



Buru Energy Limited
ABN 71 130 651 437

Interim Financial Report
For the six months ended 30 June 2021

BURU ENERGY LIMITED
TABLE OF CONTENTS

DIRECTORS' REPORT.....	3
AUDITOR'S INDEPENDENCE DECLARATION	7
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OR LOSS	9
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	17
INDEPENDENT REVIEW REPORT.....	18
CORPORATE DIRECTORY.....	20

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Directors present their report together with the condensed consolidated interim financial statements of the Group comprising Buru Energy Limited (Buru, Buru Energy or the Company) and its subsidiaries for the six month period ended 30 June 2021 and the auditor's independent review report thereon.

Directors

The Directors of the Company in office at any time during or since the end of the period are as follows:

- Mr Eric Streitberg – Executive Chairman
- Mr Robert Willes – Non-Executive
- Ms Joanne Kendrick – Non-Executive (appointed 22 February 2021)
- Mr Malcolm King – Non-Executive (appointed 22 February 2021)
- Ms Eve Howell – Non-Executive (retired 31 March 2021)
- Ms Samantha Tough – Non-Executive (appointed 23 February 2021 and retired 6 May 2021)

The Company Secretary is Mr Shane McDermott.

Principal Activities

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin, in the northwest of Western Australia. The Group also progressed initiatives to be a key part of the new energy and lower carbon intensity economy. It is leveraging its core business strengths to progress initiatives in natural hydrogen exploration and commercialisation, carbon capture and storage, power generation through solar and gas, and battery minerals. There were no significant changes in the nature of the Group's principal activities during the period.

Review of Operations

Ungani Oilfield - L20 & L21 (Buru Energy 50% interest and Operator)

Oil sales are facilitated by secure trucking, storage and export contracts, with the oil being trucked from the Ungani Oilfield to a storage tank at the Port of Wyndham where it is then sold under a marketing agreement with BP Singapore Pte Limited (BP), primarily to SE Asian refineries. Under the marketing contract, the price received is the actual price BP sell the crude to the refinery (being a fixed differential to the average dated Brent price for the month of delivery), less shipping and associated costs.

Ungani crude sales for the six month period totalled ~A\$5.0 million (Buru Energy's 50% share \$2.5 million) from one lifting with the MT SCF Pechora lifting approximately 70,000bbls (gross) from Wyndham Port at an average FOB Wyndham price of ~A\$72/bbl. Subsequent to the end of the quarter the MT SCF Pechora returned to Wyndham with some 74,000 bbls being lifted on 8 July with Buru's 50% revenue share from the lifting estimated at approximately A\$3.3 million. Sales for the comparative six months ended 30 June 2020 period totalled ~A\$12.6 million (Buru Energy's share ~\$6.3 million) from ~219,000 bbls from three liftings at an average FOB Wyndham price of ~A\$57/bbl.

Production from the Ungani Oilfield for the six months ended 30 June 2021 totalled ~116,500 bbls (Buru Energy's 50% share ~58,250 bbls). Production for the comparative six months ended 30 June 2020 was 200,000 bbls (gross). Production during the first quarter was considerably impacted by wet weather with the Ungani access road being closed intermittently due to heavy rainfall which also resulted in the closure of the Great Northern Highway export route to all traffic on a number of occasions. Production from the existing Ungani Oilfield wells is declining largely in line with field reservoir modelling, with continuous improvements being implemented to optimise field performance. With all wells on production in their current configuration field production is currently 800 to 850 bopd.

Development projects during the six months included the successful installation of an electric submersible pump (ESP) in the Ungani 5 well and upgrades to the produced water handling system. The Ungani 8 well is planned to be drilled using the Ensign 963 rig after drilling operations have been completed at the Rafael 1 exploration well. Site preparations for the Ungani 8 well have been completed and the well is designed as a horizontal well to be drilled into the interpreted undrained fault block originally targeted by the Ungani 6H well.

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

Exploration – EP 129, EP 391, EP 428, EP 436, EP 431, EP457 & EP458 (Buru Energy 40% to 50% interests and Operator)

Oil Exploration Wells

Buru is operating two exploration wells in the Canning Basin this year, Currajong 1 and Rafael 1, in a 50/50 Joint Venture with Origin Energy (Origin). Buru will be carried by Origin for the first \$16 million of the associated well costs.

