>Total comprehensive income / (loss)</b>		<b>29,737</b>	<b>(6,217)</b>
<b>Earnings / (loss) per share and diluted earnings / (loss) per share (cents)</b>	<b>14</b>	<b>6.89</b>	<b>(1.69)</b>

*The notes on pages 28 to 52 are an integral part of these consolidated financial statements*

# Consolidated Statement Of Changes In Equity

For the year ended 31 December 2018

	Share capital	Share based payment reserve	Retained losses	Total equity
<i>in thousands of AUD</i>	\$	\$	\$	\$
<b>Balance as at 1 January 2017</b>	<b>258,211</b>	<b>1,213</b>	<b>(203,208)</b>	<b>56,216</b>
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(6,217)	(6,217)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(6,217)</b>	<b>(6,217)</b>
<b>Transactions with owners recorded directly in equity</b>				
Issue of ordinary shares, net of transaction costs	13,592	-	-	13,592
Share based payment transactions	-	499	-	499
Share options / share appreciation rights forfeited	-	(527)	527	-
<b>Total transactions with owners recorded directly in equity</b>	<b>13,592</b>	<b>(28)</b>	<b>527</b>	<b>14,091</b>
<b>Balance as at 31 December 2017</b>	<b>271,803</b>	<b>1,185</b>	<b>(208,898)</b>	<b>64,090</b>

	Share capital	Share based payment reserve	Retained losses	Total equity
<i>in thousands of AUD</i>	\$	\$	\$	\$
<b>Balance as at 1 January 2018</b>	<b>271,803</b>	<b>1,185</b>	<b>(208,898)</b>	<b>64,090</b>
<b>Comprehensive income for the period</b>				
Income for the period	-	-	29,737	29,737
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>29,737</b>	<b>29,737</b>
<b>Transactions with owners recorded directly in equity</b>				
Issue of ordinary shares on conversion of options	16	-	-	16
Share based payment transactions	-	481	-	481
Share options / share appreciation rights exercised/forfeited	38	(747)	709	-
<b>Total transactions with owners recorded directly in equity</b>	<b>54</b>	<b>(266)</b>	<b>709</b>	<b>497</b>
<b>Balance as at 31 December 2018</b>	<b>271,857</b>	<b>919</b>	<b>(178,452)</b>	<b>94,324</b>

The notes on pages 28 to 52 are an integral part of these consolidated financial statements



# Consolidated Statement Of Cash Flows

For the year ended 31 December 2018

<i>in thousands of AUD</i>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from sales	18,269	7,893
Cash receipts from other income	-	455
Payments to suppliers and employees	(14,393)	(10,200)
Payments for exploration and evaluation	(5,745)	(2,458)
<b>Net cash outflow from operating activities</b>	<b>12b</b>	<b>(4,310)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	677	423
Receipts from sale of / (payments for) plant and equipment	44	(75)
Payments for exploration and evaluation	-	(142)
Payments for oil and gas development	(12,810)	(10,192)
Receipt from sale of interest in Ungani Oilfield	6	64,000
Previous JV partner's final contribution towards Ungani Oilfield	-	1,500
<b>Net cash inflow / (outflow) from investing activities</b>	<b>51,911</b>	<b>(8,486)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	15	13,592
Repayment of loan and interest	(2,875)	(5,000)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(2,860)</b>	<b>8,592</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>47,182</b>	<b>(4,204)</b>
Cash and cash equivalents at the beginning of the period	16,859	21,052
Effect of exchange rate changes on cash and cash equivalents	(30)	11
<b>Cash and cash equivalents at end of the period</b>	<b>12a</b>	<b>16,859</b>

The notes on pages 28 to 52 are an integral part of these consolidated financial statements

# Notes to the Financial Statements

For the year ended 31 December 2018

## Basis of Preparation

Buru Energy Limited (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 consolidated financial statements of the Company as at, and for the year ended 31 December 2018 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.

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Significant accounting policies and key judgements and estimates of the Group that summarise the measurement basis used and assist in understanding the financial statements are described in the relevant note to the financial statements or are otherwise provided in this section. The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). The financial statements were approved by the Board of Directors on 26 March 2019. The accounting policies have been applied consistently by Group entities to all periods presented in these consolidated financial statements. The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Financial assets are measured at fair value; and
- Share based payments are measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Consolidated Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## Basis of Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is each of the Group entities' functional currency. Transactions in foreign currencies are translated to Australian dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

## Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS 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. Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

- Note 5 – Recognition of tax losses
- Note 6 – Oil and gas assets
- Note 7 – Exploration and evaluation expenditure
- Note 16 – Loans and borrowings
- Note 17 – Provisions
- Note 18 – Measurement of share-based payments

## Results for the Year

This section explains the results and performance of the Group including additional information about those individual line items in the financial statements most relevant in the context of the operations of the Group, including accounting policies that are relevant for understanding the items recognised in the financial statements and an analysis of the Group's result for the year by reference to key areas, including operating segments, revenue, expenses, employee costs, taxation and earnings per share.

### 1. Segment Information

An operating segment is a component of Buru Energy that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Buru Energy's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman, Chief Financial Officer and other executives to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Executive Chairman and Chief Financial Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group has only one reportable geographical segment being the Canning Basin in northwest Western Australia. The reportable operating segments are based on the Group's strategic business units: oil, gas and exploration. The following summary describes the operations in each of the Group's reportable operating segments:

- Oil: Primarily includes the development and production of the Ungani Oilfield and the currently shut in Blina and Sundown Oilfields.
- Gas: Exploration and appraisal of gas is currently concentrated in the Yulleroo area where gas resources have been identified in the Laurel Formation.
- Exploration: The exploration program is focused on prospects along the Ungani oil trend and evaluation of the other areas in the Group's portfolio.

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 corporate segment represents a reconciliation of reportable segments revenues, profit or loss and assets to the consolidated figures.

# Notes to the Financial Statements

For the year ended 31 December 2018

## 1. Segment Information (Continued)

Profit or loss	Oil		Gas		Exploration		Corporate*		Total	
	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17
<i>in thousands of AUD</i>										
External revenues	19,877	7,893	-	-	-	-	-	-	19,877	7,893
Operating costs	(10,417)	(4,224)	-	-	-	-	-	-	(10,417)	(4,224)
Amortisation of oil and gas assets	(5,365)	(4,219)	-	-	-	-	-	-	(5,365)	(4,219)
<b>Gross Profit / (Loss)</b>	<b>4,095</b>	<b>(550)</b>	-	-	-	-	-	-	<b>4,095</b>	<b>(550)</b>
Other income	-	-	-	-	-	-	-	455	-	455
Exploration and evaluation expenditure	-	-	-	-	(4,904)	(2,353)	-	-	(4,904)	(2,353)
Gain on acquisition of oil and gas assets	-	4,331	-	-	-	-	-	-	-	4,331
Gain on sale of interest in oil and gas assets	36,337	-	-	-	-	-	-	-	36,337	-
Impairment of inventories	-	-	-	-	(157)	(207)	-	-	(157)	(207)
Corporate and administrative expenditure	-	-	-	-	-	-	(5,779)	(6,286)	(5,779)	(6,286)
Share based payment expenses	-	-	-	-	-	-	(481)	(499)	(481)	(499)
Movement in fair value of financial assets	-	-	-	-	-	-	-	(12)	-	(12)
<b>EBIT</b>	<b>40,432</b>	<b>3,781</b>	-	-	<b>(5,061)</b>	<b>(2,560)</b>	<b>(6,260)</b>	<b>(6,342)</b>	<b>29,111</b>	<b>(5,121)</b>
Net finance income / (expense)	-	-	-	-	-	-	626	(1,096)	626	(1,096)
<b>Reportable segment profit / (loss) before tax</b>	<b>40,432</b>	<b>3,781</b>	-	-	<b>(5,061)</b>	<b>(2,560)</b>	<b>(5,634)</b>	<b>(7,438)</b>	<b>29,737</b>	<b>(6,217)</b>

\* Corporate represents reconciliation of reportable segments to IFRS measures

Total Assets	Oil		Gas		Exploration		Corporate*		Total	
	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17	Dec 18	Dec 17
<i>in thousands of AUD</i>										
Current assets	1,947	1,359	-	-	2,038	1,659	65,079	18,148	69,064	21,166
Oil and gas assets	31,398	55,646	-	-	-	-	-	-	31,398	55,646
Exploration and evaluation assets	-	-	6,036	6,363	-	-	-	-	6,036	6,363
Property, plant and equipment	-	-	-	-	-	-	2,507	4,117	2,507	4,117
Financial assets	-	-	-	-	-	-	40	40	40	40
<b>Total Assets</b>	<b>33,345</b>	<b>57,005</b>	<b>6,036</b>	<b>6,363</b>	<b>2,038</b>	<b>1,659</b>	<b>67,626</b>	<b>22,305</b>	<b>109,045</b>	<b>87,332</b>

