

Buru Energy Limited (Buru) provides the report for the quarter ended 30 September 2019.

Highlights

Ungani Production:

- Oil production for the quarter of ~86,000 bbls (gross) at an average of ~940bopd including well offline time.
- Oil sales for the quarter of ~75,000 barrels (gross) from a lifting on 12 August.

Ungani Development:

- Ungani 7H development initial well section successfully drilled on time and on budget with NGD 405 rig.
- Upgrades to Ungani production facility to process additional fluid volumes from new wells completed on time and on budget.
- Coil tubing operations to be undertaken at Ungani 6H and Ungani 7H during the December 2019 quarter.

Exploration and Appraisal

- Adoxa 1 exploration well drilled and completed with potential ~10 metre oil zone
- Miani 1 well spudded after the end of the quarter, Rafael 1 exploration well deferred
- Lennard Shelf well decommissioning program completed
- Blina 4 well recompleted in preparation for well test
- Ungani North reperforation unsuccessful in improving productivity

Ungani Oilfield Production and Development

(L20/L21 - Buru Energy 50% and operator)

Production

Production from the Ungani Oilfield for the quarter totalled ~86,000 bbls (gross) at an average daily rate over the period (including well offline time) of ~940bopd (June quarter 88,000 bbls at ~970 bopd). Production continued from Ungani 1, Ungani 2, Ungani 4ST1, Ungani 5 and Ungani Far West 1 throughout the period with ongoing minor well interventions and maintenance being carried out as required.

The Ungani 6H and Ungani 7H wells are planned to be brought onto production during the December 2019 quarter after coil tubing operations have been completed, with the potential for a significant increase in oil production rates.

Ungani crude sales for the quarter totalled ~75,000 bbls (gross) at an FOB price of ~A\$81/bbl from a lifting on 12 August by the MT Ribe Maersk. Buru's 50% revenue share from the lifting was ~A\$3.1M. This was the first lifting with the Joint Venture's new offtake partner Petro-Diamond Singapore Pte Ltd.

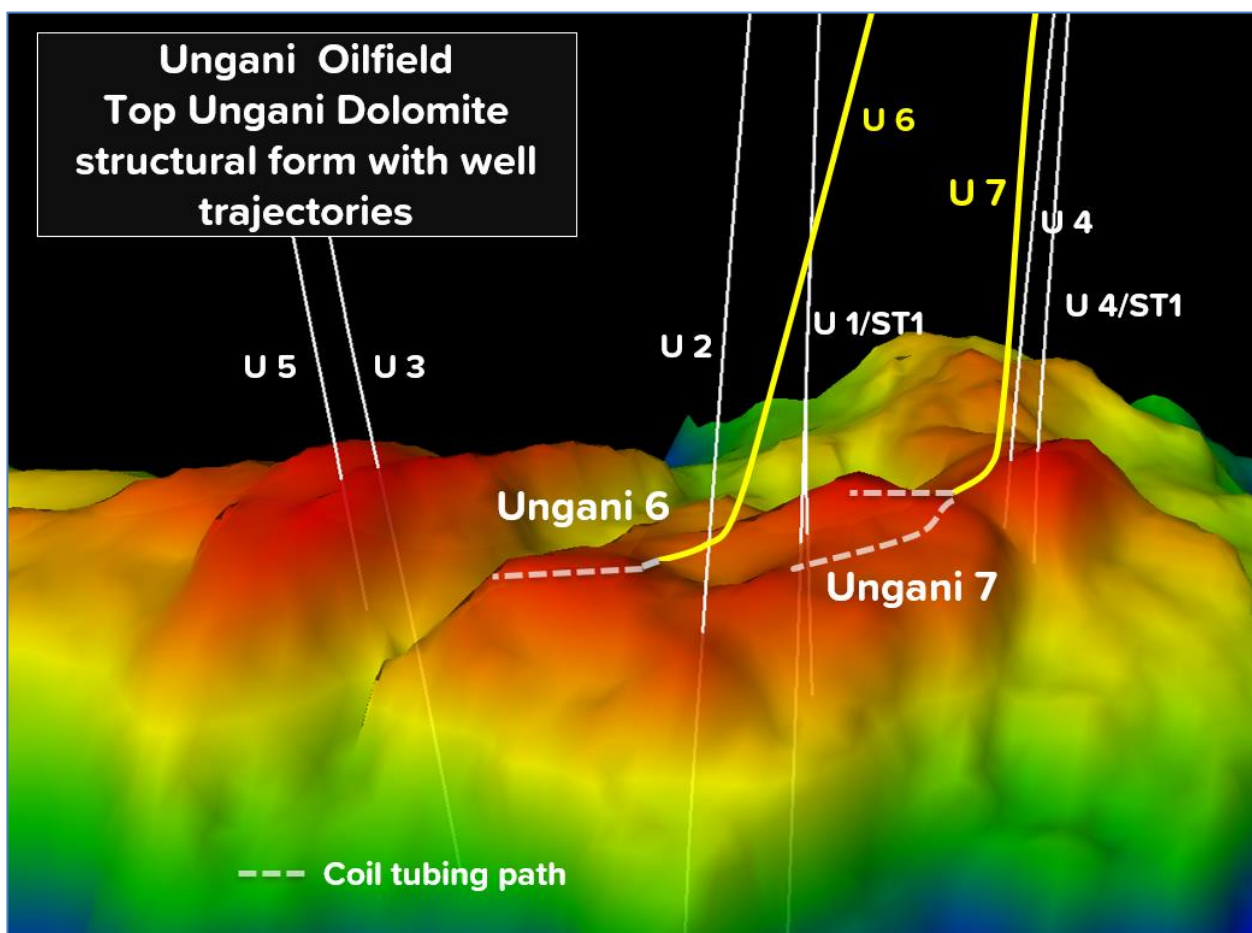
Ungani crude oil continues to be trucked to CGL storage Tank 10 at Wyndham Port prior to its FOB sale. The price received FOB Wyndham is the realised Brent linked oil price less the buyer's fixed marine transport discount.

