

## **High impact Rafael Shallow oil exploration well funding agreement executed, drilling targeted for Q3 2024**

Buru Energy Limited (**Buru, Company**) (ASX: BRU) is pleased to announce that it has entered into a Farm-in Agreement (FIA) with Sabre Energy Pty Ltd (**Sabre**) for the drilling of the high impact Rafael Shallow oil target in EP 428 in Western Australia's onshore Canning Basin (**the Transaction**).

### **Highlights**

- *Sabre will carry Buru for A\$6 million of the costs associated with the drilling and testing of the Rafael Shallow exploration well to earn a 50% interest in a Commercial Discovery and subsequent Production Licence, with Buru retaining 50% interest and Operatorship. The A\$6 million cost contribution represents a full carry of the well by Sabre, based on Buru's current estimate of drilling costs.*
- *Subject to a Commercial Discovery being declared, Sabre will pay Buru a further A\$1.5 million in recognition of prior exploration expenditures incurred in relation to the Rafael Shallow prospect.*
- *Buru's internal assessment of the Rafael Shallow prospective resource volumes of recoverable oil indicates a range of between 3.2 MMstb (low estimate) and 79 MMstb (high estimate), with a Best Estimate of 19 million barrels<sup>1</sup>.*
- *An oil discovery could provide a rapid development path that would add substantial value for both Buru and Sabre and an additional funding path for Buru's 100% owned Rafael deep Phase 1 gas and condensate project, which remains the Company's development priority for this existing resource.*
- *Negotiations for a drilling rig contract are well advanced, drilling equipment and materials have been secured, and on-ground preparations and approvals are underway. Commencement of Rafael Shallow drilling operations is targeted for late 3Q 2024 as part of a two well exploration drilling campaign in 2024 that includes the Mars 1 well.*

<sup>1</sup> Refer to ASX Release dated 24 April 2024 for full definitions and disclosures. Prospective Resources relate to the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s), and 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.

Buru is not aware of any new information or data that materially affects this assessment and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

**Commenting on the transaction, CEO Thomas Nador said:**

*"This latest Transaction with Sabre Energy further demonstrates the strong alignment between our respective organisations and our common belief in the prospectivity of the onshore Canning Basin.*

*Buru received strong interest from the market for participation in the drilling of the high impact Rafael Shallow prospect. Sabre's proposal provides Buru with excellent value for the Rafael Shallow prospect farmout and also offers significant strategic synergies with the Ungani partnership established earlier this year."*

**Regie Estabillo, Managing Director of Sabre Energy further noted:**

*"This Transaction shows that, like Buru Energy, we are enthusiastic about the onshore Canning Basin and are prepared to invest in the drill bit to create value for our venture with Buru.*

*We are looking forward to the drilling program planned for later this year and are quickly building our own organisational capability to support Buru as operator of Rafael Shallow, and our future operatorship of the Ungani Oilfield."*

**Rafael Shallow Prospect**

Interpretation of the recently acquired Rafael 3D volume identified a highly prospective closure in the shallow geological section partly overlying the Rafael gas and condensate bearing structure that was not apparent on the wide spaced legacy 2D data. The structure is of considerable size (18 sq kms) and has over 125 metres of vertical closure in a three-way dip closed structure. The top and cross fault seals are provided by the thick and regionally extensive Noonkanbah Formation organic rich shales with a lack of internal faulting contributing to robust structural integrity.

