

18 January 2018

## Increase in Contingent Resources and Identification of Prospective Resources at Yulleroo

Buru Energy Limited (Buru) is pleased to advise that RISC Advisory Pty Ltd (RISC) has completed an independent assessment of the tight gas and hydrocarbon liquid resources of the Yulleroo Field within exploration permits EP391 and EP436. This assessment has resulted in substantial increases in the resources compared to their previous assessment undertaken in 2011.

RISC has estimated Contingent and Prospective Resource sales gas and associated liquids in the Yulleroo Field as at 1 December 2017 as follows:

<b>Contingent Resources Net to Buru</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>
Sales Gas (PJ)	321.4	714.0	1,267.0
Associated Liquids (MMbbls)	9.5	24.9	47.6
<b>Prospective Resources Net to Buru</b>	<b>Low</b>	<b>Best</b>	<b>High</b>
Sales Gas (PJ)	124.6	302.8	611.0
Associated Liquids (MMbbls)	4.3	11.9	24.8

These are significant increases on previous estimates and result from a combination of an increase in interest in the field and the underlying EP 391 and EP 436 permits from 50% to 100% following the Asset Swap with Mitsubishi Corporation last year, and a consideration of the additional data obtained from further drilling in the field and the results of the further unconventional appraisal activity of the Laurel Formation undertaken in the Canning Basin.

The detailed reconciliation of these changes is set out later in the document.

**In accordance with the appropriate ASX Listing Rules the following information is set out in relation to this assessment.**

### **Contingent Resources and Prospective Resources**

Contingent Resources are quantities of petroleum estimates as of a given date to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies, Contingent Resources are a class of discovered recoverable resources.

For Prospective Resources, estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

RISC's updated Contingent Resource and Prospective Resource assessment has been prepared using the probabilistic method and an evaluation date of 1 December 2017.

### **RISC Updated Independent Resource Evaluation**

The following tables set out the reconciliation between the current estimates of Sales Gas (PJ) and the estimates undertaken by RISC as of 1 May 2011.

<b>Reconciliation of Contingent and Prospective Resources (Gross)</b>						
	<b>Gross Contingent Resources (PJ)</b>			<b>Gross Prospective Resources (PJ)</b>		
	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>Low</b>	<b>Best</b>	<b>High</b>
Resources at 1 May 2011	53.0	205.0	846.0	-	-	-
Acquisitions	-	-	-	-	-	-
Transfers and Revisions	268.4	509.0	421.0	124.6	302.8	611.0
<b>Resources at 1 Dec 2017</b>	<b>321.4</b>	<b>714.0</b>	<b>1,267.0</b>	<b>124.6</b>	<b>302.8</b>	<b>611.0</b>

<b>Reconciliation of Contingent and Prospective Resources (Net)</b>						
	<b>Net Contingent Resources (PJ)</b>			<b>Net Prospective Resources (PJ)</b>		
	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>Low</b>	<b>Best</b>	<b>High</b>
Resources at 1 May 2011	26.5	102.5	423.0	-	-	-
Acquisitions	26.5	102.5	423.0	-	-	-
Transfers and Revisions	268.4	509.0	421.0	124.6	302.8	611.0
<b>Resources at 1 Dec 2017</b>	<b>321.4</b>	<b>714.0</b>	<b>1,267.0</b>	<b>124.6</b>	<b>302.8</b>	<b>611.0</b>

The following tables set out the reconciliation between the current estimates of Associated Liquids (MMbbls) and the estimates undertaken by RISC as of 1 May 2011.