Ungani 7H

During the quarter, the Buru/Roc Oil (Canning) Pty Ltd (ROC) Joint Venture drilled the Ungani 7H development well initial section with the NGD 405 rig. The well was drilled as a highly deviated well from a surface location on the Ungani 4ST1 well pad in a northwesterly direction to intersect the Ungani Dolomite reservoir within the main Ungani Field area.

The well was spudded on 26 August and drilled to a total measured depth of 2,237 metres (total vertical depth of 2,142 metres). The top of the Ungani Dolomite reservoir is interpreted from drill rate and drill cuttings to have been encountered as prognosed at 2,224 metres measured depth with good to excellent oil shows observed. The intersection is some 88 metres in vertical elevation from the original Ungani Field oil water contact.

A 4½ inch (114 mm) liner was run and cemented into to the top of the dolomite at 2,236 metres measured depth. This provides the appropriate casing size for the reservoir section to be drilled underbalanced with coiled tubing. The NGD405 rig was released from the well on 21 September.



Ungani 6H

During the June 2019 quarter, the Buru/ROC Joint Venture drilled the Ungani 6H development well with the NGD 405 drilling rig with 5½ inch casing cemented in place at a depth of 2,310 metres measured depth and the well then suspended. An expandable liner is required to be run over a short section of exposed Ungani Shale below the casing. The liner insertion will be undertaken by the coil tubing unit being used for the horizontal lateral drilling program instead of the Buru Jacking Platform (BJP) as further analysis showed that the operational requirements would exceed the capabilities of the BJP.

Coil Tubing Operations

Subsequent to the end of the quarter, the equipment required for the planned underbalanced coil tubing drilling operations has been mobilised and at the date of this report was being rigged up at Ungani 7H. Once the reservoir section has been drilled at Ungani 7H, the coil tubing unit will mobilise to Ungani 6H to first run the expandable liner, and then drill the reservoir section at that well.

It is expected that these operations will be completed by the end of November and the Ungani 6H and 7H wells will then be immediately brought onto production.

Ungani Production Facility Upgrades

The further upgrades to the Ungani Production Facility have now been completed on time and budget. The facility has been debottlenecked and expanded to handle the expected increased oil production from the two new wells, as well as the increased produced water from the field generally. The expansion involved the installation of new tanks and associated infrastructure.