<b>Capital Expenditure</b>	<b>6,675</b>	<b>17,917</b>	-	-	-	<b>468</b>	<b>86</b>	<b>81</b>	<b>6,761</b>	<b>18,466</b>
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### Total Liabilities

Current liabilities	3,070	7,727	-	-	1,650	1,779	3,910	5,928	8,630	15,434
Loans and borrowings (Non-current)	-	-	-	-	-	-	2,000	2,250	2,000	2,250
Provisions (Non-current)	1,224	2,136	-	-	2,704	3,321	163	101	4,091	5,558
<b>Total Liabilities</b>	<b>4,294</b>	<b>9,863</b>	-	-	<b>4,354</b>	<b>5,100</b>	<b>6,073</b>	<b>8,279</b>	<b>14,721</b>	<b>23,242</b>

\* Corporate represents reconciliation of reportable segments to IFRS measures



## 2. Revenue

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Sales of crude oil	19,877	7,893
	19,877	7,893

Revenue from the sale of crude oil in the course of ordinary activities is recognised in the income statement at the fair value of the consideration received or receivable. Revenue is recognised when a customer obtains control of the goods or services. Under existing contracts the sale of oil is recognised on Free on Board terms, whereby the customer obtains control of the oil as it is loaded onto the vessel.

## 3. Corporate and Administrative Expenditure

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Personnel and associated expenses	2,970	3,243
Office and other administration expenses	2,809	3,043
	5,779	6,286

The above expense excludes share based payments disclosed at note 18.

## 4. Net Finance Income / (Expense)

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Interest income on bank deposits and receivables	1,031	404
Interest expense on borrowings (note 16)	(375)	-
Net foreign exchange gain / (loss)	(30)	11
Interest expense of unwinding of the fair value difference of borrowings (note 16)	-	(1,511)
Net finance income / (expense) recognised in profit or loss	626	(1,096)

Finance income comprises interest income on funds invested (including financial assets). Interest income is recognised as it accrues in profit or loss, using the effective interest method. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

# Notes to the Financial Statements

For the year ended 31 December 2018

## 5. Taxation

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
<b>Current income tax</b>		
Current income tax charge	-	-
Adjustments in respect of previous current income tax	-	-
	-	-
<b>Deferred income tax</b>		
Tax relating to origination and reversal of temporary differences	-	-
	-	-
<b>Total income tax expense reported in equity</b>	-	-
<b>Numerical reconciliation between tax expense and pre-tax accounting profit</b>		
Accounting profit / (loss) before tax	29,737	(6,217)
Income tax (expense) / benefit using the domestic corporation tax rate of 30%	(8,921)	1,865
(Increase) / decrease in income tax due to:		
Non-deductible expenses	(166)	(161)
Temporary differences and tax losses not brought to account as a DTA	-	(1,704)
Tax losses utilised	9,087	-
Income tax benefit / (expense) on pre-tax loss	-	-

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## 5. Taxation (Continued)

### Unrecognised net deferred tax assets

Net deferred tax assets have not been recognised in respect of the following items.

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017	Movement
<b>Deferred tax assets</b>			
Business related costs	4	302	(298)
Accruals	32	15	17
Provisions	1,821	2,095	(274)
Development expenditure	763	3,493	(2,730)
Inventories	-	1,189	(1,189)
Tax losses	35,941	41,278	(5,337)
PRRT	128,710	175,409	(46,699)
	167,271	223,781	(56,510)
<b>Deferred tax liabilities</b>			
Exploration expenditure	(1,811)	(1,811)	-
Property, plant and equipment	(447)	(877)	430
Investments in listed entities	(36)	(36)	-
Prepayments	(2)	-	(2)
Rehabilitation	(367)	(739)	372
	(2,663)	(3,463)	800
<b>Net DTA not brought to account</b>	164,608	220,318	(55,710)

Deferred tax is not provided for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. In accordance with the group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about oil and gas prices, reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits.

## 5. Taxation (Continued)

### **Tax consolidation**

The company and its 100% owned entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

### **Tax effect accounting by members of the Consolidated Group**

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement are recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head entity, Buru Energy. In this regard, Buru Energy has assumed the benefit of tax losses from the member entities. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

### **Petroleum Resource Rent Tax**

Petroleum Resource Rent Tax (PRRT) is considered for accounting purposes to be a tax on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

### **Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## 6. Oil and Gas Assets (Ungani Oilfield)

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Carrying amount at beginning of the period	55,646	21,550
Oil and gas assets acquired	-	20,398
Carrying value of oil and gas assets sold	(27,663)	-
Development expenditure	6,675	17,917
Transfer from property, plant and equipment	2,105	-
Amortisation expense	(5,365)	(4,219)
Carrying amount at the end of the period	31,398	55,646

On 21 May 2018, Buru Energy announced that Roc Oil (Canning) Pty Limited (Roc Oil) had purchased a 50% interest in the Ungani production licences L20 and L21 (the Ungani Oilfield) for a total cash payment of \$64,000,000. The Company's interest in the Ungani Oilfield before the sale had a carrying value of \$55,326,000 for 100%, or \$27,663,000 for the 50% interest sold. The 50% interest was sold for consideration of \$64,000,000 resulting in a gain on partial sale of oil and gas assets of \$36,337,000.

Oil and gas assets are measured at cost less amortisation and impairment losses. The assets useful lives are reviewed, and adjusted if appropriate, at each reporting date. The carrying amount of oil and gas assets is reviewed bi-annually. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and included in the profit or loss. Oil and gas assets are amortised over the life of the area according to the rate of depletion of the proved and probable hydrocarbon reserves. When no reserves are certified, oil and gas assets are amortised on a straight line basis over its estimated useful life until such time when reserves are certified. Retention of petroleum assets is subject to meeting certain work obligations/commitments.

The estimated quantities of proved and probable hydrocarbon reserves and resources reported by the group are integral to the calculation of amortisation (depletion) and assessments of possible impairments. Estimated reserves and resources quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves and resources. Management prepare estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves and resources may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. The Ungani Oilfield does not currently have certified reserves and is therefore currently being amortised on a straight line basis over a 10 year period.



# Notes to the Financial Statements

For the year ended 31 December 2018

## 7. Exploration and Evaluation Expenditure

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Carrying amount at beginning of the period	6,363	21,962
Exploration expenditure capitalised	-	468
Disposal of exploration expenditure	-	(16,067)
Movement in rehabilitation provision for exploration assets	(327)	-
Carrying amount at the end of the period	6,036	6,363

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well.

An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field. Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

- tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- substantive expenditure on further exploration for and evaluation of resources in the specific area is not budgeted or planned; or
- exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made and any resultant impairment loss is recognised in the income statement. When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets.

Determining the recoverability of exploration and evaluation expenditure capitalised requires estimates and judgements as to future events and circumstances, in particular, whether successful development and commercial exploitation or sale of the respective area of interest is likely. Critical to this assessment are estimates and assumptions as to the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement.

## 8. Property, Plant and Equipment (PPE)

<i>in thousands of AUD</i>	Plant and equipment	Office equipment	Fixtures and fittings	Cultural assets	Intangible Assets	Total
<b>Cost</b>						
Carrying amount at 1 Jan 2017	5,602	1,620	1,799	877	897	10,795
Additions	82	3	-	-	-	85
Disposals	(98)	(7)	(1,712)	-	-	(1,817)
Balance at 31 Dec 2017	5,586	1,616	87	877	897	9,063
Carrying amount at 1 Jan 2018	5,586	1,616	87	877	897	9,063
Additions	86	-	-	-	-	86
Disposals	(108)	-	-	-	-	(108)
Transfers	(2,105)	-	-	-	-	(2,105)
Balance at 31 Dec 2018	3,459	1,616	87	877	897	6,936
<b>Depreciation</b>						
Carrying amount at 1 Jan 2017	(2,069)	(1,552)	(1,234)	-	(686)	(5,541)
Depreciation for the period	(401)	(47)	(258)	-	(182)	(888)
Disposal	32	7	1,444	-	-	1,483
Balance at 31 Dec 2017	(2,438)	(1,592)	(48)	-	(868)	(4,946)
Carrying amount at 1 Jan 2018	(2,438)	(1,592)	(48)	-	(868)	(4,946)
Depreciation for the period	(275)	(9)	(10)	-	(29)	(323)
Disposal	73	-	-	-	-	73
Transfer	767	-	-	-	-	767
Balance at 31 Dec 2018	(1,873)	(1,601)	(58)	-	(897)	(4,429)
<b>Carrying amounts</b>						
At 31 December 2017	3,148	24	39	877	29	4,117
At 31 December 2018	1,586	15	29	877	-	2,507

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE and are recognised net in profit or loss. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of PPE are recognised in profit or loss as incurred. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of PPE, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative period are as follows:

- plant & equipment 10 – 30 years
- office equipment 3 – 20 years
- fixtures and fittings 6 – 20 years
- intangibles 5 years
- cultural assets not depreciated

The useful life, residual value and the depreciation method applied to an asset are reassessed at least annually. Heritage and cultural assets with the potential to be maintained for an indefinite period through conservation, restoration and preservation activities are considered to have an indefinite life and not depreciated.