Reconciliation of Contingent and Prospective Resources (Gross)						
	Gross Contingent Resources MMbbls			Gross Prospective Resources MMbbls		
	1C	2C	3C	Low	Best	High
Resources at 1 May 2011	2.3	9.2	38.2	-	-	-
Acquisitions	-	-	-	-	-	-
Transfers and Revisions	7.2	15.7	9.4	4.3	11.9	24.8
<b>Resources at 1 Dec 2017</b>	9.5	24.9	47.6	4.3	11.9	24.8

Reconciliation of Contingent and Prospective Resources (Net)						
	Gross Contingent Resources MMbbls			Gross Prospective Resources MMbbls		
	1C	2C	3C	Low	Best	High
Resources at 1 May 2011	1.2	4.6	19.1	-	-	-
Acquisitions	1.2	4.6	19.1	-	-	-
Transfers and Revisions	7.2	15.7	9.4	4.3	11.9	24.8
<b>Resources at 1 Dec 2017</b>	9.5	24.9	47.6	4.3	11.9	24.8

- *The Upper Laurel Carbonate remain Prospective Resources.*
- *The Contingent and Prospective Resource estimates are unconventional resources.*
- *For the contingent resource recovery estimates, RISC have assumed a horizontal well geometry (1.1 km<sup>2</sup> drainage area) which will require approximately 54 wells to develop the 59 km<sup>2</sup> of Contingent Resources.*
- *The chance of discovery for the Prospective Resources is estimated by RISC to be 80% and the chance of development is estimated to be 20%.*
- *The sales gas is inclusive of LPG*

RISC's initial assessment in May 2011 was based on reviews of historical drilling data from the Yulleroo 1 and Yulleroo 2 wells, interpretation of the 2D Yulleroo seismic data undertaken by Buru in 2010, and the results of the Yulleroo 2 stimulation and flow test.

RISC have updated their May 2011 Yulleroo area contingent resource evaluation as at December 2017 in the light of new information, new data and interpretations as follows:

- The acquisition by Buru of Mitsubishi's 50% interest in EP 436 and EP 391 as at 24 May 2017.
- Re-evaluation of the unconventional resource as a result of new data from the drilling of Yulleroo 3 and Yulleroo 4 wells, incorporation of new tight rock analysis data and analogue results from the data analysis and fracture stimulation of the Valhalla North 1 and Asgard 1 wells in EP371.
- Incorporation of the Yulleroo 3D seismic interpretation carried out in 2013
- The Yulleroo 4 well discovered gas in a similar setting to the other Yulleroo wells and the new data increasing the confidence in extending the discovered area within well control from 17.5 km<sup>2</sup> to 59 km<sup>2</sup>.
- Transfers from prospective to Contingent Resources as a result of the new data.

## **Forward Plan for the Yulleroo Field**

To convert the identified Contingent Resources and Prospective Resources to Reserves will require additional data to be acquired, and drilling to be carried out, including vertical and horizontal wells, together with extended production tests to determine commerciality.

There is extensive production from tight gas reservoirs internationally and there is a well understood and systematic process that can be undertaken to progress the resources to commercial production.

The forward plan for the Yulleroo Field is not currently being progressed due to the WA Government fracking moratorium. Development of this resource would bring substantial benefits to the traditional owners of the area and the State of Western Australia, together with local customers and the Kimberley generally

## **Qualified Petroleum Reserves and Resources Evaluator Statement**

RISC is an independent oil and gas consultancy firm. RISC have been working in partnership with companies for over 20 years, supporting their interests in the oil and gas industry and offering a broad and innovative perspective on oil and gas projects around the world.

RISC are qualified petroleum reserves and resources evaluators and their estimates of contingent resources and prospective resources included in this release are:

- Based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Geoffrey J Barker.
- Mr Barker is an employee of RISC and is not an employee or related party of Buru. Mr Barker is a Member of the Society of Petroleum Engineers (SPE), and holds a BSc (Chemistry), Melbourne University, 1980 and a M.Eng.Sc. (Pet. Eng.), Sydney University, 1989, a member of the Australian Institute of Company Directors and is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules
- Mr Barker and RISC have provided prior written confirmation as to the form and context in which the estimated Contingent Resources and Prospective Resources and the supporting information are presented in this release

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