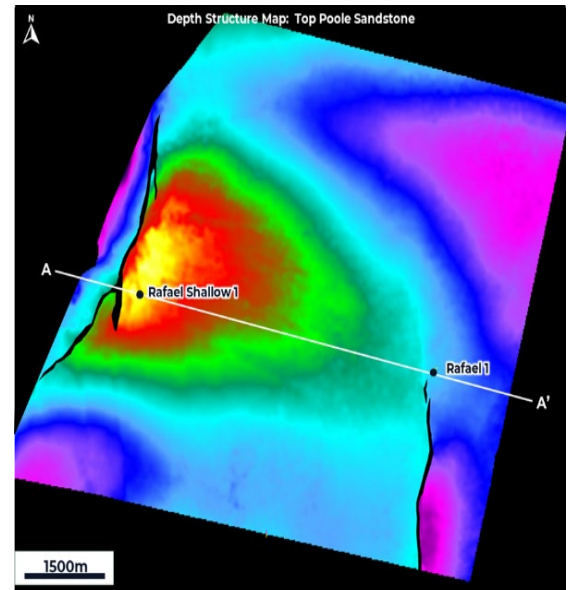
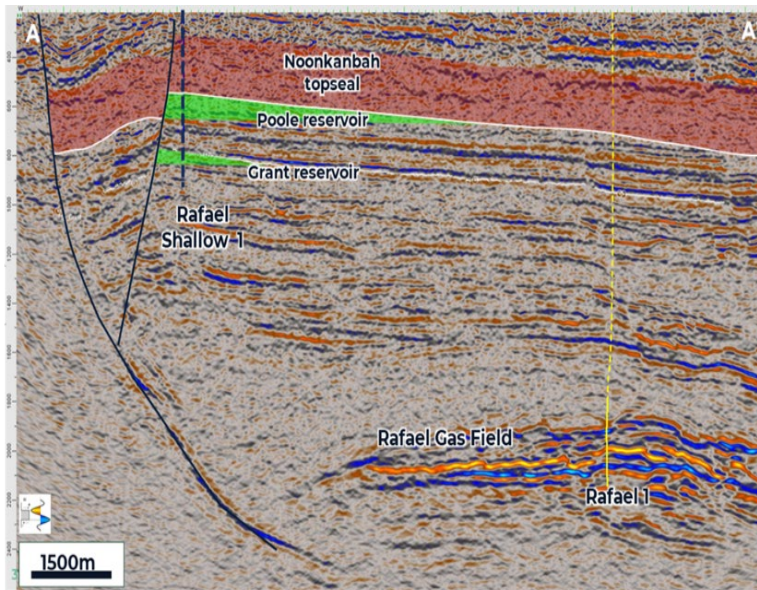
The target reservoirs in the closure are the Poole Sandstones and Grant Formation at less than 1,200 metres depth. The Poole and Grant reservoirs are clastic (sandstone) reservoirs similar to the previously discovered shallow oil pools on the Lennard Shelf in the vicinity of the legacy Blina Oilfield.

This is a new prospect type for this part of the Canning Basin, and it is considered to have potential for regionally significant volumes of liquids.

The target formations for the Rafael Shallow well are at a depth that can be safely and effectively drilled by a cost effective smaller mobile rig similar to that used to drill a number of the Ungani development wells and Canning Basin exploration wells.

The Company is currently in advanced discussions with a rig vendor to drill the Rafael Shallow prospect in campaign with the Mars prospect, and is targeting to drill both prospects during the 2024 operating season.

The drilling of the prospects is subject to the usual regulatory and other stakeholder approvals.



*Illustrative seismic section and structural form map Rafael Shallow prospect*

### Rafael Shallow Prospective Resources

Prospective Resources of the Rafael Shallow prospect as determined by Buru are set out below. The Prospective Resources are in Exploration Permit EP 428 held 100% by Buru:

Prospective Resources	Low	Best	High
Recoverable Liquids (million barrels)	3.2	19	79

Prospective Resources relate to the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and 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.

Full disclosures in relation to the Prospective Resource estimates are set out in the Buru ASX Release dated 24 April 2024.

Buru is not aware of any new information or data that materially affects this assessment and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

### Background to the Transaction

Following the identification of the Rafael Shallow prospect, Buru undertook a marketing campaign to invite interested parties to submit bids to partner with Buru in drilling this significant prospect during the 2024 Canning drilling season. This campaign generated strong interest from Australian and international E&P companies, with Sabre’s bid being selected as the most compelling in terms of value and synergies with its recent farm-in transaction for the Ungani Oilfield and associated licenses.

As part of this Transaction Buru has also granted Sabre a time limited right of first refusal to acquire an interest in the underlying EP 428 permit with a view to participate in the development of the Rafael gas/condensate discovery and for further exploration "running room" on the back of drilling Rafael Shallow.

Further details of the Transaction are set out in Attachment 1.

## **About Sabre Energy**

Sabre Energy Pty Ltd (Sabre) is a private Australian upstream energy company focused on assets that deliver accelerated revenue and sustainable supply generation. Sabre is chaired by Mr. Allan Bougoure, a highly successful provider of services to the oil and gas industry, and Managing Director, Mr. Regie Estabillo, an experienced petroleum engineer and former Chief Operating Officer of Omega Oil and Gas (ASX:OMA).

As a relatively new company within the Australian oil and gas industry Sabre has been extremely successful in building a significant portfolio of production and exploration assets in a relatively short time frame with a demonstrated ability to attract strong investor funding.

Sabre specialises in the exploration, appraisal and development of critical onshore energy assets that support local and regional economic growth while helping preserve Australia's energy security.

