Quarterly Report
Period ended 30 September 2020

Buru Energy Limited (Buru) provides the quarterly report for the period ended 30 September 2020.

Highlights

Ungani Oil Production and Sales

- Oil sales for the quarter of ~146,000 barrels (gross) from liftings in July and September
- New marketing agreement executed with BP Singapore for Ungani oil sales
- Ungani 7 ESP installation successfully completed
- Oil production for the quarter of ~93,000 barrels (gross) at an average rate of ~1,010 barrels a day including downtime for the installation of the Ungani 7 ESP
- Successful recompletion of Ungani Far West Reeves interval with initial test flow rates of ~270 bopd

Exploration

- Preparations for extensive 2021 exploration program advancing
- Farmout process ongoing
- Canning Basin hydrothermal mineral exploration agreement initiated

Corporate

- Balance sheet remains strong with cash and cash equivalents balance of $23.3 million

Ungani Oilfield

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

Production

Production from the Ungani Oilfield for the quarter totalled ~93,000 bbls (gross) at an average daily rate over the period of ~1,010 bopd (March quarter ~112,000 bbls at ~1,230 bopd). The September quarterly production was impacted by production downtime required to install the ESP (electric submersible pump) in Ungani 7.

The Ungani Oilfield is subject to a process of continuous improvement both for the surface production facilities and the downhole well configurations. This has the aim of continuous process improvement, maintenance of production, and optimisation of oil recovery. Recent activity has included upgrades to instrumentation and controls and the installation of an ESP in the Ungani 7 well. The ESP allows higher fluid rates than were possible with the beam pump that was initially installed.

The installation of the ESP with Buru's jacking platform was undertaken by Buru personnel in a cost effective manner, notwithstanding the fact that some issues were encountered with contractor supplied equipment that caused a number of delays to the project.

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Buru Jacking Platform at Ungani 7

Ungani crude oil continues to be trucked to CGL storage Tank 10 at Wyndham Port prior to its FOB sale. With all currently configured wells online, excluding Ungani Far West 1, field production capacity is ~1,100 bopd.

Ungani Far West 1 Reeves Production Test

The Ungani Far West 1 well was drilled in late 2015/early 2016 to test an Ungani Dolomite target some 3.3 kilometers to the east of the Ungani Oilfield. The well was a discovery at the Ungani Dolomite level at some 2,400 metres depth and was completed for production from that level. The well also encountered a potential oil pool in a shallower sandstone horizon (Reeves Formation) at some 1,500 metres depth which was interpreted as a potential future producing horizon.

The well has now been recompleted to allow a production test of the Reeves zone. After removal of the existing completion with Buru's jacking platform the interval 1562.5m to 1565.5m over the interpreted Reeves oil zone was perforated and a single zone completion string was run into the well with the jacking platform. The well was then put on beam pump and after clean-up, the well was produced at up to 270 bopd with minimal water cuts, which was at the higher end of expectations. The well is currently shut-in for pressure buildup to gather further reservoir information.

The recovered oil is very similar in composition to Ungani crude and the well will be put onto longer term production once final confirmatory oil assays are completed in the coming weeks.

Further development of Ungani

The Ungani Joint Venture is currently undertaking technical and commercial analysis of the feasibility of further development well drilling on the Ungani Oilfield during the 2021 drilling season. Factors being considered include rig availability and suitability, bottom hole location

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for the well, well design and associated long lead items, and the commercial drivers for additional wells at this stage of the field's development. It is anticipated a decision will be made on the program by the end of the year to allow adequate planning and approval time for a 2021 drilling program, if this is agreed by the Joint Venture.

Sales

Oil sales for the quarter totalled ~146,000 barrels (gross) from two liftings. The first lifting was completed on 16 July 2020 for a total of 74,819 bbls (gross - Buru's share 50%) and was sold by the Buru/Roc Oil Ungani Joint Venture on a spot basis. Consistent with sales under previous offtake agreements, the price received FOB Wyndham was the realised average dated Brent oil price for the loading month, less the buyer's fixed marine transport discount. Under these terms Buru's 50% revenue share from the lifting was ~A$1.6 million.

