

Buru Energy receives A\$0.40 valuation in MST Access' initiation report; says Rafael well a "gamechanger"

Buru Energy Ltd (ASX:BRU, OTC:BRNGF) has received a share price valuation of A\$0.40 for its core exploration and production assets in an initiation report compiled by MST Access, the research platform of MST Financial.

MST's valuation is spearheaded by the company's 'transformational' Rafael gas discovery, which when added to its new ventures and free-carried exploration generates an unrisks upside of around A\$1.62/per share.

On the green front, the company's new ventures in carbon capture and storage (CCS) and hydrogen have opened up low-carbon opportunities.

Looking ahead, Buru is well funded with A\$14 million in cash and no debt, poised to execute its growth plan across its various oil and gas operations in WA's Canning and Carnarvon Basins.

Following are excerpts from MST Access' initiation report:

Investment thesis

The Rafael conventional condensate-rich, low CO₂ gas discovery justifies a significant re-rating.

The resource has been independently assessed at 260 Bcf (2C) and up to 1Tcf of gas and 20 million barrels of condensate at the 3C level.

The share price discounts the value of in-situ resources and gives no value to commercial potential, in our view.

GeoVault and 2H Resources' new ventures differentiate Buru from peers and would have significant value as standalone entities.

We expect these initiatives will gain momentum in a de-carbonising world in time.

There is significant commercial and technical work to fully exploit Rafael, and other exploration activities planned in 2024, but Buru has extensive in-house capability to manage what could become a very large and valuable enterprise.

Valuation: Core value A\$0.40. Un-risked upside A\$1.62

MST's valuation method is a combination of a risked DCF of a Rafael gas project and equity market peers active in natural hydrogen, CCS and exploration.

We value the core E&P assets at A\$0.40, with Rafael risked due to its predevelopment status.

Major de-risking milestones and the value implications are documented in this report and lead to an un-risked upside of A\$1.62.