

# Quarterly Report

Period ended 30 September 2018



The Directors of Buru Energy Limited (Buru) are pleased to provide the report for the quarter ended 30 September 2018.

## Highlights

### Corporate:

- DMIRS approval and registration of the sale of the 50% interest in the Ungani Oilfield to Roc Oil for \$64 million and receipt of the final payment from Roc Oil
- Subsequent to the termination of the State Agreement, completion of the farmin agreement with Roc Oil for 50% interest in exploration permits EP 391, EP 428 and EP 436 with Roc Oil to pay \$20 million of a \$25 million exploration program of up to four wells

### Ungani Oilfield Production and Development:

- Oil production for the quarter totalled ~117,000 bbls (gross), average of ~1,270 bopd
- Oil sales during the quarter totalled ~105,000 bbls (gross)
- Next lifting expected on 20 October for approximately 75,000 barrels (gross)
- Millionth barrel of Ungani crude produced during September
- Ungani Far West 1 brought online as an additional oil producing well
- Ungani 4ST1 sidetrack operations temporarily suspended for operational reasons
- Ungani West 1 exploration well due to spud on 16 October
- Additional Ungani development well, Ungani 6, agreed by the Joint Venture to be drilled after Ungani West 1 and the completion of Ungani 4ST1
- Further exploration well, Ungani South 1 under consideration, dependent on further technical evaluation and weather conditions

### Exploration:

- Letter of intent agreed with NewGen Drilling Pty Limited for the hire of NGD Rig 405, a 5,000 metre depth capacity automated rig with the capability to drill the highly prospective Rafael 1 well in early 2019, as well as potential horizontal development wells at the Ungani oilfield
- 2019 exploration drilling program target start date of mid April 2019

## Corporate

In May 2018, Roc Oil purchased a 50% interest in the Ungani production licences L20 and L21 (the Ungani Oilfield) for a total cash consideration of \$64 million. Buru received \$13 million of the purchase price immediately, with the remaining \$51 million of the purchase price payable upon the Department of Mines, Industry Regulation and Safety (DMIRS) approval and registration of the Ungani production licence transfers. This registration process was completed during the quarter and the final payment was received by Buru in late September.

The parties also agreed in May 2018 that Roc Oil would farmin to 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. 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 termination was approved as an Act of Parliament in late August and consequently the farmin agreement was completed in early September with the Ungani West 1 well being the first well to be funded under the farmin agreement.

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

## Production

### Ungani Oilfield Performance and Resources

Ungani Oilfield production has been affected by a number of issues during the quarter. Various well workovers, rate tests and productivity treatments have been undertaken which have resulted in wells being offline for extended periods, including Ungani 4, that was taken off line to prepare for sidetrack operations.

Consequently, production for the quarter totalled ~117,000bbls (gross – Buru's share 50%), which is an average of ~1,270 bopd.

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

Individual well performances have been affected by various issues, however, the Ungani 1 and Ungani 2 wells continue to produce on artificial lift generally in line with predictions.

The Ungani 4 beam pump installation in July resulted in additional production, but oil rates continued to decline, which was interpreted to be due to significant reservoir damage as part of the sub-optimal drilling and completion of that well. The Joint Venture subsequently agreed to the sidetrack of the Ungani 4 well and this commenced in September as the first operation with the DDGT1 rig.

Ungani 5 continues on free flow production, albeit at lower rates than expected. As previously reported, a beam pump is expected to be installed on this well in the near term.

When the Ungani 5 well was drilled and logged, indications were that the upper zone of the Ungani Dolomite, which is productive at Ungani 1 and 2, was also productive in Ungani 5, although not as well developed. Despite a number of interventions, this zone has not proven to be materially productive. It is not clear if this is a local effect or is more general in the Ungani East area. Despite this, the well has produced strongly from both the middle and lower zones of the reservoir. The Joint Venture has now agreed that the Ungani 6 well will be drilled in the Ungani East area from the Ungani 3/5 well pad to both add production and to provide further information on the overall reservoir quality of the East area.

The Ungani Far West 1 well was brought on production late in the quarter with good initial flow rates which then declined as expected as water cuts increased. A beam pump has now been installed on that well and production is continuing.