# Notes to the Financial Statements

For the year ended 31 December 2018

## 9. Financial Assets

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
<b>Non-Current</b>		
Financial assets - FVTPL	40	40

The Group's financial assets FVTPL comprise of ASX listed shares held in New Standard Energy Limited.

The Group's exposure to market risk and impairment losses related to financial assets are disclosed in note 26.

## 10. Trade and Other Receivables

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Accrued income	1,609	-
Interest receivable	409	54
Joint Venture receivables	18	394
GST receivable	232	476
Total trade receivables	2,268	924
Prepayments	121	199
Other receivables	288	166
Total	2,677	1,289

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in note 26.

## 11. Inventories

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Materials and consumables at net realisable value	2,038	1,659
Petroleum products at cost	338	1,359
	2,376	3,018

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Materials and consumables, which include drilling and maintenance stocks, are valued at the cost of acquisition which includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition; and
- Petroleum products, comprising extracted crude oil stored in tanks and pipeline systems, are valued using the full absorption cost method.

Materials and consumables are accounted for on a FIFO basis. During the year, the Group tested its inventories for impairment and wrote down materials and consumables inventories to their net realisable value, which resulted in a loss of \$157,000 (2017: \$207,000).

## 12. (a) Cash and Cash Equivalents

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Bank balances	1,655	1,291
Term deposits available at call	62,356	15,568
Cash and cash equivalents in the statement of cash flows	64,011	16,859

The Group's exposure to interest rate risk and sensitivity analysis for financial assets is disclosed in note 26.

## (b) Reconciliation of Cash Flows from Operating Activities

<i>in thousands of AUD</i>		31 Dec 2018	31 Dec 2017
<b>Cash flows from operating activities</b>	<b>Note</b>		
Income / (Loss) for the period		29,737	(6,217)
Adjustments for:			
Depreciation	8	323	888
Amortisation on development expenditure	6	5,365	4,219
Impairment on inventories	11	157	207
Gain on sale of interest in oil and gas assets	6	(36,337)	-
Gain on acquisition of oil and gas assets		-	(4,331)
(Gain) / loss on asset disposal		(9)	325
Share based payment expenses	18	481	499
Net finance (income) / costs	4	(626)	1,096
<b>Operating loss before changes in working capital and provisions</b>		(909)	(3,314)
<b>Changes in working capital</b>			
Change in trade and other receivables		(1,125)	(530)
Change in trade and other payables		(1,189)	648
Change in financial assets		-	12
Change in inventories		1,021	(1,360)
Change in provisions		333	234
Cash used in operating activities		(960)	(996)
<b>Net cash outflow from operating activities</b>		(1,869)	(4,310)

# Notes to the Financial Statements

For the year ended 31 December 2018

## 13. Capital and Reserves

### Share capital

	Ordinary Shares 31 Dec 2018	Ordinary Shares 31 Dec 2017
	No.	No.
On issue at the beginning of the period	432,021,333	339,997,078
Issued under Rights Issue and Top-up Placement	-	92,024,255
Conversion of 31c options to fully paid shares	52,908	-
On issue at the end of the period – fully paid	432,074,241	432,021,333

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The share-based payments reserve represents the fair value of equity-based compensation to the Group's employees.

## 14. Earnings / (Loss) Per Share

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Earnings / (loss) attributable to ordinary shareholders	29,737	(6,217)

### Basic and diluted earnings / (loss) per share

Weighted average number of ordinary shares

	31 Dec 2018	31 Dec 2017
	No.	No.
Issued ordinary shares at beginning of the period	432,021,333	339,997,078
Effect of shares issued	30,668	27,985,458
Weighted average number of ordinary shares at the end of the period	432,052,001	367,982,536

The Group presents basic and diluted earnings or loss per share (EPS or LPS) data for its ordinary shares. Basic EPS or LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS or LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the options were 'out of the money' as at 31 December 2018.

## 15. Trade and Other Payables

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Trade payables	818	3,248
Accruals	2,559	5,337
Other payables	273	172
	3,650	8,757

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.



## 16. Loans and Borrowings

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Borrowings at beginning of the year	7,500	10,989
Repayment to Alcoa on 14 July 2017	-	(5,000)
Interest expense of unwinding of the fair value difference	-	1,511
Interest expense	375	-
Repayment to Alcoa on 28 December 2018	(2,875)	-
Loan at the end of the year	5,000	7,500

<i>in thousands of AUD</i>	31 Dec 2018	31 Dec 2017
Current	3,000	5,250
Non-current	2,000	2,250
	5,000	7,500

All borrowings are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost. The Group's exposure to currency and liquidity risk related to loans and borrowings is disclosed in note 26.

The 2018 instalment of the Alcoa liability of \$2,500,000 plus interest of \$375,000 was paid on 28 December 2018. A further \$500,000 was paid to Alcoa subsequent to the end of the year in accordance with the accelerated capital repayment mechanism calculated on Ungani crude sales for 2018. The next instalment of \$2,500,000 will be payable on or before 31 December 2019 with the remainder of the liability due by the end of 2020. The debt remains unsecured, subject to an agreed interest rate of 5% and subject to annual accelerated capital repayments based on Buru Energy's Ungani crude sales.

In the prior year, the Alcoa loan was not based upon market terms as it was interest free and was therefore accounted for in accordance with AASB 139 Application Guidance 64 (AG64), which states that "the fair value of an originated long-term loan or borrowing that carries no interest can be estimated as the present value of all future cash payments discounted using the market rate of interest for a similar instrument with a similar credit rating".

# Notes to the Financial Statements

For the year ended 31 December 2018

## 17. Provisions

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Current</b>		
Provision for annual leave	729	541
Provision for long-service leave	181	137
Provision for site restoration	1,070	749
	1,980	1,427
<b>Non-Current</b>		
Provision for long-service leave	163	101
Provision for site restoration	3,928	5,457
	4,091	5,558

### Movements in the site restoration provision

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Opening balance	6,206	4,765
Provision used during the period	(100)	(110)
Revaluation of provision during the period	(1,108)	1,551
Balance at the end of the period	4,998	6,206

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably.

The site restoration provision is in respect of the Group's obligation to rectify environmental liabilities relating to exploration and production in the Canning Basin in accordance with the requirements of DWER and DMIRS. The provision is derived from an internal review of the liabilities. Due to the long-term nature of the liability, there is significant uncertainty in estimating the costs that will be incurred at a future date. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. The rehabilitation is expected to continue to occur progressively.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

## 18. Share-based Payments

Fair value expensed in thousands of AUD	31 Dec 2018	31 Dec 2017
Employee Share Option Plan expense	481	499
	481	499

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant. The fair value of share options granted under the Employee Share Option Plan are measured using the Black & Scholes valuation model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information) weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### *Employee Share Option Plan (ESOP)*

At the 2018 Annual General Meeting, shareholders reapproved the Company's ESOP for a further three years. Options are issued for no consideration and vest immediately on grant date. All options refer to options over ordinary shares of Buru Energy Limited which are exercisable on a one for one basis. The inputs used in the measurement of the fair values at grant date of the equity settled share based payment plans were as follows:

Number ESOP options granted	Share Price at Grant Date	Exercise Price	Volatility	Expected Dividends	Risk free interest rate	Expiry Date	Fair Value
5,250,000	\$0.25	\$0.50	92%	Nil	2.0%	31 Dec 20	\$0.09

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price (\$)	Number of options
Outstanding unlisted options as at 1 January 2018	0.31	4,550,000
Exercised 8 May 2018	0.31	(50,000)
Exercised 27 June 2018	0.31	(2,908)
Granted 3 August 2018	0.50	5,250,000
Forfeited during the period ended 31 December 2018	0.31	(497,092)
Forfeited during the period ended 31 December 2018	0.50	(100,000)
Outstanding as at 31 December 2018	0.42	9,150,000

The unlisted share options outstanding as at 31 December 2018 have a weighted average exercise price of \$0.42 (Dec 2017: \$0.31), and a weighted average contractual life of 1.9 years (Dec 2017: 2.0 years). All options outstanding fully vested in previous reporting periods.