During the period, the Buru / Origin JV contracted the Ensign 963 drilling rig for the 2021 drilling program, the rig was mobilised from Kyalla in the Northern Territory to the Currajong 1 wellsite, and the well was spudded on 1 July 2021. The Currajong 1 well is located some 30 kilometres to the west of the Ungani Oilfield and some 70 kilometres east of Broome on Exploration Permit 391.

The Ensign 963 rig was released from the Currajong 1 well on 8 August after encountering encouraging hydrocarbon indications. Testing operations at Currajong 1 are planned to commence in the coming weeks. The Rafael 1 exploration well is the second well being drilled in the program and is located some 50 kilometres to the east of Ungani. Following the completion of drilling operations at Currajong 1, the Ensign Rig 963 was mobilised to the Rafael 1 location and the well was spudded on 22 August 2021.

Seismic Acquisition

Terrex Pty Ltd have been contracted for the 2021 seismic acquisition program, which is being acquired with state of the art nodal systems that have minimal environmental impact. Buru has also been working proactively with the Traditional Owners in the areas of the surveys to ensure there are no impacts on Aboriginal heritage. A total of some 1,100 kilometres of surveys are planned, and the program is expected to take some 50 days to acquire.

Lennard Shelf Licences – L6 & L8 (Buru Energy 100%)

The Blina Oilfield remains shut-in. Detailed reservoir modelling of the field has been completed and this has illustrated the suitability of the reservoir both for secondary oil recovery and also for potential carbon capture and storage operations. Further technical work is being undertaken to quantify these potential value-add operations.

Yulleroo Gasfield (Within EP 391 & EP 436 - Buru 100%)

The Yulleroo Gasfield represents a significant asset for the Company and work continues to chart a development path for the field, with the recently completed pre-feasibility study providing the basis for discussions with potential customers for electricity and gas. Buru is also a founding member of the Energy Transformation Association for the Kimberley (ETAK) that is undertaking wide ranging consultation with energy users and providers in the Kimberley for secure and affordable low emission energy for the region.

Reprocessing of the 3D seismic data over the field commenced during the period and is expected to lead to more definitive mapping of the structure and the potential for further drilling locations targeting conventional gas resources.

Carnarvon Basin

During the period, Buru and the Mineral Resources Limited Group advanced the Native Title Heritage agreements for the L20-1 application area, and commenced the technical evaluation aimed at undertaking field work during 2022, including possible drilling activity. This is a highly prospective block for both gas and oil and the Joint Venture partners are keen to progress its evaluation.

Integrated Energy Projects

The Company has embraced the need to be a key part of the new energy and lower carbon intensity economy and is leveraging its core business strengths including its strong balance sheet and deep technical expertise to progress Buru's integrated energy strategy. It has been working on these initiatives for some time and has now formalised them as part of its business structure as set out below.

2H Resources

2H Resources is a special purpose vehicle established to explore for and commercialise natural hydrogen accumulations. Natural Hydrogen (Gold Hydrogen) is produced from subsurface geological reservoirs in the same way as natural gas. Natural Hydrogen has only recently been recognised as a potentially high value exploration target, and Buru has moved quickly to establish internal expertise in the area and has submitted a number of applications for areas that it considers to be prospective for natural hydrogen.

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

Carbon Capture and Underground Storage (Project Geovault)

All credible paths to net zero by 2050 require utilisation of carbon capture and storage (CCS). The only method of CCS that has the potential to provide the necessary scale is Carbon Capture and Underground Storage. Buru has established a special purpose vehicle (Geovault Pty Ltd) to develop the expertise for the geological requirements for effective and commercially viable CCS. A senior technical specialist with very extensive experience in Australian and international CCS projects has joined the Buru team to progress Project Geovault.

Battery Minerals (Project Battmin)

The geological conditions that form the hydrothermal dolomites that comprise the reservoirs in a number of Canning Basin oilfields also host hydrothermal lead/zinc deposits, generically known as Mississippi Valley (MVT) deposits. Buru is applying its geological knowledge and extensive geological and geophysical data base to the exploration for these deposits as an adjunct to its petroleum exploration activity.