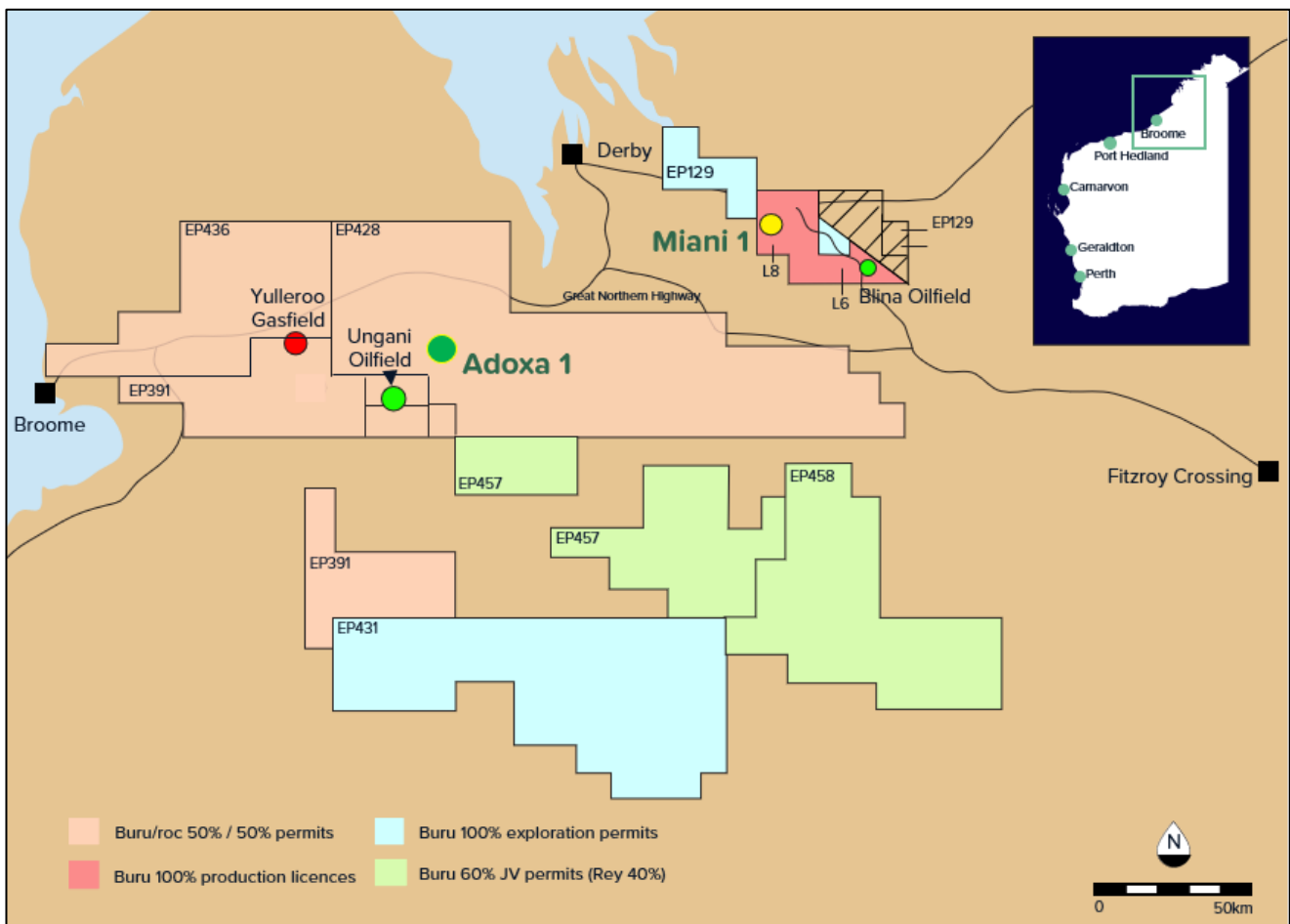


Installation of additional fluid separation tanks at the Ungani Production Facility

Exploration

Adoxa 1 (EP428 - Buru Energy 50% and operator)

The Adoxa 1 well was drilled during the quarter with the NGD 405 rig with both Buru and ROC contributing 50% of the cost of the well. The well was drilled to a total depth of 2,300 metres and an extensive suite of wireline logs and pressure measurements were then acquired. These identified a zone from 1,891 to 1,902 metres measured depth ("1900 zone") in the Upper Anderson section that is interpreted from logs and pressure data to have the potential to flow oil. All of the other zones where oil shows were noted in the well were interpreted to be either tight (poor reservoir) or water wet. A 4½ inch casing string was run in the well to allow a test of the well in due course.



Miani 1 (L8 - Buru Energy 100%)

The Miani 1 exploration well was spudded on 2 October with the NGD 405 rig as a vertical well to a planned total measured depth of 2,400 metres. The Miani 1 well is located on Production Licence L8 some 70 kilometers to the east of the town of Derby and some 30 kilometers to the northwest of Buru's Blina Oilfield. Buru Energy has 100% equity in the well and in L8. At the date of this report the drilling of the well was in progress.