### *Share Appreciation Rights (SARs)*

No SARs were issued or exercised during the current reporting period and all SARs lapsed on 3 January 2018.

# Notes to the Financial Statements

For the year ended 31 December 2018

## 19. Group Entities

<b>Parent entity</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	<b>Ownership interest</b>
Buru Energy Limited	Australia		
<b>Subsidiaries</b>		<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Terratek Drilling Tools Pty Limited	Australia	100%	100%
Royalty Holding Company Pty Limited	Australia	100%	100%
Buru Energy (Acacia) Pty Limited	Australia	100%	100%
Buru Operations Pty Limited	Australia	100%	100%
Noonkanbah Diamonds Pty Ltd (Formerly Yakka Munga Pastoral Company Pty Limited)	Australia	100%	100%
Buru Fitzroy Pty Limited	Australia	100%	100%

Buru Energy Limited is the head entity of the tax consolidated group. All subsidiaries are members of the tax consolidated group.

## 20. Parent Entity Disclosures

As at, and throughout the year ended 31 December 2018 the parent company of the Group was Buru Energy Limited.

<i>in thousands of AUD</i>	<b>Company 12 months ended 31 Dec 2018</b>	<b>Company 12 months ended 31 Dec 2017</b>
<b>Result of the parent entity</b>		
Total comprehensive profit / (loss) for the period	30,113	(5,615)
<b>Financial position of the parent entity at year end</b>		
Current assets	69,062	21,147
Total assets	107,548	84,583
Current liabilities	16,004	21,690
Total liabilities	22,095	29,630
<b>Total equity of the parent entity at year end</b>		
Share capital	271,857	271,803
Reserves	907	1,173
Accumulated losses	(187,311)	(218,023)
Total equity	85,453	54,953

## 21. Joint Operations

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists only when decisions about the relevant activities - i.e. those that significantly affect the returns of the arrangement - require the unanimous consent of the parties sharing control of the arrangement. In accordance with AASB 11, the arrangements have been classified as joint operations (whereby the jointly controlling parties have rights to the assets and obligations for the liabilities relating to the arrangement) as opposed to a joint venture because separate vehicles have not been established through which activities are conducted. The Group therefore recognises its assets, liabilities and transactions, including its share of those incurred jointly, in its consolidated financial statements.

The consolidated entity has an interest in the following joint operations as at 31 December 2018 whose principal activities were oil and gas exploration, development and production.

Permit/Joint Operation	December 2018 Beneficial Interest	December 2017 Beneficial Interest	Operator	Country
L20	50.00%	100.00%	Buru Energy Ltd	Australia
L21	50.00%	100.00%	Buru Energy Ltd	Australia
EP 391	50.00%	100.00%	Buru Energy Ltd	Australia
EP 428	50.00%	100.00%	Buru Energy Ltd	Australia
EP 436	50.00%	100.00%	Buru Energy Ltd	Australia
EP 457*	60.00%	37.50%	Buru Fitzroy Pty Ltd	Australia
EP 458*	60.00%	37.50%	Buru Fitzroy Pty Ltd	Australia

\* Pending DMIRS approval of the transaction with Diamond Resources (Barbwire) Pty Ltd

## 22. Operating Leases

### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

in thousands of AUD	31 Dec 2018	31 Dec 2017
Less than one year	2,014	1,990
Between one and five years	1,629	3,554
	3,643	5,544

Leases in terms of which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. The leased assets are not recognised in the Group's statement of financial position. The Group leases a corporate office in West Perth and an office/warehouse facility in Broome. These leases expire in October 2022 and November 2019 respectively. The Group also leases a crude oil storage tank at Wyndham Port with an expiry date in June 2020 and also maintains operating leases for vehicles. The total operating lease amount recognised as an expense during the period was \$2,013,000 (31 Dec 2017: \$2,097,000).

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.



# Notes to the Financial Statements

For the year ended 31 December 2018

## 22. Operating Leases (Continued)

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset and the arrangement conveys the right to use the asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

## 23. Capital and Other Commitments

<i>in thousands of AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Exploration expenditure commitments</b>		
Contracted but not yet provided for and payable:		
Within one year	3,333	3,188
One year later and no later than five years	467	263
	<b>3,800</b>	<b>3,451</b>

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. The commitments within one year above primarily relate to a well commitment on EP129. In February 2019, DMIRS approved an application from Buru for a one-year suspension on this commitment as the WA Government is still in the process of implementing the regulations required following the lifting of the fracking moratorium.

## 24. Contingencies

There were no material contingent liabilities or contingent assets for the Group as at 31 December 2018 (31 Dec 2017: nil).

## 25. Related Parties

### *Key management personnel compensation*

The key management personnel compensation comprised:

<i>in AUD</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Short term employee benefits	1,569,258	1,614,949
Post-employment benefits	141,820	145,297
Termination benefits	204,000	-
Long term employee benefits	18,679	22,317
Share-based payments	55,970	65,932
	<b>1,989,727</b>	<b>1,848,495</b>

## 25. Related Parties (Continued)

### *Individual Directors and executives compensation disclosures*

Information regarding individual Directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' report on pages 19 to 22.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at the end of the period.

### *Other related party transactions*

No other related party transaction has occurred during the reporting period.

## 26. Financial Risk Management

### **Credit risk**

The carrying amount of the Group's financial assets represents the Group's maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

<i>in thousands of AUD</i>	Note	Carrying amount	
		31 Dec 2018	31 Dec 2017
Cash and cash equivalents and term deposits at call	12a	64,011	16,859
Trade receivables	10	2,268	924
		66,279	17,783

The Group's cash and cash equivalents and term deposits at call are held with bank and financial institution counterparties, which are rated at least AA-, based on rating agency Fitch Ratings.

Trade and other receivables include accrued income on sales of Ungani crude, accrued interest receivable from Australian accredited banks, JV receivables and tax amounts receivable from the Australian Taxation Office. The Group has elected to measure loss allowances for trade and other receivables at an amount equal to the 12 month Expected Credit Loss (ECL). When determining the credit risk of a financial asset, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

As at 31 December 2018, no receivables were more than 30 days past due and therefore the ECL at 31 December 2018 was nil. All Ungani sales are made to Trafigura Pte Ltd (Singapore) and to date the Group has always received full consideration for these sales within seven days and there is no reason to believe that this will not continue going forward. No other receivables are considered to have a material credit risk.

## 26. Financial Risk Management (Continued)

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is monitored through rolling cash flow forecasts. The Group maintains sufficient cash to safeguard liquidity risk.

The following are contractual maturities of trade and other payables (excluding provisions) and loans and borrowings:

<i>in thousands of AUD</i>	Carrying amount	
	31 Dec 2018	31 Dec 2017
Less than 1 year	6,650	14,008
1 – 5 years	2,000	2,250
	8,650	16,258

The borrowings from Alcoa of Australia Limited are subject to an agreed interest rate of 5% on the outstanding balances payable annually in arrears (Note 16).

### Market risk

Market risk is the risk that changes in market prices, such as currency rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Currency risk

The Group is exposed to currency risk on sales that are denominated in a currency other than the functional currency of the Group (AUD). All sales of crude oil are denominated in US dollars. The Group does not hedge its foreign currency exposure.

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

<i>in thousands</i>	31 Dec 2018		31 Dec 2017	
	AUD	USD	AUD	USD
Cash and cash equivalents	75	53	85	66
Accrued income	1,609	1,126	-	-
Gross balance sheet exposure	1,684	1,179	85	66

The average exchange rate from AUD to USD during the period was AUD 1.0000 / USD 0.7479 (Dec 2017: AUD 1.0000 / USD 0.7669). The reporting date spot rate was AUD 1.0000 / USD 0.7058 (Dec 2017: AUD 1.0000 / USD 0.7800). A 10 percent strengthening of the Australian dollar against the USD over the period would have decreased the profit after tax for the financial period by \$1,986,000 (Dec 2017: increased loss after tax by \$718,000). A 10 percent weakening of the Australian dollar against the USD over the period would have increased the profit after tax for the financial period by \$1,986,000 (Dec 2017: decreased loss after tax by \$877,000). This analysis assumes that all other variables remain constant.