During the quarter, the Buru-ROC Joint Venture entered into a longer term marketing agreement with BP Singapore Pte Limited (BP) through to 30 June 2021 whereby BP market the Ungani crude by offtaking the crude from Wyndham Port on an FOB basis and on-selling the oil into market. The September lifting was the first lifting under this new marketing agreement and was completed on 26 September 2020 for a total of 71,038 bbls (gross - Buru's share 50%). Under the marketing contract, the price received will be the actual price BP sold the crude to the refinery (a fixed differential to the average dated Brent price for the month of October), less shipping and associated costs. Under these terms Buru's 50% revenue share from the lifting is currently estimated at ~A$1.6 million, with the price to be finalised at the end of October.



Ungani crude lifting at Wyndham in September by the Anichkov Bridge

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Exploration

Planning for the 2021 exploration program is currently underway. It will not be possible to undertake exploration drilling during the relatively short remaining time of the 2020 Canning Basin dry season due to a combination of COVID-19 restrictions, particularly in regard to movement in the Kimberley, and the lack of availability of suitable drilling rigs. However, intensive planning is underway for up to a three well drilling program commencing in the second quarter next year. There are a number of proposed exploration drilling sites that have the requisite approvals, and the Company has an extensive inventory of well equipment that could be utilised in the program.

The significant downturn in exploration activity also means that the lead times for equipment have significantly improved and no issue is expected with being able to obtain additional long lead items. The undertaking of the program will depend on a number of factors including the availability of rigs and suitable funding structures. The form of the program may also be influenced by the introduction of a partner subsequent to the completion of the current structured farmout process for the Company's exploration areas.

Additional technical work is being undertaken on the Company's prospect portfolio with a substantial seismic program planned for the 2021 dry season to assist with identifying targets for future drilling activity.

Additional work is also being undertaken to firm up a number of shallow exploration targets that could be drilled with a smaller more mobile drilling rig, and a feasibility and planning process for a shallow drilling program during the 2021 drilling season is underway.

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

The Yulleroo Gasfield is a regionally significant gas accumulation with four wells defining the field of which one has been successfully fracture stimulated and two other completed wells are available for further testing and possible production.

To further the development of this substantial resource, the Company has been investigating the potential for both the establishment of an integrated solar and gas electricity project and for the supply of gas to local industry, including to the Sheffield Resources proposed mineral sands mine.

The Company will also be seeking clarification of the recent announcement by the Western Australian Government in relation to changes to the existing Domgas reservation policy and any potential effects that may have on future larger scale development of the Yulleroo Gasfield.

Blina Oilfield *(L6 - Buru Energy 100%)*

The Blina Oilfield remains shut-in while further technical evaluation is undertaken. Production testing and pressure data obtained in 2019 has indicated that there may be considerable conventional oil resources remaining in the field. Further activity to verify this will be undertaken at an appropriate time in the 2021 operational season.

Mineral Joint Venture

Buru has entered into a binding Heads of Agreement with Sipa Resources Limited (Sipa) for participation in two mineral exploration tenements in relation to joint exploration for hydrothermal lead/zinc deposits in the central Canning Basin. To earn its 50% interest in