Total production with the current well configuration including having Ungani 4 offline, and Ungani 5 without artificial lift, is some 1,100 bopd. This is expected to increase substantially if the Ungani 4ST1 well is drilled and completed successfully and artificial lift is installed in Ungani 5. A successful result at the Ungani West 1 exploration well would add further material production, with long lead items ordered to ensure the well can be tied into the Ungani Production Facility for early production.



*Ungani Far West 1 Beam Pump*

The further development of the resources at Ungani may require additional wells apart from Ungani 4ST1 and Ungani 6, and may also involve the drilling of horizontal wells to more effectively drain the reservoir. As set out below, the Loc 405 rig which is planned to be used for the 2019 exploration drilling program has the capability to effectively drill horizontal wells and will thus be available to undertake that program if technically justified and agreed by the Joint Venture.

It is intended to undertake an internal review of the resources of the Ungani Oilfield once the Ungani 4ST1 and Ungani 6 wells have been drilled and production tested.

Ungani crude oil continues to be trucked to CGL storage Tank 10 at Wyndham Port prior to its FOB sale to Trafigura. Six road trains in quad configuration continue on contract from Fuel Trans Australia Pty Ltd which allows production transport capacity of ~2,400 bopd.

## **Ungani Oil Sales**

Oil sales during the quarter totalled ~105,000 bbls (gross – Buru’s share 50%).

Liftings were completed during the quarter with the ‘MT Palanca Muscat’ for 53,329 bbls on 10 July and with the ‘MT Security’ for 51,962 bbls on 16 August.

All liftings (gross) since the 2017 project restart are shown in the table below:

<b>Lifting Date</b>	<b>Ship</b>	<b>Quantity</b>	<b>FOB Price</b>
3 Sep 2017	MT Marlin Ametrine	60,275 bbls	A\$61.64 / bbl
19 Nov 2017	MT Marlin Apatite	54,981 bbls	A\$76.07 / bbl
11 Jan 2018	MT Sao Domingos Savio	53,377 bbls	A\$78.58 / bbl
8 Jun 2018	MT Magic Wand	72,722 bbls	A\$90.28 / bbl
10 Jul 2018	MT Palanca Muscat	53,329 bbls	A\$91.33 / bbl
16 Aug 2018	MT Security	51,962 bbls	A\$90.68 / bbl

The price received FOB Wyndham represents the realised Brent linked oil price less the buyer's (Trafigura) fixed marine transport discount. The Brent price has recently seen a significant appreciation, especially in Australian dollar terms and the next lifting is expected around 20 October for approximately 75,000 bbls (gross) at an expected FOB price more than A\$100 / bbl.

### **Blina and Sundown Oilfields**

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

### **Development**

#### **Ungani 4 ST1**

The Ungani 4 sidetrack drilling operations commenced in September with the DDGT1 Rig.

The Ungani 4 sidetrack has the objective of improving the productivity of the well which has been below expectations as described above. The sidetrack is planned to be drilled to a new bottom hole location at a total depth of ~2,250 metres, some 60 metres to the southwest of the current bottom hole location.

As planned, the sidetrack was drilled to the base of the shale that caused the issues in completing the original Ungani 4 well. A 4 ½ inch (114 mm) liner was then run and set at 2,136 metres. The liner is to ensure that the shale is fully behind casing prior to drilling into the Ungani Dolomite reservoir section. The interpretation of the base of the shale section was made using both detailed stratigraphic correlations from logging while drilling tools and an XRF system that was not available for the original Ungani 4 well.

Preparations to drill ahead into the top of the Ungani Dolomite reservoir section identified a mechanical issue with the top of the liner and the equipment required to reconfigure the liner top was not readily available in Australia. Consequently, it was decided to temporarily suspend the well and move the DDGT1 rig to drill the Ungani West 1 exploration well after which the rig will be mobilised back to Ungani 4ST1 to drill out the base of the liner and commence the penetration of the predicted reservoir section.

#### **Ungani West 1**

The Ungani West 1 exploration well is expected to be spudded on 16 October. The Ungani West 1 well is located on Production License L20 some 1,600 metres to the west of the Ungani Production Facility. Buru Energy and Roc Oil each have a 50% equity interest in the well and in L20. The well is being funded 80% by Roc Oil under the terms of the Farmin Agreement between the parties, with Buru Energy contributing 20%.