The objective of the well is conventional oil hosted in a stratigraphic trap interpreted to have been formed by a fault bounded collapse feature enhanced by hydrothermal dolomitisation of the Nullara reefal carbonates. The feature being tested by the Miani 1 well has the potential to hold significant resources of conventional oil in a new play type. Development of any oil discovered would be facilitated by the availability of local infrastructure and the location of the well in an existing production licence.

Rafael 1 (EP428 - Buru Energy 50% and operator)

During the quarter, and after careful review of the 2019 drilling program progress, the Buru Board took the decision to defer the planned drilling of the Rafael 1 exploration well. The prudent commercial decision to defer the drilling of this higher cost well was driven by a number of factors including Buru's exposure to 100% of the costs of drilling the well under the joint venture sole risk provisions, following ROC's decision not to participate in its drilling this year.

Ungani North 1 (L20 - Buru Energy 50% and operator)

The Ungani Dolomite section in Ungani North has previously been perforated and tested and demonstrated to be able to produce oil at low rates. The effectiveness of previous perforations had been limited by the small size of the production tubing string in the well. During the quarter, the production tubing was removed with the BJP and the well was reperforated with larger equipment. An injection test was then undertaken that showed the reperforation had not been successful in enhancing the productivity. Consequently, operations at the well were suspended pending an evaluation of the results.

Lennard Shelf (EP129/L6/L8/L17 - Buru Energy 100%)

Blina and Sundown Oilfield

The Blina and Sundown Oilfields remain shut-in. The well decommissioning program using the BJP was completed during the quarter with seven wells successfully decommissioned.

Blina 4 Test

The BJP also removed the existing tubing string at Blina 4 and wireline operations were then undertaken to perforate the upper part of the Yellowdrum Dolomite section. A dual zone completion was then run into the well and production tests are planned on the Yellowdrum and Nullara formations during the December 2019 quarter once equipment and personnel are available. A reservoir model is currently being built to review the potential for a secondary recovery production operation in the Nullara reservoir of the field.

Yulleroo Gasfield (EP 391 & EP 436 - Buru Energy 50% and operator of the conventional gas assets / 100% of the unconventional gas assets)

The Yulleroo Gasfield includes four wells that have defined a substantial gas accumulation with a number of zones identified that have the potential for conventional gas production. A testing program to evaluate these conventional gas resources is planned during the December 2019 quarter. Conventional gas resources could be used to supply local industry and power generation as a substitute for LNG trucked from the Pilbara.

Lifting of Hydraulic Fracture Stimulation Moratorium

During the September 2019 quarter, the WA State Government announced that the moratorium on Hydraulic Fracture Stimulation (fracking) had been lifted over existing Petroleum Titles. This followed the Independent Scientific Inquiry which last year confirmed that the activity is low risk if properly regulated. The moratorium was lifted on all of Buru's current titles.

Buru is of the view that the current regulations provide a framework where fracking can be undertaken safely and without any significant environmental impacts. Prior to the moratorium Buru Energy had undertaken a number of fracs on three wells in the Canning Basin, all with no incidents, no detectable impact on the environment, and fully compliant with current legislation. The Company looks forward to working with Government to implement the recommendations of the Independent Scientific Inquiry for further regulation of the industry in an appropriate and workable manner.

In regard to the Government's delineation of the Dampier Peninsula as a "frac free zone", the Company has worked constructively with Government to ensure the boundaries of the zone are appropriate in relation to the Company's existing petroleum titles and to provide certainty for the community. Consequently, Buru agreed with Government that the Broome township and water supply areas in Buru's existing petroleum titles will form part of the Dampier Peninsula fracking exclusion zone.

Financial

The Company recorded ~\$46.7 million in cash as at 30 September 2019. During the September 2019 quarter, the Company recorded a net cash outflow of \$12.1 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 2019 Quarter	Jun 2019 Quarter
Production (net)	\$1.6m	\$1.8m
Development	(\$5.4m)	(\$2.4m)
Exploration	(\$7.3m)	(\$1.5m)
Administration and Corporate	(\$1.1m)	(\$1.1m)
Other cash inflows	\$0.1m	\$0.5m
Total cash outflow	(\$12.1m)	(\$2.7m)
Closing cash	\$46.7m	\$58.8m

Production: Net production cash flows included Buru's share of Ungani crude production sold FOB Wyndham during the quarter, less production cash costs.