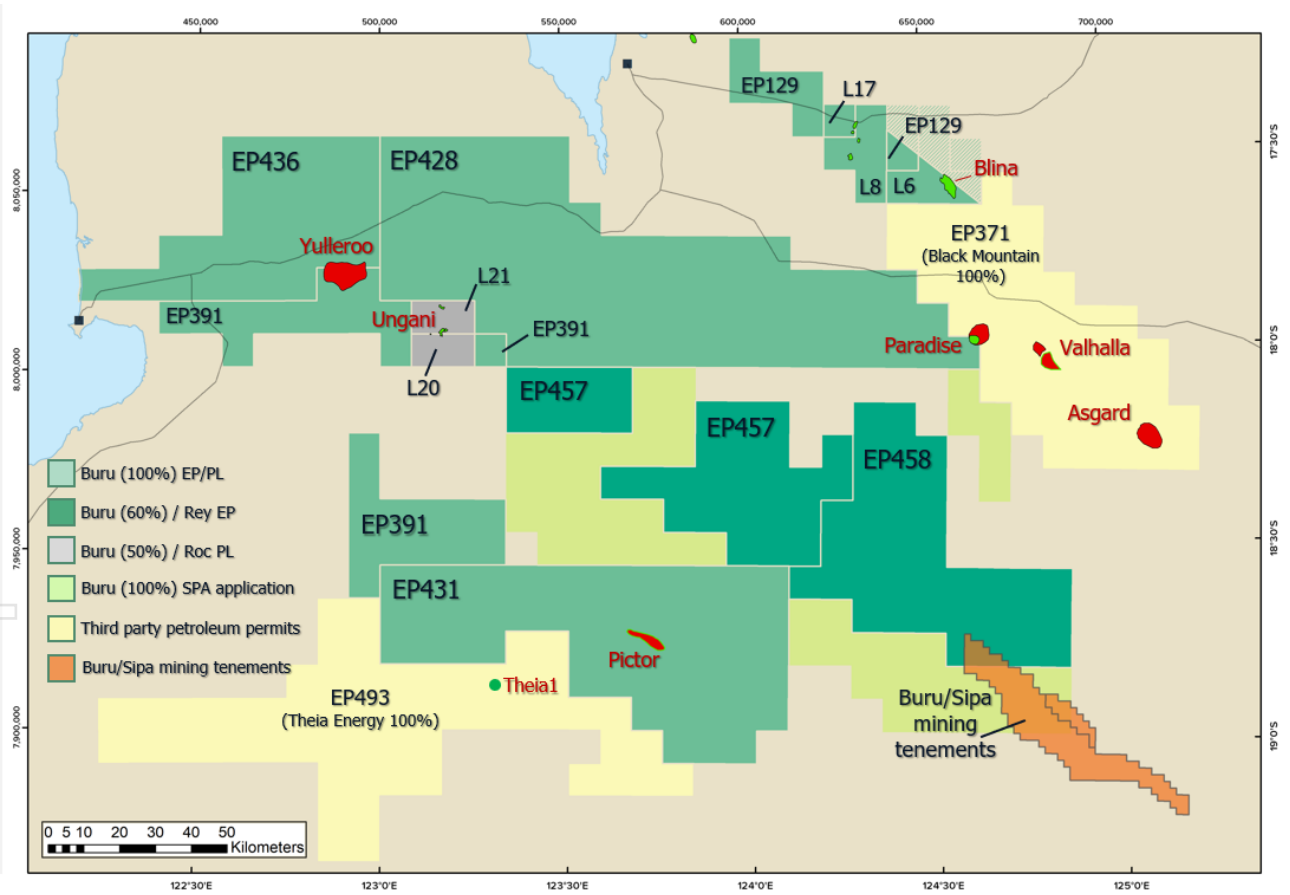
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the existing tenements Buru will fund 100% of the first $250,000 of on-ground exploration expenditure in the project. All expenditure in excess of $250,000 will be funded by the Parties in accordance with their respective participating interests. The parties have also entered into an Area of Mutual Interest agreement for further exploration activity.

This initiative was a result of the intersection of substantial discrete mineralised zones in a petroleum well previously drilled by Buru. These mineralised zones were identified from drill cuttings and petroleum petrophysical logs over an aggregate of 15 metres over depths from 2,160 metres to 2,300 metres. Although these specific zones are too deep to be economically mineable, their interpreted hydrothermal origin provides a valuable insight into mineralisation in the basin and the location of much shallower targets.

Buru has an extensive geological and seismic data base in the basin, and the genesis of carbonate hosted hydrothermal lead/zinc deposits has many parallels to the genesis of oil and gas in carbonate provinces, including Buru's currently producing Ungani Oilfield. Most notably locally is the discovery in 1981 of the world class Admiral Bay lead zinc deposit in the central Canning Basin by oil exploration drilling companies, but its mineral potential was not recognised at the time. Although deeply buried and challenging to develop, Admiral Bay nevertheless confirmed the close association of mineral and petroleum accumulations in hydrothermal settings.



Permit and Licence interests

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Consequently, Buru approached Sipa, who are already active in the basin in the search for these deposits, to co-operate in future mineral exploration activity. The joint mineral exploration initiatives within the area brings together the complementary strengths and knowledge of the two companies.

Sipa will remain the operator of the joint ventures when they are formed pursuant to the Heads of Agreement, and Buru will supply geological, geophysical and logistical support and input to the exploration program which is planned to include the drilling of mineral holes in the 2021 Canning Basin field season.