*MT Palanca Muscat at Wyndham*



*DDGT1 Rig at Ungani 4ST1*

The Ungani West 1 well is being drilled by the DDGT1 rig to a total measured depth of ~2,400 metres. If successful, the well will be tied back to the Ungani Production Facility to allow for early production from the well.

### **Ungani North 1**

During the quarter a reperforation and production test of the Ungani North 1 well was carried out. Some 60 barrels of oil were recovered from the well before perforation operations commenced, however, swabbing operations did not recover any appreciable influx from the reservoir. It remains inconclusive as to whether this is caused by the interpreted reservoir damage. The well has been shut-in and will be monitored while the results are evaluated.

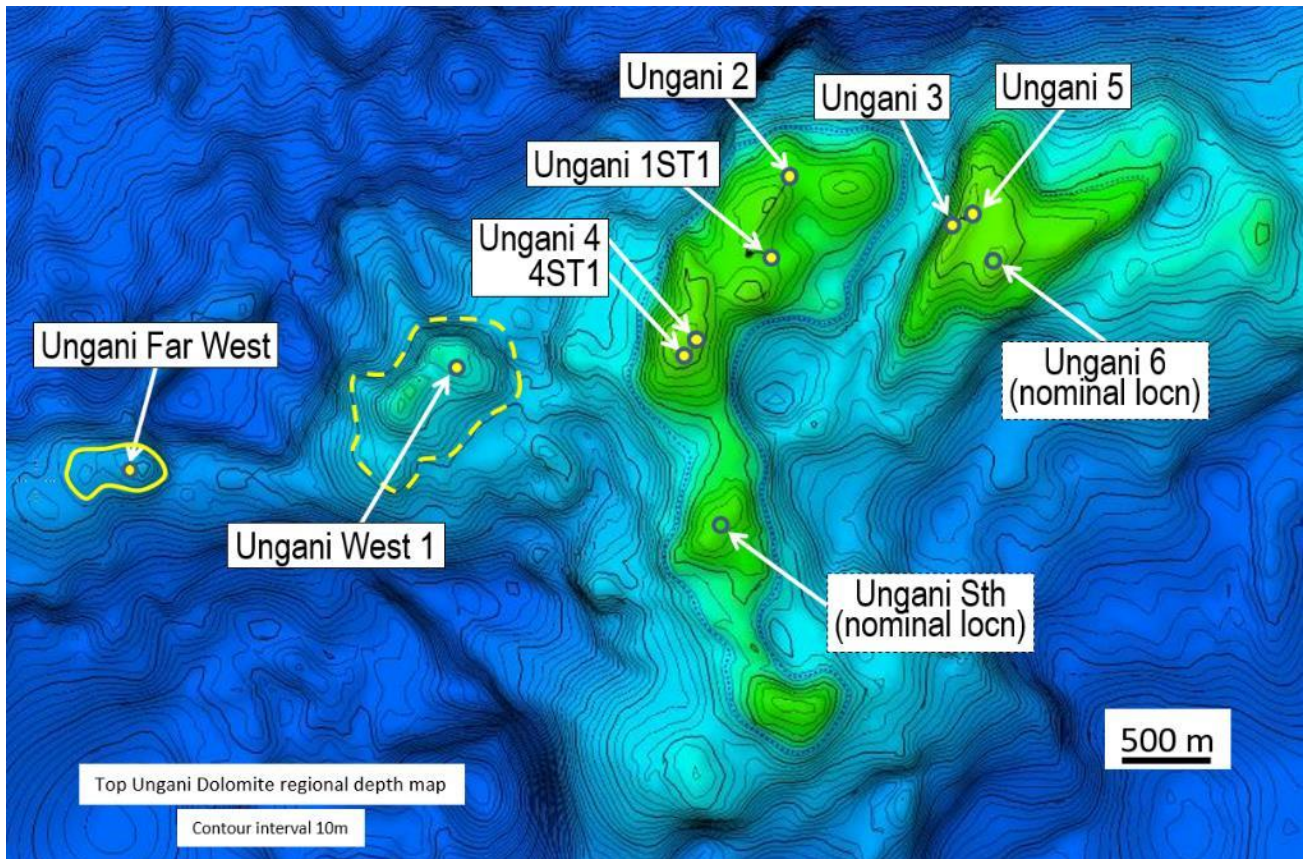
Irrespective of the performance of this well, the oil column in the Ungani Dolomite is conclusively established and the recovery of substantial amounts of oil from the well before operations commenced is a very positive sign. The Ungani North structure is well defined by the Ungani 3D seismic grid and is capable of holding substantial volumes of oil and will be considered for further evaluation during the upcoming operations program.