The recognition of substantial lead/zinc mineralisation in deep dolomitic sections in Buru oil exploration wells was the catalyst for the establishment of the Battmin project. This was followed by the acquisition by farmin in 2020 of an interest in areas held by Sipa Minerals as operator. Buru has since applied at 100% working interest for additional areas in the Canning Basin that have been identified to have areas of high potential and also coincide with areas of petroleum activity.

Corporate

Placement and Share Purchase Plan

On 30 April, Buru announced a successful share placement, receiving firm commitments from institutional, professional and sophisticated investors to raise a total of \$15 million before costs (Placement) resulting in the issue of 100,000,000 new shares at the Placement issue price of \$0.15. The Placement shares were issued on 6 May 2021 under the Company's placement capacity pursuant to ASX Listing Rule 7.1 (64,811,136 shares) and ASX Listing Rule 7.1A (35,188,864 shares). Despite the higher bids received, the Placement was limited to \$15 million in order to provide existing shareholders with an appropriate level of participation in the accompanying Share Purchase Plan (SPP). The SPP closed on 4 June 2021 with subscription applications totalling approximately \$1 million from 133 shareholders resulting in the issue of 6,368,750 new shares at the SPP issue price of \$0.16. The funds raised by the Placement and SPP are being applied towards Buru's 2021 Canning Basin exploration and development program and will supplement Buru's existing cash reserves to fund ongoing activities and growth opportunities beyond this year's program.

Board Appointments

On 23 February 2021, Buru appointed Ms Joanne Kendrick and Mr Malcolm King to strengthen the Company's Board at a critical time in Buru's growth. The two new directors bring very strong skill sets to the Board that complement and enhance the current Board capabilities as the Company embarks on one of the most significant growth phases in its recent history. Ms Eve Howell resigned from the Buru Board on 31 March 2021 and the Company wishes her the best in her retirement and its gratitude for her wise counsel and technical expertise during her tenure. Ms Samantha Tough also joined the Board 23 February to assist it with identifying a new energy future. Ms Tough later advised that there was a potential conflict with other organisations in which she is involved and did not stand for election at the subsequent AGM.

After Balance Date Events

No significant events have occurred subsequent to balance date, other than described above in the Review of Operations.

Dividends

The Directors do not propose to recommend the payment of a dividend. No dividends have been paid or declared by the Company during the current period.

**BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)**

Auditor's Independence Declaration

The lead auditor's independence declaration for the period is set out on page 7 and forms part of this Directors' Report.

Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016 and in accordance with that Corporations Instrument, amounts in the condensed consolidated interim financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.



Mr Eric Streitberg
Executive Chairman
Perth
27 August 2021



Mr Robert Willes
Non-Executive Director
Perth
27 August 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Buru Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Buru Energy Limited for the half-year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jane Bailey

KPMG

Jane Bailey

Partner

Perth

27 August 2021

BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT 30 JUNE 2021

<i>in thousands of AUD</i>	Note	30 Jun 2021	31 Dec 2020
Current Assets			
Cash and cash equivalents		35,241	21,428
Trade and other receivables		1,101	5,926
Inventories		2,235	1,743
Total Current Assets		38,557	29,097
Non-Current Assets			
Oil and gas assets	4	20,000	19,328
Property, plant and equipment		2,837	3,532
Total Non-Current Assets		22,837	22,860
Total Assets		61,414	51,957
Current Liabilities			
Trade and other payables		5,535	4,744
Lease liabilities		1,244	1,244
Provisions	5	1,750	1,812
Total Current Liabilities		8,529	7,800
Non-Current Liabilities			
Lease liabilities		263	878
Provisions	5	4,700	4,674
Total Non-Current Liabilities		4,963	5,552
Total Liabilities		13,492	13,352
Net Assets		47,922	38,605
Equity			
Contributed equity	7	286,907	271,857
Reserves		1,011	528
Accumulated losses		(239,996)	(233,780)
Total Equity		47,922	38,605

The notes on pages 12 to 16 are an integral part of these condensed consolidated financial statements.

BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2021

<i>in thousands of AUD</i>	Note	30 Jun 2021	30 Jun 2020
Revenue		2,539	6,262
Cost of sales		(2,863)	(3,465)
Movement in crude inventories		1,182	(343)
Amortisation of oil and gas assets	4	(1,481)	(3,251)
Gross loss		(623)	(797)
Exploration and evaluation expenditure		(3,402)	(2,962)
Corporate and administrative expenditure	6	(1,706)	(1,188)
Impairment of oil and gas expenditure	4	-	(16,250)
Impairment of exploration expenditure		-	(720)
Increase in provisions against inventories		-	(912)
Equity based payment expenses	9	(565)	-
Results from operating activities		(6,296)	(22,829)
Net finance income / (expense)		(2)	185
Loss for the period before income tax		(6,298)	(22,644)
Income tax expense		-	-
Total comprehensive loss for the period		(6,298)	(22,644)
Loss per share (cents) and diluted loss per share (cents)		(1.37)	(5.26)

The notes on pages 12 to 16 are an integral part of these condensed consolidated financial statements.

BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

in thousands of AUD

	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2020	271,857	1,094	(205,523)	67,428
Comprehensive loss for the period				
Loss for the period	-	-	(22,644)	(22,644)
Total comprehensive loss for the period	-	-	(22,644)	(22,644)
Transactions with owners recorded directly in equity				
Employee share options forfeited	-	(138)	138	-
Total transactions with owners recorded directly in equity	-	(138)	138	-
Balance as at 30 June 2020	271,857	956	(228,029)	44,784

	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2021	271,857	528	(233,780)	38,605
Comprehensive loss for the period				
Loss for the period	-	-	(6,298)	(6,298)
Total comprehensive loss for the period	-	-	(6,298)	(6,298)
Transactions with owners recorded directly in equity				
Issue of ordinary shares, net of transaction costs	15,050	-	-	15,050
Equity based payment transactions	-	565	-	565
Employee share options forfeited	-	(82)	82	-
Total transactions with owners recorded directly in equity	15,050	483	82	15,615
Balance as at 30 June 2021	286,907	1,011	(239,996)	47,922

The notes on pages 12 to 16 are an integral part of these condensed consolidated financial statements.

BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH
FLows FOR THE SIX MONTHS ENDED 30 JUNE 2021

<i>In thousands of AUD</i>	Note	30 Jun 2021	30 Jun 2020
Cash flows from operating activities			
Cash receipts from sales		2,539	6,262
Payments for production		(2,872)	(3,857)
Net exploration and evaluation receipts/(expenditure)		3,465	(3,429)
Other payments to suppliers and employees		(1,621)	(1,365)
Net cash inflow/(outflow) from operating activities		<u>1,511</u>	<u>(2,389)</u>
Cash flows from investing activities			
Interest received		33	231
Receipts from sale of plant and equipment		23	-
Payments for oil and gas development		(2,796)	(4,946)
Net cash outflow from investing activities		<u>(2,740)</u>	<u>(4,715)</u>
Cash flows from financing activities			
Net proceeds from the issue of share capital	7	<u>15,050</u>	-
Net cash inflow from financing activities		<u>15,050</u>	-
Net increase/(decrease) in cash and cash equivalents		13,821	(7,104)
Cash and cash equivalents at beginning of the period		21,428	32,417
Effect of exchange rate changes on cash and cash equivalents		(8)	54
Cash and cash equivalents at the end of the period		<u><u>35,241</u></u>	<u><u>25,367</u></u>

The notes on pages 12 to 16 are an integral part of these condensed consolidated financial statements.

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

1 Reporting Entity

Buru Energy Limited (Buru, Buru Energy or the Company) is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2, 16 Ord Street, West Perth, Western Australia. The condensed consolidated interim financial statements of the Company as at, and for the six months ended, 30 June 2021 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in jointly controlled entities. The Group is primarily involved in oil and gas exploration and production in the Canning Basin in the Kimberley region of northwest Western Australia.

2 Basis of Accounting

These interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020 (last annual financial statements). They do not include all of the information required for full annual financial statements. The last annual financial statements are available at www.buruenergy.com. All accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 August 2021.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the last annual financial statements.

No new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021.

3 Operating Segments

During the period, the Group has only one reportable geographical segment being the Canning Basin in northwest Western Australia. The reportable operating segments are based on the Group's strategic business units for which operating results are reviewed regularly by the Group's Executive Chairman, Chief Financial Officer and other executives. The following summary describes the operations in each of the Group's reportable operating segments:

- Oil Production: Development and production of the Ungani Oilfield.
- Exploration: The exploration program is focused on prospects along the Ungani oil trend, the Yulleroo area where gas resources have been identified in the Laurel Formation, the Lennard Shelf area including the shut-in Blina and Sundown Oilfields and evaluation of the other areas in the Group's portfolio.