## 26. Financial Risk Management (Continued)

### Commodity price risk

The Group is exposed to commodity price fluctuations through the sale of Ungani crude at a fixed differential against the dated Brent crude. The Group does not hedge its commodity price exposure.

The Group's exposure to commodity price risk at balance date was as follows, based on notional amounts:

<i>in thousands</i>	31 Dec 2018		31 Dec 2017	
	AUD	USD	AUD	USD
Sales of crude oil	1,609	1,126	-	-
Gross balance sheet exposure	1,609	1,126	-	-

The average Brent Platts price for crude sold over the period was AUD88/bbl (Dec 2017: AUD68/bbl). A 10 percent strengthening of the dated Brent crude price over the period would have increased the profit after tax for the financial period by \$1,986,000. A 10 percent weakening of the dated Brent crude price over the period would have decreased the profit after tax for the financial period by \$1,986,000. This analysis assumes that all other variables remain constant.

### Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relate primarily to the Group's short term cash deposits. The interest rate risk is only applicable to interest revenue as the Group does not have any interest-bearing short or long term borrowings other than the loan to Alcoa which has a fixed interest rate. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of the terms of existing deposits. Fixed rate instruments are term deposits held with bank and financial institution counterparties and are available at call, therefore the fair value approximates the carrying amount.

At the reporting date the Group's interest-bearing financial instruments were as follows:

<i>in thousands of AUD</i>	Carrying amount	
	31 Dec 2018	31 Dec 2017
Fixed rate instruments		
Cash and cash equivalents with fixed interest	62,356	15,568
Total fixed interest bearing financial assets	62,356	15,568

<i>in thousands of AUD</i>	Carrying amount	
	31 Dec 2018	31 Dec 2017
Variable rate instruments		
Cash and cash equivalents with variable interest	1,655	1,291
Total variable interest bearing financial assets	1,655	1,291

## 26. Financial Risk Management (Continued)

### *Other market price risk*

Equity price risk arises from equity securities held in other listed exploration companies. The Group monitors these financial assets on a regular basis including regular monitoring of ASX listed prices and ASX releases. The Group did not enter into any commodity derivative contracts during the year. The Group's equity investments are listed on the Australian Securities Exchange.

### **Capital management**

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so as to maintain future exploration and development of its projects. Capital consists of share capital of the Group. In order to maintain or adjust its capital structure, Buru Energy may in the future return capital to shareholders, issue new shares, borrow funds from financiers or sell assets. Buru Energy's focus has been to maintain sufficient funds to fund exploration and development activities.

The 2018 instalment of the Alcoa liability of \$2,500,000 plus interest of \$375,000 was paid on 28 December 2018. A further \$500,000 was paid to Alcoa subsequent to the end of the year in accordance with the accelerated capital repayment mechanism calculated on Ungani crude sales for 2018. The next instalment of \$2,500,000 will be payable on or before 31 December 2019 with the remainder of the liability due by the end of 2020. The debt remains unsecured, subject to an agreed interest rate of 5% and subject to annual accelerated capital repayments based on Buru Energy's Ungani crude sales (see note 16).

## 27. Changes in significant accounting policies

The Group has initially adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 January 2018.

### **AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Under existing contracts the sale of oil is recognised on Free on Board terms, whereby the customer obtains control of the oil as it is loaded onto the vessel. AASB 15 did not have a significant impact on the Group's accounting policies.

### **AASB 9 Financial Instruments**

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets if held to maturity, loans and receivables and available for sale. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of AASB 9 on the classification and measurement of financial assets is set out below.

### *Classification and measurement of financial assets and financial liabilities*

Under AASB 9, on initial recognition, a financial asset is classified as measured at: Amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## 27. Changes in significant accounting policies (Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to be recognised at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets held by the Group:

- Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
- Fair value through profit or loss – These assets are subsequently measured at fair value. Dividends and all other net gains and losses are recognised directly in profit or loss.

### *Impairment of financial assets*

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost but not to investments in equity investments. Under AASB 9, credit losses are recognised earlier than under AASB 139. The financial assets at amortised cost consist of trade and other receivables, and cash and cash equivalents. Under AASB 9, loss allowances are measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and other comprehensive income.

### *Impact on adoption of AASB 9*

The effect of adopting AASB 9 resulted in \$12,000 being reclassified from other comprehensive income into profit and loss in the consolidated statement of comprehensive income and loss, as well as \$12,000 being reallocated from the financial asset reserve into accumulated losses on the consolidated statement of financial position and the consolidated statement of changes in equity as at 31 December 2017.

## 28. Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

### *AASB 16 Leases – Application date of standard 1 January 2019*

This standard AASB 16 Leases will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance lease have been removed. The new standard requires a lessee to recognise assets (the right to use the leased item) and liabilities (obligations to make lease repayments). Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group had non-cancellable operating lease commitments of \$3,643,000 (note 22). The Company is currently completing its assessment of the effects of applying the new standard on the Group's financial statements, including the extent to which these commitments will result in the recognition of lease assets and liabilities for future lease payments and how this will affect the Group's net assets, profit and classification of cash flows.

# Notes to the Financial Statements

For the year ended 31 December 2018

## 29. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature which in the opinion of the Directors of the Group, has significantly affected or is likely to affect the results or operations of the Group in future financial years.

## 30. Auditors' Remuneration

<b>Audit services</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
KPMG Australia: Audit and review of financial reports	76,000	73,500
KPMG Australia: Audit of Joint Venture reports	5,500	5,500
KPMG Australia: Audit of Traditional Owner Royalty Statements	5,000	5,000
KPMG Australia: Other audit/assurance services	5,000	12,000

All amounts payable to the Auditors of the Company were paid or payable by the parent entity.

# Directors' Declaration

For the year ended 31 December 2018

- 1 In the opinion of the Directors of Buru Energy Limited ('the Company'):
  - (a) the consolidated financial statements and notes that are contained on pages 24 to 52 and the Remuneration report in the Directors' report, set out on pages 19 to 22, are in accordance with the *Corporations Act 2001*, including:
    - (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, for the financial period ended on that date; and
    - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
  - (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Executive Chairman and Chief Financial Officer, for the year ended 31 December 2018.
- 3 The Directors draw attention to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



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Mr Eric Streitberg  
Executive Chairman  
Perth  
26 March 2019



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Mr Robert Willes  
Non-executive Director  
Perth  
26 March 2019



## Independent Auditor's Report

To the shareholders of Buru Energy Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Buru Energy Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated statement of financial position as at 31 December 2018*
- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of Buru Energy Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Disposal of Oil and Gas assets (\$64 million)	
Refer to Note 6 Oil and Gas Assets	
The key audit matter	How the matter was addressed in our audit
<p>On 21 May 2018, the Group announced the sale of its 50% interest in Ungani production licences for a total cash consideration of \$64 million.</p> <p>In the 2018 consolidated financial statements, the Group has recognised a \$36 million gain after tax.</p> <p>The disposal of oil and gas assets is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the timing of the sale which required an assessment at the half year regarding sale recognition and recoverability of the receivable, noting that settlement was completed at year end.</li> <li>the size of the transaction and the resultant measurement of the gain which has a significant impact on the consolidated financial statements.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>We read the sale and purchase agreements and related documents for the transfer of titles.</li> <li>We assessed whether the Group accurately determined the value of assets and liabilities de-recognised as at the transaction completion date and whether the gain on the sale was correctly recorded.</li> <li>We inspected supporting documents for the cash consideration received.</li> <li>Our tax specialists considered the tax impacts of the disposal including considering external advice obtained by the Group.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Buru Energy Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Buru Energy Limited for the year ended 31 December 2018, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 19 to 22 of the Directors' report for the year ended 31 December 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jane Bailey  
Partner

Perth

26 March 2019



The ASX Listing Rules require listed entities to disclose the extent to which they have followed the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council during the reporting period. This corporate governance statement summarises the Company's corporate governance practices that have been in place during the year taking into consideration the corporate governance principles relevant to a company of Buru Energy's nature and size.

This Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd edition of the ASX Corporate Governance Principles and Recommendations, detailing the Company's compliance with these principles during the financial year ended 31 December 2018 on an "if not, why not" basis.

This Corporate Governance statement can be viewed in the corporate governance section of the Company's website: [www.buruenergy.com](http://www.buruenergy.com).

