StockAnalysis
Proven market guidance since 2003

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Ungani shapes up

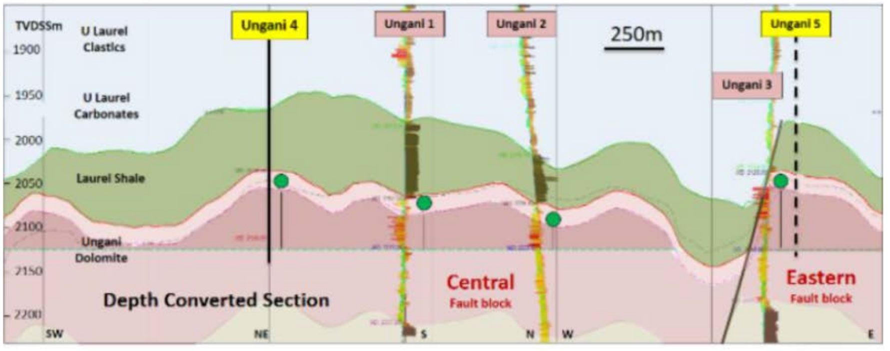
Capital Structure: BRU		
Shares	432.0	m.
Options	4.6	m.
Price	$ 0.380	
Market Cap	$ 164	m.
Cash (est)	$ 16	m.
Debt	$ 7.5	
EV	$ 156	m.
EV/2C	$ 3.17	/BOE
EV/2C	$ 0.53	/Bcfe

Electric logging results from **Buru Energy**'s (BRU) Ungani-5 well in the Canning Basin show excellent characteristics over at least 53 metres of good quality dolomite reservoir with similar characteristics to that seen in the highly productive U-1 (58 metres) and U-2 (54 metres) wells. StockAnalysis reckons that an elevated gas level found within one zone at U-5 could open up commercial options for the use of associated gas from the field.

Logging of Ungani-4 while drilling produced a remarkable 74 metres of gross oil column, opening up potential for a substantial Reserve upgrade to over 10 mmbbls at Ungani.

Oil produced from the U-1 and U-2 wells has a very small volume of associated gas that might just be enough to fire up a couple of BBQ's in an emergency, but is insufficient to hold commercial application. If the U-5 well produces additional gas, it might be reinjected at U-3 to maintain reservoir pressure at Ungani, or it could be used in new wells as a gas-lift to assist in oil production ahead of the application of down-hole pumps. Alternatively, the project's power requirement for pumps and other equipment is currently supplied by imported and expensive diesel fuelled generators. Higher levels of associated gas in new wells at Ungani could substantially reduce operating costs if power generation can be converted to gas fired generation, while also lowering the project's carbon footprint.

Logging results from the U-4 & U-5 wells appear to support Buru's ambition to lift oil production to a steady rate of 3,000 BOPD over an extended period. In support of this activity, Buru has already increased its total fluid processing capacity at the Ungani plant beyond levels currently required and has further capacity to produce oil at much higher rates with transport infrastructure now being increased to handle an expected doubling of exports.



Cross section of the Ungani Field showing the location of Ungani 5

Weather permitting, flow testing of the two new wells is expected in late January or early February. The wells can be rapidly connected to the central processing facility for production, which is expected to occur in February and March.

StockAnalysis expects that at the current oil price, once in full production Buru will be generating operating cash flow of A$4.1 million per month.

Success of the Ungani redevelopment programme is also likely to lift 2P Reserves by over 3 million barrels, sufficient to bank a funding proposal to establish oil export facilities, adjacent to existing tankage in The Port of Broome. StockAnalysis expects that a relatively small ~$23 million project to add export facilities at the Port of Broome could be achieved this year, with a promise to have a payback period of less than two and a half years, based on lowering operating costs by as much as A$10/bbl.

Buru should have the ability to fund significant exploration activity during the 2018 dry season, with or without farm-in assistance, which should be more attractive to potential farminees following the results from Ungani field development and an oil price rise to over A$85/bbl.