Corporate

The early and decisive actions taken by the Board and management to preserve the Company's balance sheet and its operational capability have been effective, with cash on hand at the end of the quarter at $23.3 million. These actions have entailed substantial sacrifices by staff and unfortunately a number of redundancies, which the Board acknowledges.

Given the planned level of activity, staffing has gradually been returned to full operational capability levels with core staff salary levels being normalised at between 80% and 100%. However, the Executive Chairman and the Independent Directors will remain on 45% and 60% remuneration levels respectively, subject to further review in the fourth quarter.

Financial

As stated above, the Company's balance sheet remains strong with ~$23.3 million in cash and cash equivalents as at 30 September 2020. The remaining loan liability to Alcoa of $2 million plus interest is due by 31 December 2020. The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter which is summarised as follows:

Cashflows	September 2020 Quarter	Year to date 2020
Opening cash	**$25.4m**	**$32.4m**
Production (net)	($0.3m)	$2.1m
Development	($0.6m)	($5.5m)
Exploration	($0.9m)	($4.3m)
Administration and Corporate	($0.3m)	($1.4m)
Total cash outflow	**($2.1m)**	**($9.1m)**
Closing cash	**$23.3m**	**$23.3m**

Production: Production recorded a small net cash outflow for the September quarter of $0.3m due to the timing of liftings. The cash inflow from the September lifting, estimated at ~$1.6m to Buru, will be received in October 2020. For the nine months ended 30 September 2020, production has recorded a net cash inflow of $2.1m, excluding the abovementioned cash receipt from the September lifting.

Development: The majority of the development cash outflows related to the installation of an ESP in Ungani 7 and preparatory operations for the recompletion of Ungani Far West 1 to the Reeves zone.

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Exploration: Exploration cash outflows comprise ongoing expenditures relating to desktop geological and geophysical work, asset integrity and Traditional Owner engagement.

Corporate and Admin: Corporate and admin cash outflows have been significantly reduced from prior quarters in accordance with the decisive actions taken to preserve the company's balance sheet and financial assistance from the Australian Government stimulus measures resulting from the economic fallout from the coronavirus lockdown, primarily the JobKeeper payment scheme.

Schedule of interests in permits as at 30 September 2020

Permit	Type	Ownership	Operator	Location
L 6*	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L 20	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
L 21	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	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 428	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 431	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP 436	Exploration permit	100.00%	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.*

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

For further information, visit www.buruenergy.com or contact:

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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 and exploration areas.

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.

No representation or warranty, expressed or implied, is made by Buru Energy or any other person that the material contained in this document will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Buru Energy, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this document and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this document or any error or omission there from. Neither Buru Energy nor any other person accepts any responsibility to update any person regarding any inaccuracy, omission or change in information in this document or any other information made available to a person nor any obligation to furnish the person with any further information.

All dates in this document are for calendar years. All references to $ are in Australian currency, unless stated otherwise.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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Name of entity

BURU ENERGY LIMITED	
ABN	Quarter ended ("current quarter")
71 130 651 437	30 September 2020

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	1,566	7,828
1.2	Payments for		
	(a) exploration & evaluation	(871)	(4,300)
	(b) development	(570)	(5,516)
	(c) production	(1,960)	(5,818)
	(d) staff costs	(72)	(1,062)
	(e) administration and corporate costs	(269)	(643)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	54	285
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,122)**	**(9,226)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	25,367	32,417
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,122)	(9,226)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	8	62
4.6	**Cash and cash equivalents at end of period**	**23,253**	**23,253**

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	1,518	3,654
5.2	Term deposits	21,735	21,713
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)**	**23,253**	**25,367**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	115
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Amounts included in 6.1 are remuneration payments made to Directors

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities (Alcoa)	2,000	2,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**2,000**	**2,000**

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Alcoa Loan

The Alcoa liability of $2,000,000 is payable on or before 31 December 2020.

The loan remains unsecured and subject to an agreed interest rate of 5% per annum.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,122)
8.2	Payments for exploration & evaluation classified as investing activities (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,122)
8.4	Cash and cash equivalents at quarter end (item 4.6)	23,253
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	23,253
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**11**
	Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

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8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	
Note: where item 8.7 is less than 2 quarters, all questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

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.

Date: 14 October 2020

Authorised by: .....
Shane McDermott – Chief Financial Officer and Company Secretary

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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