## ASX Principle 1 – Lay solid foundations for management and oversight

### Role of the Board

The respective roles and responsibilities of both the Board and management are set out in the Board Charter which can be viewed in the corporate governance section of the Company's website.

The Board is collectively responsible for the governance of the Company and for promoting its success. The Board's primary purpose is to govern the Company on behalf of all shareholders. The Board's specific job outputs are to maintain a link between the Company's shareholders and its operations and to create and maintain governance policies that address the broadest levels of all decisions and situations. The Board retains the responsibility for setting the Company's strategic direction and objectives and for setting limitations on the means by which management may achieve those objectives. Limitations on management are primarily imposed by approved corporate strategy and expenditure limits. The Board delegates to management the responsibility for developing the capability to achieve Buru Energy's aims and objectives and employing that capability within the limitations set by the Board. The Board monitors and maintains this delegation by requiring regular reporting by management to the Board.

The mandate to lead Buru Energy is placed by shareholders in the hands of the entire Board. The principles endorsed by the Board are as follows:

- no person within Buru Energy, whether a Board member or a member of management, can have any authority unless the Board grants that authority;
- all Board members are accountable individually and as a whole for any lapses of performance or behaviour by Buru Energy; and
- the Board possesses authority only as a group, the Chairman and individual Directors have no power unless specifically given it by the Board collectively.

A Director or other officer of Buru Energy who makes a business judgment will have met the requirements as a Director of Buru Energy and their equivalent duties at common law and in equity, if they:

- make the judgment in good faith for a proper purpose;
- do not have a material personal interest in the subject matter of the judgment;
- inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- rationally believe that the judgment is in the best interests of Buru Energy.

The Director's or officer's belief that the judgment is in the best interests of Buru Energy is a rational one unless the belief is one that no reasonable person in their position would hold.

To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Further details on both Committees are included in this Corporate Governance Statement.

# Corporate Governance Statement

## Delegation to management

The Board delegates a portion of its authority through management limitations, policies and holding the Executive Chairman accountable. It also recognises in its policies, strategic direction and setting of objectives for management, its accountability to legal and ethical obligations and its broader responsibility to non-equity stakeholders and the community. Senior executives are responsible for supporting the Executive Chairman and assisting him with the management of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds to the Executive Chairman.

## Election of directors

The Remuneration and Nomination Committee oversees the appointment and induction process for Directors and Committee Members, and the selection, appointment and succession planning processes for the Company's Executive Chairman, executives and senior management. The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a Board vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary. The Committee identifies potential Board candidates with advice from external consultants when necessary. The Board then appoints the most suitable candidate. Board candidates appointed through this process must stand for election at the next general meeting of shareholders following their appointment.

All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

## Terms of appointment

To facilitate a clear understanding of roles and responsibilities, all non-executive directors have a signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors fees;
- expenses reimbursement;
- directors and officers insurance arrangements;
- other directorships and time commitments; and
- board performance review and succession.

The Executive Chairman and senior executives have signed executive services agreements. For further information refer to the Remuneration Report.

## Role of Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

## Diversity

The Board is committed to having an appropriate level of diversity on the Board and in all areas of the Group's business. The Board has established a policy regarding gender, age, ethnic and cultural diversity. Details of the policy are available on the Company's website.

The key elements of the Group's diversity policy are as follows:

- disclose the Group's commitment to attracting and retaining a diverse range of talented people to work in all levels of its business, from entry positions to Board members;
- annual assessment of gender diversity on the Board and in all areas of the Group's business and reporting against the gender diversity objectives approved by the Board.

Due to workforce numbers, Buru Energy is not a 'relevant employer' under the Workplace Agenda Equality Act. The Group's gender diversity as at the end of the reporting period was as follows:

Period	31 December 2018				31 December 2017			
	Males		Females		Males		Females	
Level	Number	%	Number	%	Number	%	Number	%
Directors	2	67	1	33	2	67	1	33
Senior Executives	2	100	-	-	2	100	-	-
All Other Employees	31	86	5	14	27	84	5	16
<b>TOTAL</b>	<b>35</b>	<b>85</b>	<b>6</b>	<b>15</b>	<b>31</b>	<b>84</b>	<b>6</b>	<b>16</b>

Due to the technical nature of the company's operations it is difficult to find suitably qualified and experienced female staff, however, the Company actively encourages and supports its female staff in their career development.

In respect of Aboriginal engagement, the Company's objectives in 2018 were as follows:

- Continue to grow and develop the Company's Aboriginal workforce
- Continue to increase partnering with local Kimberley Aboriginal businesses to provide services

The Company enjoyed full retention of our Aboriginal workforce in the Kimberley during 2018. Buru also provides support for local Aboriginal ranger groups for key areas in which we operate. The Company continues to put preference on contracting local Kimberley Aboriginal businesses to provide services with an ~35% increase in the value of contracts delivered by Aboriginal businesses in 2018 compared to 2017. Services were provided by Aboriginal businesses in the areas of civil works, rehabilitation operations, rehabilitation monitoring, site security and inspections and environmental monitoring.

# Corporate Governance Statement

## Performance review

Approximately every three years, or more frequently if appropriate, the Remuneration and Nomination Committee will undertake an evaluation of the performance of the Board, its Committees, individual Directors, and senior executives. The other Directors have an opportunity to contribute to the review process. The reviews generate recommendations to the Board, which votes on them. The Committee's nomination of existing Directors for reappointment is not automatic and depends on, amongst other things, the outcome of the review process. The Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and Directors of the Company and of other Group executives for the Group. It is also responsible for short and long term incentive performance packages, superannuation entitlements and retirement and termination entitlements.

During the 2018 year there was no formal performance reviews undertaken of the Board. Non-executive Directors only received a modest increase in line with CPI and there was no change to the Executive Chairman's remuneration. A formal performance review of executive management was completed during the 2018 year in accordance with the above process.

## Board Meetings

Full Board meetings are conducted in accordance with the Company's constitution at least nine times a year, but generally monthly, at venues, dates and times agreed, where practical, in advance. In accordance with the constitution, the quorum for a meeting is two Directors, however all meetings are scheduled so that all Directors can attend.

The agenda for each Board meeting is developed by the Company Secretary in consultation with the Executive Chairman. Board papers are distributed to Directors at least three business days before the meeting, unless the meeting has been called urgently. Board papers contain the information required for the Directors to make informed decisions in the efficient discharge of their responsibilities. The minutes of Board meetings are circulated, approved and signed by the Chairman within fourteen days of the date of the meeting.

Urgent matters that cannot wait until the next scheduled Board meeting and for which an impromptu Board meeting cannot be arranged are dealt with by a circular resolution in accordance with Buru Energy's Constitution (Article 11.22). Circular resolutions are normally preceded by telephone or email correspondence if practical, and are approved by the Executive Chairman before being circulated. The resolution is passed when it is signed by the last of the Directors. Signed circular resolutions are entered into the minute book. The Board meets informally as required to discuss matters and to ensure members are fully informed of the Company's operations. Directors are also provided with a weekly report setting out material matters that have occurred.

## Independent professional advice and access to company information

Each Director has the right to access all relevant Company information and to speak to and have access to management. Subject to prior consultation with and approval by the Chairman, each Director may seek independent professional advice in respect of the Company and the Board's affairs from a suitably qualified adviser at the Group's expense. A copy of the advice received by a Director in these circumstances will, subject to the Chairman's discretion, be made available to all other members of the Board. No Director sought such advice during the year.

## ASX Principle 2 – Structure the board to add value

### Composition of the Board & Director Independence

The names of the Directors of the Company in office at the date of this statement, and information regarding Director's independence, experience and length of service, is set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- a minimum of three and no more than eight Directors, with extensive knowledge relevant to the conduct of the Company's business;
- a majority of independent Non-executive Directors;
- a Non-executive Independent Director as Chairman (however this is not currently complied with as set out below); and
- all Directors are subject to re-election every three years, except for the Managing Director (currently the functional role of the Executive Chairman).

The Board should, collectively, have the appropriate level of personal qualities, skills, experience and time commitment to properly fulfil its responsibilities or have ready access to such skills where they are not available.