Information regarding the results of each reportable segment is included below. Performance is measured in regard to the Group and its segments principally with reference to earnings before interest and tax, and capital expenditure on exploration and evaluation assets, oil and gas assets, and property, plant and equipment. The unallocated segment represents a reconciliation of reportable segment revenues, profit or loss and assets to the consolidated figures.

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

Profit or loss <i>in thousands of AUD</i>	Oil Production		Exploration		Unallocated		Total	
	Jun 21	Jun 20	Jun 21	Jun 20	Jun 21	Jun 20	Jun 21	Jun 20
External revenues	2,539	6,262	-	-	-	-	2,539	6,262
Cost of sales	(2,863)	(3,465)	-	-	-	-	(2,863)	(3,465)
Movement in crude inventories	1,182	(343)	-	-	-	-	1,182	(343)
Amortisation of oil and gas assets	(1,481)	(3,251)	-	-	-	-	(1,481)	(3,251)
Gross Profit / (Loss)	(623)	(797)	-	-	-	-	(623)	(797)
Exploration and evaluation expenditure	-	-	(3,402)	(2,962)	-	-	(3,402)	(2,962)
Corporate and administrative expenditure	-	-	-	-	(1,706)	(1,188)	(1,706)	(1,188)
Impairment of oil and gas expenditure	-	(16,250)	-	-	-	-	-	(16,250)
Impairment of exploration and evaluation expenditure	-	-	-	(720)	-	-	-	(720)
Increase in provisions against inventories	-	-	-	(912)	-	-	-	(912)
Equity based payment expenses	-	-	-	-	(565)	-	(565)	-
EBIT	(623)	(17,047)	(3,402)	(4,594)	(2,271)	(1,188)	(6,296)	(22,829)
Net financial income / expense	-	-	-	-	(2)	185	(2)	185
Reportable segment profit / (loss) before tax	(623)	(17,047)	(3,402)	(4,594)	(2,273)	(1,003)	(6,298)	(22,644)

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

Total Assets <i>in thousands of AUD</i>	Oil Production		Exploration		Unallocated		Total	
	Jun 21	Dec 20	Jun 21	Dec 20	Jun 21	Dec 20	Jun 21	Dec 20
Assets								
Current assets	1,437	337	4,311	1,488	32,829	27,272	38,577	29,097
Oil and gas assets	20,000	19,328	-	-	-	-	20,000	19,328
Exploration and evaluation assets	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	2,837	3,532	2,837	3,532
Total Assets	21,437	19,665	4,311	1,488	35,666	30,804	61,414	51,957
Capital Expenditure	2,153	3,108	-	-	-	-	2,153	3,108
Liabilities								
Current liabilities	1,853	4,067	5,170	1,691	1,506	2,042	8,529	7,800
Lease liabilities (Non-current)	79	615	132	176	52	87	263	878
Provisions (Non-current)	1,503	1,503	2,876	2,876	321	295	4,700	4,674
Total Liabilities	3,435	6,185	8,178	4,743	1,879	2,424	13,492	13,352

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

4 Oil and Gas Assets

in thousands of AUD

	30 Jun 2021	31 Dec 2020
	\$	\$
Carrying amount at beginning of the period	19,328	41,966
Development expenditure	2,153	3,108
Amortisation expense	(1,481)	(5,746)
Impairment of oil and gas assets	-	(20,000)
Carrying amount at the end of the period	<u>20,000</u>	<u>19,328</u>

5 Provisions

in thousands of AUD

	30 Jun 2021	31 Dec 2020
	\$	\$
Current		
Provision for annual leave	1,116	1,134
Provision for long-service leave	141	185
Provision for site restoration	493	493
	<u>1,750</u>	<u>1,812</u>
Non-Current		
Provision for long-service leave	321	295
Provision for site restoration	4,379	4,379
	<u>4,700</u>	<u>4,674</u>

6 Corporate and Administrative Expenditure

in thousands of AUD

	30 Jun 2021	30 Jun 2020
	\$	\$
Corporate and other administration expenses	1,706	1,188

Total personnel expenses for the six months to 30 June 2021 amounted to \$3,792,000 (six months to 30 June 2020: \$3,237,000) prior to amounts received under Joint Venture reimbursements and the FY20 JobKeeper payment scheme. Net personnel expenses are included in Cost of Sales, Exploration and Evaluation Expenditure and Corporate and Administrative Expenditure.