Sabre is supported by experienced energy professionals with specialist skills and experience in commercialising Australian onshore energy assets. Sabre is actively investing in Australian onshore oil assets, most recently farming into PELA 679 in the Cooper/Eromanga Basin.

Sabre's investment in the Rafael Shallow prospect in Western Australia's Canning Basin is an exciting addition to the company's growing portfolio of first-class resources assets, which includes a 70% interest in the Ungani Oilfield (pending customary approvals). Sabre recognises the immense potential of the Canning Basin and is committed to further investment as a trusted partner with Buru to help unlock the basin's energy resources.

## **Authorisation**

This ASX announcement has been authorised for release by the Board of Directors of Buru Energy.

For further information, visit [www.buruenergy.com](http://www.buruenergy.com) or contact:

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## Attachment 1

### Details of the Transaction in accordance with ASX Guidance Note 8

#### A. Parties to the Farm-in Agreement are:

Buru Energy Limited (**Buru**)

Buru Canning Gas Pty Ltd (**Buru Canning**), a wholly owned subsidiary of Buru Sabre Energy Pty Limited (**Sabre**)

#### B. The assets the subject of the Transaction with before and after holdings:

Permit	Registered Holders before Transaction	Permit Type	Registered Holders after Transaction
EP 428	Buru 50% and Buru Canning 50%	Exploration Permit	Buru 50% and Buru Canning 50% (subject to the contractual rights set out below)

As part of the Transaction, Buru and Buru Canning each grant Sabre a 25% interest in the Rafael Shallow Permit Right (refer below) which is a contractual right to be registered against the Permit. The registered Permit holders and interests as between Buru and Buru Canning (collectively the **Buru Parties**) remain the same.

#### C. Summary of key contractual matters

##### Farm-in Agreement (FIA) – Rafael Shallow

1. The FIA was executed on 2 August 2024 (**Effective Date**).
2. Sabre is granted by the Buru Parties the right to a 50% interest in any Commercial Discovery (as defined and determined pursuant to the FIA) and subsequent production licence resulting from the drilling of the Rafael Shallow 1 well (**Rafael Shallow Permit Right**). This right is limited by depth to 1,800 metres in terms of production of any hydrocarbons from any Rafael Shallow development.
3. As from the Effective Date, the Parties have formed the Rafael Shallow Joint Venture (**Joint Venture**) with the following respective participating interests:
  - a. Buru (25%) and Operator
  - b. Buru Canning (25%)
  - c. Sabre (50%)

The Joint Venture is governed by agreed joint venture principles which will form the basis of a joint operating agreement (**JOA**) to be negotiated and entered into subsequent to the Effective Date.

4. In the event that the Rafael Shallow 1 well (**Farm-in Well**) does not result in a Commercial Discovery the Rafael Shallow Permit Right and the Joint Venture terminate.
5. The Farm-in Consideration to be provided by Sabre is as follows:



- Sabre agrees to pay and incur 100% of the first A\$6 million of any expenditure associated with the Farm-in Well; and
- Subject to the Farm-in Well resulting in a Commercial Discovery, Sabre agrees to pay to the Buru Parties A\$1.5 million in recognition of prior exploration expenditures incurred in relation to the Rafael Shallow Prospect.

Any costs incurred on the Farm-in Well in excess of A\$6 million will be paid by the Parties in accordance with their respective Joint Venture participating interests.

6. Sabre is granted a time limited right of first refusal (**ROFR**) by the Buru Parties in relation to any future farm-out of the Permit (including the Rafael 1 gas/condensate discovery). The ROFR terminates by no later than 31 March 2025.
7. In the event of a Commercial Discovery and Sabre not having acquired an interest in the Permit as part of any subsequent transaction, Buru agrees to grant Sabre a first ranking charge over its 100% shareholding in Buru Canning until the grant of a Rafael Shallow production licence (**Title Security**). The Title Security is subject to provisions that allow the Buru Parties to freely farm-out part of their Permit interests to third parties whilst the Title Security remains in place.
8. The Parties agree to enter into a Coordination Agreement that provides for the potential co-development and shared production licence in relation to Rafael Shallow and the Rafael 1 gas/condensate discovery.

#### **D. Commercial implications**

Apart from the Farm-in Consideration and the other commercial terms detailed above, Sabre will fund 50% of agreed operator costs in relation to any future Joint Venture costs. If the total costs incurred on the Farm-in Well are below A\$6 million, such shortfall will be applied towards 100% of future Joint Venture expenditures.

#### **E. Other matters**

The Transaction does not involve the issue of shares or changes to the Board or management of Buru and its wholly owned subsidiaries.