The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential Directors' skills to ensure they have appropriate capabilities, experiences, skills and ability to add value to the Company's business as a whole. The composition of the Board is also assessed having regard to the Company's Diversity Policy, which is designed to promote and achieve diversity at all levels of Buru Energy's business, including the Board. A detailed skills matrix of the Board for a company of Buru Energy's size and nature is not considered necessary. The Board assesses the independence of each Director annually in light of the interests declared by them. Directors will be considered independent if they meet the definition of an 'Independent Director' in accordance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

Mr Eric Streitberg is a major shareholder of the Company and undertakes full time executive duties with the Company. Consequently his role as the Executive Chairman of the Company does not comply with ASX Recommendation 2.5 which states that the Chairman of the Board should be an Independent Director. This has been the arrangement following the restructure of the Buru Energy Board in 2014. This does not comply with ASX best practice guidelines, but the Board is of the view that the current composition of the Board is appropriate for the current situation of the Company.

## **Nomination Committee**

The Company has a combined Nomination Committee and Remuneration Committee. The composition of the Remuneration and Nomination Committee is a minimum of three members, the majority of whom are independent Non-executive Directors. The members of the Remuneration and Nomination Committee during the period were:

- Ms Eve Howell – Chairperson, Independent Non-executive
- Mr Robert Willes – Independent Non-executive
- Mr Eric Streitberg

The Company Secretary is the Secretary of the Remuneration and Nomination Committee. The Executive Chairman and Company Secretary do not attend meetings involving matters pertaining to themselves. The Remuneration and Nomination Committee meet at least three times a year and as often as required as determined by the Chairperson of the Committee. The number of meetings that the Committee held, and the number of meetings attended by each Committee member during the year is disclosed in the Directors' Report. Any Committee member may convene a meeting of the Committee and two members constitute a quorum. The Committee has the right to access management and may engage independent professional advisers as it requires, to assist it to discharge its purpose and responsibilities. The minutes of meetings are circulated, approved and signed by the Chairman within twenty one days of the date of the meeting. Further details on the Remuneration and Nomination Committee, including its charter, the Board Renewal and Performance Evaluation Policy and the Diversity Policy can be viewed in the corporate governance section of the Company's website.

## **Director Education**

Each new Director will undergo a formal induction at the earliest opportunity to enable them to gain an understanding of the Company's financial, strategic, operational and risk management position and to participate fully and actively in Board decision-making. Directors also have the opportunity to visit Company facilities and meet with management to gain a better understanding of business operations. Directors are also given access to continuing education opportunities to update and enhance their skills and knowledge.

## **ASX Principle 3 – Act ethically and responsibly**

### **Code of conduct**

Buru Energy has established a Code of Conduct and this can be viewed in the corporate governance section of the Company's website. The Code of Conduct applies to all Directors, senior executives, employees and contractors working on Buru Energy sites. It sets out the practices necessary to maintain confidence in the Company's honesty and integrity and the practices necessary to take into account the legal obligations and the expectations of the Company's stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct sets out the procedure to be followed if there is, or may be, a conflict between the personal or other interests of a Director and the business of the Company including the notification of an interest to the Board and a withdrawal from a meeting in which the material matter is discussed. There have been no reports of a departure from the Code of Conduct.

# Corporate Governance Statement

## ***Trading in Company securities by Directors and employees***

The key elements of the Company's share trading policy for Directors and employees are:

- Identification of those restricted from trading – Directors and Senior Executives may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - in respect of a well drilling program in which Buru Energy has an interest, from the date on which the casing string above the first objective is set (or such earlier time or event as may be notified to staff by the Executive Chairman) until the close of trading on the day that the drilling rig has been released from the relevant location;
  - two weeks prior to the release of Buru Energy's half-year and annual reports;
  - whilst in possession of price sensitive information not yet released to the market.
- to raise the awareness of legal prohibitions including transactions with colleagues and external advisers;
- to raise awareness that the Group prohibits entering into transactions that limit economic risks related to unvested share-based payments;
- to raise awareness that the Group prohibits those restricted from trading in Company shares as described above from entering into transactions such as margin loans that could trigger a trade during a prohibited period;
- to require details to be provided of intended trading in the Company's shares;
- to require details to be provided of the subsequent confirmation of the trade; and
- the identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

The policy also details the insider trading provisions of the Corporations Act 2001 and is reproduced in full on the Company's website.

## **ASX Principle 4 – Safeguard integrity in corporate reporting**

### ***Audit Committee***

The Company has a combined Audit Committee and Risk Committee. The Audit and Risk Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The Audit and Risk Committee is responsible for oversight and review of:

- the annual and half yearly statutory financial statements;
- procedures and issues that could have a significant impact on financial results (for example impairment testing);
- Buru Energy's internal controls including accounting controls;
- external auditor's independence and monitoring the audit process in accordance with the international auditing standards and any other applicable regulations;
- the appropriateness of the external auditor's provision of non-audit services;
- the need for and, if required, the scope and conduct of internal audit;
- the establishment and implementation of a risk management process to identify, assess, monitor and control risk;
- management's periodic risk assessments and recommendations;
- the adequacy of Buru Energy's insurances;
- compliance with appropriate regulations (including environmental and safety); and
- reporting on reserves in accordance with the appropriate regulations and guidelines.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and will meet with them during the year to:

- discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and full year financial reports prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.



The composition of the Audit and Risk Committee is a minimum of three members and is ordinarily comprised of only Non-executive Directors. The members of the Audit and Risk Committee during the period were:

- Mr Robert Willes (Chairperson) – Independent Non-executive
- Ms Eve Howell – Independent Non-executive
- Mr Eric Streitberg – (Not independent but required to meet the minimum number of three members)

The external auditors, the Executive Chairman (when not a member of the Committee) and the Chief Financial Officer, are invited to Audit and Risk Committee meetings at the discretion of the Committee.

The Audit and Risk Committee meet at least three times a year and as often as required as determined by the Chairman of the Committee. The number of meetings that the Committee held, and the number of meetings attended by each Committee member during the year is disclosed in the Directors' Report. Any Committee member may convene a meeting of the Committee and two members constitute a quorum. The Committee has the right to access management and may engage independent professional advisers as it requires, assisting to discharge its purpose and responsibilities. The Company Secretary is the Secretary of the Audit and Risk Committee. The minutes of meetings are circulated, approved and signed by the Chairman within twenty one days of the date of the meeting. The external auditor met with the Audit and Risk Committee twice during the year.

Further details on the Audit and Risk Committee including its charter can be viewed in the corporate governance section of the Company's website.

### ***Financial Statements***

The Executive Chairman and the Chief Financial Officer have declared in writing to the Board that in respect of both the 31 December 2018 financial report and 30 June 2018 half-year financial report of the Company and its controlled entities that:

- the Company's financial records have been properly maintained;
- the financial statements comply with accounting standards;
- the financial statements give a true and fair view;
- these statements are based on a sound system of risk management; and
- the Company's risk management and internal controls are operating efficiently and effectively.

These representations are made prior to the board approval of the release of the financial reports and is made after enquiry of, and representation by, appropriate levels of management.

### ***External Auditor***

The external auditor attends the annual general meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Group and the independence of the auditor in relation to the conduct of the audit.

### ***Internal Audit***

Given the size and scale of Buru Energy, it does not have an internal audit function.

# Corporate Governance Statement

## ASX Principle 5 – Make timely and balanced disclosure

The Board provides shareholders with information using a comprehensive Continuous Disclosure and Market Communications Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure and Market Communications Policy operates as follows:

- the Executive Chairman and Company Secretary are responsible for interpreting the Group's policy and where necessary informing and seeking approval from the Board. The Executive Chairman and Company Secretary are primarily responsible for all external communications including releases made on the ASX;
- the full annual report is made available to all shareholders via the Company's website. A physical copy will be sent to any shareholder that specifically requests it. The full annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- the half-yearly report is made available to all shareholders via the Company's website. A physical copy will be sent to any shareholder that specifically requests it. The half-yearly report contains summarised financial information and a review of the operations of the Group during the period;
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the ASX, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- all of the above information, dating back to the listing of the Company, is made available on the Company's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

## ASX Principle 6 – Respect the rights of security holders

### ***Company website and corporate governance***

The following information is included in the Corporate Information section of the Company's website:

- company overview;
- profiles of directors and senior executives;
- corporate directory; and
- corporate governance documents including key policies, board and committee charters and the Company's Constitution.

### ***Investor Relations***

The Board aims to ensure that shareholders and investors have appropriate access to Company information. The Company has a strategy to promote effective two way communication with shareholders through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs including, but not limited to:

- process for performance evaluation of the board, its committees, the Executive Chairman and senior executives;
- the link between remuneration paid to directors and key executives and corporate performance, as more fully disclosed in the annual Remuneration Report;
- shorter, more comprehensible notices of meetings.

The Company will ensure that:

- all documents that are released to the ASX are made available as soon as possible on the Company's website; and
- all other information on the Company's website is updated on a regular basis.