### **2018 Drilling Operations**

As set out above, the DDGT1 rig is currently preparing to drill the Ungani West 1 well after the suspension of the Ungani 4ST1 well to allow time for the mobilisation of equipment to complete the sidetrack.

Once the rig has completed the Ungani West 1 well it will be moved back to complete Ungani 4ST1. These operations are estimated to be finished by late November.

Given the onset of the wet season in early December, it is not feasible for the rig to then drill exploration wells which are remote from the current well pads and therefore do not currently have wet season access. Consequently, the Joint Venture has agreed to drill a further appraisal/production well on the eastern part of the Ungani Oilfield (Ungani 6) after the completion of Ungani 4ST1. Ungani 6 will be drilled as a deviated well from the all weather Ungani 3/5 production pad to a bottom hole location to be finalised over the coming weeks. The objective of the well is to provide an additional drainage and production point and attempt to encounter better reservoir section than in Ungani 5. The final bottom hole location will be confirmed after analysis of the reprocessed 3D seismic cube which is due to be received in early November. A further exploration/appraisal location is also under consideration in the southern area of the field (Ungani South 1) but this requires confirmation of the current interpretation of the 3D seismic by the reprocessed data volume. It also requires confidence that the drilling pad will be able to be accessed in January during the wet season.



*Ungani area well locations*

## Exploration

### 2019 Drilling Program

Given the delayed start to the 2018 drilling program until the Roc Oil transaction was finalised, and the prioritised drilling of Ungani production/appraisal wells, the 2018 program will not be able to accommodate the drilling of exploration wells additional to Ungani West 1 and potentially Ungani South 1. The 2019 program will therefore be focused on the wildcat exploration program and also potentially on drilling horizontal wells at Ungani.

This 2019 exploration program requires a rig with considerably more capability than DDGT1 and hence DDGT1 is expected to be demobilised at the conclusion of the 2018 program.

Buru has conducted a detailed review of drilling rigs suitable for the 2019 program, and potentially available early in the 2019 drilling season, and it is apparent that the upturn in activity driven by the increase in oil prices and the East coast gas crisis has severely restricted the availability of suitable rigs.

The Company has therefore been fortunate to have entered into a formal letter of intent with NewGen Drilling Pty Ltd (NGD) for NGD Rig 405. NGD 405 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. The rig has most recently been used by Oil Search in Papua New Guinea and has also been contracted by Buru in a previous Canning Basin drilling campaign. Buru and NGD are currently finalising a dry hire contract on the basis of the letter of intent and this is expected to be concluded shortly.

On current planning, the 2019 drilling program will commence as early as practicable in the dry season (nominally mid-April), and will include up to four wells for the Joint Venture, including a potential horizontal well on Ungani. The rig may also be used to drill wells on Buru operated acreage outside the Roc Oil Joint Venture.

Further details of the program will be provided when final agreement on timing and well order has been agreed with the Joint Venture.



*NGD Rig 405*

### **Geochemical survey**

After the end of the quarter a geochemical survey utilising two different techniques was commenced over a number of the prospects that have the potential to be included in the 2019 drilling campaign. If the surveys are effective it is intended to use the results to prioritise the drilling order of prospects in the future.



*Geochemical Field Crew*

### **Regional review**

A comprehensive regional review of the prospectivity of the Canning Basin is currently underway using a small team of highly experienced consultants who are working in-house with Buru staff. The aim of the review, which will be completed in early 2019, is to identify additional prospects for the 2019 drilling campaign, and to also identify new play concepts for future evaluation and drilling programs. This work is proceeding well with several exciting new concepts having been developed.

### **3D reprocessing project**

The Joint Venture has agreed to a reprocessing project encompassing the Ungani and Yakka Munga 3D seismic surveys covering approximately 443 sq kms. This project is being carried out by Down Under Geosolutions (DUG) in Perth and is expected to be completed in early 2019.

Advances in technology including processing algorithms and processing speed make the reprocessing of 3D data sets a cost effective way to extract additional valuable information from existing data.