7 Capital and Reserves

	Ordinary Shares	
	1 Jan – 30 Jun 2021	1 Jan – 31 Dec 2020
	No.	No.
Fully paid shares on issue at the beginning of the period	432,074,241	432,074,241
Issued under Institutional Placement – 6 May 2021	100,000,000	-
Issued under Share Purchase Plan – 10 June 2021	6,368,750	-
Fully paid shares on issue at the end of the period	<u>538,442,991</u>	<u>432,074,241</u>

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 (CONT'D)

On 30 April, Buru announced a successful share placement, receiving firm commitments from institutional, professional and sophisticated investors to raise a total of \$15 million before costs (Placement) resulting in the issue of 100,000,000 new shares at the Placement issue price of \$0.15. The Placement shares were issued on 6 May 2021 under the Company's placement capacity pursuant to ASX Listing Rule 7.1 (64,811,136 shares) and ASX Listing Rule 7.1A (35,188,864 shares). Approximately \$1 million before costs was further raised from existing shareholders in the accompanying Share Purchase Plan (SPP) resulting in the issue of 6,368,750 new shares at the SPP issue price of \$0.16. The funds raised by the Placement and SPP are being applied towards Buru's 2021 Canning Basin exploration and development program and will also supplement Buru's existing cash reserves to fund ongoing activities and growth opportunities beyond this year's program.

8 Capital and Other Commitments

in thousands of AUD

	30 Jun 2021	31 Dec 2020
Exploration expenditure commitments	\$	\$
<i>Contracted but not yet provided for and payable:</i>		
Within one year	117	1,700
One year later and no later than five years	1,827	280
	1,944	1,980

The commitments are required in order to maintain the petroleum exploration permits in which the Group has interests in good standing with the Department of Mines, Industry Regulation & Safety (DMIRS), and these obligations may be varied from time to time, subject to approval by DMIRS.

9 Equity based Payment Expenses

Fair value expensed in thousands of AUD

	1 Jan – 30 Jun 2021	1 Jan – 30 Jun 2020
Employee Share Option Plan expense	565	-
	565	-

A total of 8,000,000 unlisted options were granted to employees of the Company under the terms of the Employee Share Option Plan (ESOP) during the reporting period. The options have an exercise price of \$0.23 and an expiry date of 31 December 2023. All options vested immediately and were exercisable from the grant date of 17 February 2021.

The fair value of options granted under the ESOP are measured using the Black & Scholes valuation model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information) weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

10 Subsequent Events

No significant events have occurred subsequent to balance date, other than described in the Review of Operations.

11 Changes in significant accounting policies

The Group has adopted all accounting standards and interpretations that had a mandatory application for this reporting period.

BURU ENERGY LIMITED
DIRECTORS' DECLARATION

In the opinion of the Directors of Buru Energy Limited (the Company):

- (a) the financial statements and notes set out on pages 8 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Mr Eric Streitberg
Executive Chairman
Perth
27 August 2021



Mr Robert Willes
Non-Executive Director
Perth
27 August 2021



Independent Auditor's Review Report

To the shareholders of Buru Energy Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Buru Energy Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Buru Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 June 2021.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date.
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Buru Energy Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- Such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Buru Energy Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Jane Bailey
Partner
Perth
27 August 2021

**BURU ENERGY LIMITED
CORPORATE DIRECTORY**

Directors

Mr Eric Streitberg	Executive Chairman
Ms Joanne Kendrick	Independent Non-Executive Director
Mr Malcolm King	Independent Non-Executive Director
Mr Robert Willes	Independent Non-Executive Director

Company Secretary

Mr Shane McDermott

Registered and Principal Office

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Email: info@buruenergy.com
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Telephone: 1800 810 859 (within Australia)
+61 1800 810 859 (outside Australia)
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Auditors: KPMG

Address: 235 St George's Terrace, Perth WA 6000

Stock Exchange: Australian Securities Exchange

Address: Exchange Plaza, 2 The Esplanade, Perth WA 6000

ASX Code: BRU