Development: Cash outflows primarily comprised of Buru's share of costs associated with the Ungani 6H and 7H development wells, as well as the surface facility upgrades. Additional development expenditures will continue into the December quarter as part of the Ungani horizontal well operations.

Exploration: Cash outflows primarily comprised of Buru's share of the Adoxa 1 exploration well. Exploration cash outflows also included Buru's share of preparations for both the Rafael 1 and Miani 1 exploration wells, with the Miani 1 well spudded in October and Rafael 1 now deferred. Exploration cash outflows also include Buru's share of ongoing expenditures relating to desktop geological and geophysical work, asset integrity

(including the 100% Lennard Shelf decommissioning program) and Traditional Owner engagement.

Administration and corporate: Cash outflows remain consistent with prior quarters.

Other cash inflows: Related to interest income less foreign exchange movements and minor capital purchases.

The Company is forecasting a cash outflow of \$16.7 million in the December 2019 quarter as detailed below.

Cashflows	Dec 2019 Forecast	Sep 2019 Actual
Production	\$2.2m	\$1.6m
Development	(\$7.3m)	(\$5.4m)
Exploration	(\$7.7m)	(\$7.3m)
Administration and Corporate	(\$1.2m)	(\$1.1m)
Other	-	\$0.1m
Alcoa repayment	(\$2.7m)	-
Total cash outflow	(\$16.7m)	(\$12.1m)
Closing cash	\$30.0m	\$46.7m

Production: Forecast net production cash flows include Buru's share of Ungani crude production to be sold FOB Wyndham. Production levels have the potential to increase following coil tubing operations with one to two liftings forecast to be sold during the upcoming quarter.

Development: Forecast cash outflows include Buru's share of the drilling operations incurred during the September quarter at Ungani 7H, as well as further operations in the December quarter to install the expandable liner in Ungani 6H and drill the reservoir section underbalanced with coil tubing in Ungani 6H and Ungani 7H. Forecast development cash outflows also include the remaining payments associated with the surface upgrades to the Ungani Production Facility and the outstanding tie in of the Ungani 6H and Ungani 7H wells.

Exploration: Cash outflows are forecast to include Buru's 100% share of costs associated with drilling the Miani 1 well. The Exploration forecast cash outflows also include ongoing expenditures relating to desktop geological and geophysical work, asset integrity and Traditional Owner engagement.

Administration and corporate: Cash outflows are estimated to remain consistent with previous quarters.

Schedule of interests in permits as at 30 September 2019

<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	60.00%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP 458	Exploration permit	60.00%	Buru Fitzroy Pty Ltd	Canning Basin, WA

* *Excluding the Backreef Area.*

Visit www.buruenergy.com for information on Buru Energy's current and future activities.

For investor inquiries please contact Buru Energy:

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Email: 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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,056	12,218
1.2 Payments for		
(a) exploration & evaluation	(7,335)	(10,953)
(b) development	(5,353)	(9,388)
(c) production	(1,444)	(5,523)
(d) staff costs	(614)	(2,023)
(e) administration and corporate costs	(463)	(1,294)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	298	1,296
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Net cash from / (used in) operating activities	(11,855)	(15,667)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(182)	(251)
(b) tenements (see item 10)	-	(720)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(b) tenements (see item 10)	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(182)	(971)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of Alcoa liability	-	(500)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(500)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	58,759	64,009
4.2	Net cash from / (used in) operating activities (item 1.7 above)	(11,855)	(15,667)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(182)	(971)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(500)
4.5	Effect of movement in exchange rates on cash held	(32)	(181)
4.6	Cash and cash equivalents at end of period	46,690	46,690

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents 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	14,297	5,790
5.2 Term deposits	32,393	52,969
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	46,690	58,759

6. Payments to directors of the entity and their associates**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. Payments to related entities of the entity and their associates**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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities (Alcoa)	4,500	4,500
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 Loan

The next instalment of \$2,500,000 will be payable on or before 31 December 2019 with the remainder of the loan due by the end of 2020.

The loan 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.

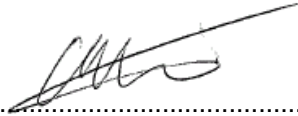
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(7,700)
9.2 Development	(7,300)
9.3 Production (Net cash inflows)	2,200
9.4 Staff costs	(700)
9.5 Administration and corporate costs	(500)
9.6 Alcoa repayment	(2,725)
9.7 Total estimated cash outflows	(16,725)

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		Nil		
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:


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Date: 17 October 2019

Print name:

Shane McDermott
Chief Financial Officer & Company Secretary

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.