The Company will also make timely announcements concerning:

- changes to directors;
- changes to the Executive Chairman's contract or remuneration package;
- grant, expiry or vesting of employee share options or share appreciation rights;
- share purchases or divestment by Directors;
- conflicts of interest & related party transactions; and
- significant changes to accounting policies.

In addition to communicating with shareholders, the Company also communicates with investors who may or may not be shareholders. These communication activities must not involve the disclosure of confidential or potentially market sensitive information. When briefings with investors and analysts are held any price sensitive information included in such presentations is first made available to the market.

### ***Participation at Meetings***

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration report and changes to the Constitution and all other matters requiring shareholder approval. A copy of the Constitution is available to any shareholder who requests it.

### ***Shareholder communications***

Shareholders have the option of electing to receive all Company and share registry communications electronically, and also to send communications via email or to the Company website. All shareholders have the ability to request an electronic copy of ASX releases.

## **ASX Principle 7 – Recognise and manage risk**

### ***Risk Committee***

The Company has a combined Audit Committee and Risk Committee. Information on that Committee is included above under ASX Principle 4.

### ***Risk management***

The Audit and Risk Committee oversees the establishment, implementation, and annual review of the Group's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing all risks, including material business risks, for the Group (including sustainability risk). The Executive Chairman and the Chief Financial Officer have provided assurance, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

Management provide the risk profile to the Audit and Risk Committee that outlines the material business risks to the Group. Risk reporting includes the status of risks through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. The Audit and Risk Committee reports the status of material business risks to the Board on an annual basis, and a review was undertaken with senior management during the year. Further details of the Group's risk management policy and internal compliance and control system are available on the Company's website.

# Corporate Governance Statement

The risks involved with oil and gas exploration generally and the specific risks associated with Buru Energy's activities in particular are regularly monitored and all exploration and investment proposals reviewed include a conscious consideration of the issues and risks of each proposal. The Company's executive and senior management have extensive experience in the industry and manage and monitor potential exposures facing Buru Energy. The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its oil and gas exploration and production activities. The Group is committed to achieving a high standard of environmental performance and continuous improvement. It has established a Group-wide Environmental Policy together with operation and activity specific environmental management plans to manage this area of the Company's activities. Compliance with the requirements of environmental regulations and with specific requirements of site environmental approvals was substantially achieved across all operations with no instances of material, non-compliance in relation to approval requirements noted. Based on the results of enquiries made, the Board is not aware of any significant breaches during the period covered by this report.

## **Internal Audit**

Given the size and scale of Buru Energy, it does not have an internal audit function.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. Comprehensive practices have been established to ensure:

- capital expenditure and commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, further details of the Group's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

## **ASX Principle 8 – Remunerate fairly and responsibly**

### **Remuneration Committee**

The Company has a combined Nomination Committee and Remuneration Committee. Information on that Committee is included above under ASX Principle 2.

The Company is committed to adopting remuneration practices that:

- align the interests of employees and shareholders;
- attract and retain suitably qualified employees; and
- motivate employees to achieve superior performance.

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration policies and employment practices applicable to directors, senior executives and employees of the Company.

For details of the Company's policies and practices regarding the remuneration of directors and senior executives and remuneration paid to directors and senior executives please refer to the Remuneration Report.

For details of the Company's Employee Share Option Plan please refer to the Remuneration Report. Note that employees are prohibited from entering into hedge contracts which limit the economic risk of participation in this plan.

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management.

## Additional ASX Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The distribution of ordinary shares ranked according to size as at 28 February 2019 was as follows:

Category	Ordinary Shares	%	No of Holders	%
100,001 and Over	341,618,630	79.06	478	6.64
10,001 to 100,000	74,449,550	17.23	2,212	30.72
5,001 to 10,000	8,828,093	2.04	1,151	15.99
1,001 to 5,000	6,698,414	1.55	2,281	31.68
1 to 1,000	479,554	0.12	1,078	14.97
<b>Total</b>	<b>432,074,241</b>	<b>100.00</b>	<b>7,200</b>	<b>100.00</b>
Unmarketable Parcels	1,601,186	0.37	1,778	24.69

The 20 largest ordinary shareholders of the ordinary shares as at 28 February 2019 were as follows:

Rank	Name	Number of ordinary shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,443,638	9.82
2	BIRKDALE ENTERPRISES PTY LTD	35,056,269	8.11
3	CHEMCO PTY LTD	17,333,333	4.01
4	COOGEE RESOURCES PTY LTD	16,000,000	3.70
5	WANDJI INVESTMENTS LIMITED	9,572,400	2.22
6	MR ERIC CHARLES STREITBERG	8,398,003	1.94
7	MAXIGOLD HOLDINGS PTY LTD	6,443,780	1.49
8	MR STEPHEN HARRY JONES	6,149,197	1.42
9	ROCKET SCIENCE PTY LTD	5,450,000	1.26
10	AMK INVESTMENTS (WA) PTY LTD	4,758,972	1.10
11	BNP PARIBAS NOMINEES PTY LTD	4,693,004	1.09
12	MR JOHN PHILIP DANIELS	4,282,171	0.99
13	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,264,622	0.99
14	PERSHING AUSTRALIA NOMINEES PTY LTD	4,121,996	0.95
15	SINO PORTFOLIO INTERNATIONAL LIMITED	3,820,588	0.88
16	MAJOR DEVELOPMENT GROUP PTY LTD	3,707,890	0.86
17	CITICORP NOMINEES PTY LIMITED	3,544,697	0.82
18	JH NOMINEES AUSTRALIA PTY LTD	3,400,000	0.79
19	PARAMON HOLDINGS PTY LTD	3,000,000	0.69
20	TWINSOUTH HOLDINGS PTY LTD	3,000,000	0.69
	<b>Total twenty largest shareholders</b>	<b>192,380,560</b>	<b>44.52</b>
	<b>Balance of register</b>	<b>239,693,681</b>	<b>55.48</b>
	<b>Total register</b>	<b>432,074,241</b>	<b>100.00</b>

## Additional ASX Information

The following interests were registered on the Company's register of Substantial Shareholders as at 28 February 2019:

Shareholder	Number of ordinary shares	%
Birkdale Enterprises Pty Ltd	35,056,269	8.11
Chemco Pty Ltd	33,333,333	7.71

### Voting rights

#### Ordinary shares

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share.

#### Unlisted Options

There are no voting rights attached to the unlisted options.

### Other information

Buru Energy Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company is listed on the Australian Securities Exchange. ASX Code: BRU

The Company and its controlled entities schedule of interests in permits as at 28 February 2019 were as follows:

Permit	Type	Ownership	Operator
L6	Production licence	100.00%	Buru Energy Ltd
L8	Production licence	100.00%	Buru Energy Ltd
L17	Production licence	100.00%	Buru Energy Ltd
L20	Production licence	50.00%	Buru Energy Ltd
L21	Production licence	50.00%	Buru Energy Ltd
EP129*	Exploration permit	100.00%	Buru Energy Ltd
EP391	Exploration permit	50.00%	Buru Energy Ltd
EP428	Exploration permit	50.00%	Buru Energy Ltd
EP431	Exploration permit	100.00%	Buru Energy Ltd
EP436	Exploration permit	50.00%	Buru Energy Ltd
EP457**	Exploration permit	60.00%	Buru Fitzroy Pty Ltd
EP458**	Exploration permit	60.00%	Buru Fitzroy Pty Ltd

\* Excluding Backreef Area

\*\* Pending DMIRS approval of the transaction with Diamond Resources (Barbwire) Pty Ltd.



## Directors

Mr Eric Streitberg      Executive Chairman  
Ms Eve Howell          Independent Non-executive Director  
Mr Robert Willes        Independent Non-executive Director

## Company Secretary

Mr Shane McDermott

## Registered and Principal Office

Level 2  
16 Ord St  
West Perth WA 6005  
Telephone:            +61 (08) 9215 1800  
Email:                 info@buruenergy.com  
Website:              www.buruenergy.com

## Share Registry

Link Market Services Limited  
Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000  
Telephone:            1300 554 474  
Email:                 registrars@linkmarketservices.com.au  
Website:              www.linkmarketservices.com.au

## Auditors

KPMG  
235 St George's Terrace  
Perth WA 6000

## Stock Exchange

Australian Stock Exchange  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

**ASX Code:**            BRU  
**Shares on issue:**    432,074,241  
**Unlisted options:**   9,150,000



[buruenergy.com](http://buruenergy.com)