The project will provide an integrated data set of pre-stack time migrated volumes with a separate pre-stack depth migration volume over the Ungani Oilfield. In addition, DUG are undertaking a fast track reprocessing volume over Ungani to be used for final location selection for Ungani 6 and Ungani South 1.

## Unconventional Gas Assets

Under the terms of the farm-in transaction with Roc Oil, Buru retains 100% of the unconventional gas in the Laurel Formation within the exploration permits including the Yulleroo Gasfield. Buru has previously undertaken a comprehensive evaluation of the unconventional gas potential of the Laurel Formation in the Canning Basin, including an extensive program on the Yulleroo Gasfield where it has drilled three wells and undertaken a hydraulic stimulation (frac) program in the Yulleroo 2 well with encouraging results.

The development of this resource will require the gas bearing Laurel Formation to be hydraulically stimulated (fraced) and the Western Australian Government has introduced a moratorium on fracing in Western Australia while an Independent Scientific Inquiry is carried out. This Inquiry is due to report before the end of 2018.

## Financial

During the September 2018 quarter, the Company recorded a net cash inflow of \$51.0 million and at the end of the quarter had a cash balance of \$71.0 million. The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter which is summarised as follows:

Cashflows	Sep 2018 Quarter	Jun 2018 Quarter
Production	\$2.7m	\$2.4m
Development	(\$0.4m)	(\$2.3m)
Exploration	(\$1.4m)	(\$1.0m)
Administration and Corporate	(\$1.2m)	(\$1.7m)
<b>Cash outflow from operations</b>	<b>(\$0.3m)</b>	<b>(\$2.6m)</b>
Final receipt from partial sale of Ungani	\$51.3m	\$13.0m
<b>Total cash inflow</b>	<b>\$51.0m</b>	<b>\$10.4m</b>
<b>Closing cash</b>	<b>\$71.0m</b>	<b>\$20.0m</b>

- **Production:** Net production cash flows include Buru's 50% share of Ungani crude production sold FOB Wyndham during the quarter as described above.
- **Development:** Cash flows comprised of costs associated with the sidetrack operations at Ungani 4, as well as beam pump installations on various wells and minor surface upgrades. The net cash outflow for the quarter was reduced significantly due to the timing effect of Joint Venture cash calls being made in advance of drilling operations.
- **Exploration:** Cash outflows comprised the ongoing Ungani oil trend evaluation, asset integrity, Traditional Owner engagement costs and desktop geological and geophysical work.
- **Administration and corporate:** Cash outflows were less than the previous quarter which included certain one-off corporate costs associated with the two transactions with Roc Oil.



- **Final receipt from partial sale of Ungani:** The final instalment of \$51 million (plus interest) was received from Roc Oil during the quarter following the registration of the Ungani licences transfers by DMIRS.

The Company is forecasting a cash outflow of \$10.8 million in the December 2018 quarter as set out below.

Cashflows	Dec 2018 Forecast	Sep 2018 Actual
Production	\$3.4m	\$2.7m
Development	(\$6.6m)	(\$0.4m)
Exploration	(\$3.2m)	(\$1.4m)
Administration and Corporate	(\$1.5m)	(\$1.2m)
<b>Cash outflow from operations</b>	<b>(\$7.9m)</b>	<b>(\$0.3m)</b>
Receipt from partial sale of Ungani	-	\$51.3m
Minimum repayment to Alcoa	(\$2.9m)	-
<b>Total cash outflow</b>	<b>(\$10.8m)</b>	<b>\$51.0m</b>
<b>Closing cash</b>	<b>\$60.2m</b>	<b>\$71.0m</b>

- **Production:** Forecast net production cash flows include Buru's 50% share of Ungani crude production to be sold FOB Wyndham during the upcoming quarter.
- **Development:** Forecast cash outflows include Buru's 50% share of the planned well operations at Ungani 4ST1 and Ungani 6 as well as other minor surface facility upgrades.
- **Exploration:** Cash outflows include Buru's 20% share of the Ungani West 1 well as well as the geochemical survey costs, seismic processing costs and the regional review. Exploration cash outflows also include the ongoing expenditures relating to desktop geological and geophysical work, ongoing asset integrity and Traditional Owner engagement.
- **Administration and corporate:** Cash outflows are estimated to increase slightly from previous quarters.

**Minimum repayment to Alcoa:** The remaining balance on the Alcoa liability as at 30 September 2018 is \$7.5m (excluding accrued interest) and the liability is repayable in three annual instalments of \$2.5m commencing 31 December 2018. The debt is unsecured and subject to an agreed interest rate of 5% payable yearly (\$0.4m). The annual tranches are further subject to an accelerated capital repayment mechanism based on Buru Energy's gross revenue from Ungani oil sales exceeding an agreed base level.

## Schedule of interests in permits as at 30 September 2018

<u>Permit</u>	<u>Type</u>	<u>Ownership</u>	<u>Operator</u>	<u>Location</u>
L6*	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L20	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
L21	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
EP 129*	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 391**	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP 428**	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP 431	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 436**	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP 457	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP 458	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA

\* Excluding the Backreef Area.

\*\* Pending DMIRS registration of the transfer of 50% interests to Roc Oil

Visit [www.buruenergy.com](http://www.buruenergy.com) for information on Buru Energy's current and future activities.

For investor inquiries please contact Buru Energy:

Telephone: +61 8 9215 1800

Freecall: 1800 337 330

Email: [info@buruenergy.com](mailto:info@buruenergy.com)

## **About Buru Energy**

Buru Energy Limited (ASX: BRU) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. It owns and operates 50% of its flagship high quality conventional Ungani Oilfield project and 100% of its potentially world class tight gas resources.

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

## **Qualified Petroleum Resources Evaluator Statement**

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

## **Forward Looking Statements**

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

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

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

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

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

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

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

### Name of entity

**BURU ENERGY LIMITED**

### ABN

71 130 651 437

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,897	14,309
1.2 Payments for		
(a) exploration & evaluation	(1,452)	(3,278)
(b) development	(453)	(10,390)
(c) production	(2,163)	(6,643)
(d) staff costs	(650)	(2,460)
(e) administration and corporate costs	(597)	(1,979)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	105	231
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
<b>1.7 Net cash from / (used in) operating activities</b>	<b>(313)</b>	<b>(10,210)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	3	44

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
(b) tenements (see item 10)	51,337	64,337
(c) investments	-	-
(d) other	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>51,340</b>	<b>64,381</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	16
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of Alcoa liability	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>16</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	20,019	16,859
4.2 Net cash from / (used in) operating activities (item 1.7 above)	(313)	(10,210)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	51,340	64,381
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	16
4.5 Effect of movement in exchange rates on cash held	(26)	(26)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>71,020</b>	<b>71,020</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	6,628	4,698
5.2 Term deposits	64,392	15,321
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>71,020</b>	<b>20,019</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	233
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities (Alcoa Liability)	7,781	7,781
8.2 Credit standby arrangements	-	-
8.3 Other (Please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

**Alcoa Liability**

The remaining balance on the Alcoa liability as at 30 September 2018 is \$7,500,000 (excluding accrued interest). The liability is repayable in three annual instalments of \$2,500,000 commencing 31 December 2018.

The debt is unsecured and subject to an agreed interest rate of 5% on the outstanding balances commencing 1 January 2018 and payable yearly commencing 31 December 2018. Accrued interest at 30 September 2018 totalled \$281,000.

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

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(3,200)
9.2 Development	(6,600)
9.3 Production (Net cash inflows)	3,400
9.4 Staff costs	(700)
9.5 Administration and corporate costs	(800)
9.6 Minimum Alcoa repayment	(2,900)
<b>9.7 Total estimated cash outflows</b>	<b>(10,800)</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EP 391 EP 428 EP 436	<p>As per the Farmin Agreement between Buru and Roc Oil, Roc Oil acquire a 50% interest in exploration permits EP 391 EP 428 and EP 436 by paying \$20m of the next \$25m of exploration expenditure on the permits.</p> <p>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 termination was approved as an Act of Parliament in late August and consequently the farmin agreement was completed in early September.</p> <p>Further details about these transactions were set out in Buru's ASX release dated 21 May 2018.</p> <p>The transfers are pending Department of Mines, Industry Regulation and Safety (DMIRS) approval and registration of the transfers. This registration process is the responsibility of Roc and is currently in progress.</p>	100% 100% 100%	50% 50% 50%
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Nil		



**Compliance statement**

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

Sign here:  .....

Company Secretary

Date: 15 October 2018

Print name: Shane McDermott

**Notes**

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