



ASX: BRU

The Directors of Buru Energy Limited (Buru Energy) are pleased to provide the report for the quarter ended 31 March 2017.

Highlights

Ungani Oilfield production restart proceeding as planned:

- Planned production restart mid-year
- Ungani oil to be trucked to Wyndham and stored in CGL's 80,000 barrel tank;
- Oil to be exported via ship to SE Asian or local markets.
- Operational activity on track:
 - Contracts signed for construction activity
 - Contracts signed for Wyndham Tank 10 utilisation
 - Negotiations with preferred trucking tenderers progressing

Gas Project:

- The Yungngora (Noonkanbah) ILUA has been registered with the National Native Title Tribunal
- SPA to the south of EP371 expected to be granted shortly

Corporate:

- Cash balance of \$19.8 million at the end of the quarter (December 2016: \$21.0m)
- AGM to be held on 31 May 2017 in Perth

Production and Development

Ungani Oilfield

During the quarter, the Joint Venture agreed a restart plan for the Ungani Oilfield, which had been shut-in since January 2016. Production is planned to recommence mid-year, initially on natural flow at a target rate of 1,200 barrels per day. The crude oil will be trucked from the Ungani Oilfield to Wyndham, stored in CGL's 80,000 barrel tank and exported via ship to SE Asian or local markets.

Previous oil export from Wyndham was through a smaller 30,000 barrel tank, and the larger 80,000 barrel tank to be used for the restart brings significant economies of scale and commercial benefits through access to larger ships on spot charter, rather than the previously used smaller time charter ships.



80,000 barrel and 30,000 barrel tanks at Wyndham

The contract documentation for the use of Wyndham Port has been executed, including the Crude Oil Storage and Services Agreement (COSSA) with Cambridge Gulf Limited (CGL) the owners of the storage tanks. The contract with the engineering group that will undertake the upgrades at the port, DRA Industries Pty Ltd (DRA), that includes an element of vendor financing has also been executed. This work is underway and includes the installation of a mixer system which is commonly used for oil storage tanks with long crude residence times.



Wyndham Port ship loading



Wyndham Port wet season panorama

Trucking bids have been received from several contractors. Discussions with short listed tenderers are progressing well with contract award expected to be made shortly.

Some minor modifications at the Ungani Oilfield for the start-up have also commenced with the principal work being installation of the produced water injection system at the Ungani Far West 1 well to allow re-injection of produced water into the lower water bearing zone in the well. The other work on the field prior to startup includes some general operational streamlining, the installation of a new load out system that was purchased prior to the shut-in last year, and an upgrade to the access road.



Trucking during previous production period

Recruitment of operators for the restart is also going well with a strong field of local candidates under consideration.

The second phase of production from the field will involve the installation of downhole pumps and their associated control and power systems. When the pumps are installed there will also be an upgrade to the fluid handling system, including additional tankage. Planning for this phase has essentially been completed. The timing is dependent on the well performance and the availability of a workover rig to run the pumps into the wells, but is anticipated to occur before the end of the year. Depending on well performance, the pumps will provide the opportunity to increase oil production from the wells.



Wet season panorama of Ungani Oilfield



Ungani production tanks

Blina and Sundown Oilfields

The Blina and Sundown Oilfields remained shut-in during the quarter with maintenance and well inspections continuing.

Exploration and Appraisal

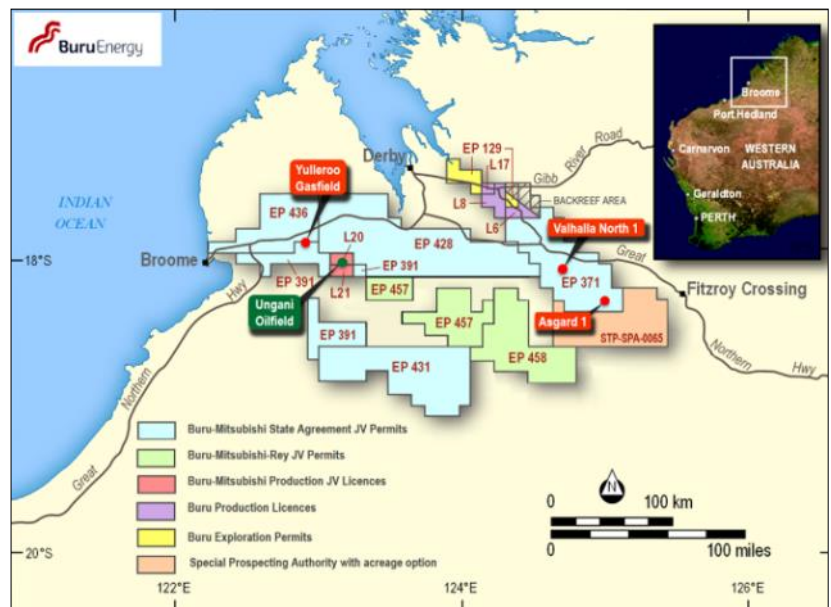
Tight Gas Exploration and Appraisal Program

The ILUA signed with the Noonkanbah people last year was registered on 17 March 2017 as the Yungngora ILUA with the National Native Title Tribunal. This is a significant step forward as it provides certainty for both parties. Together with the Warlangurru LAUA agreement, it provides a mutually beneficial pathway for the future development of the gas resources on the EP 371 permit in the Valhalla and Asgard area.

The Joint Venture has also applied for the Declaration of a Location over this part of the accumulation as a very important step to obtaining further tenure over the area.

Special Prospecting Authority

In July 2016, the EP371 JV parties lodged application STP-SPA-0065 for a special prospecting authority with acreage option (SPA-AO). The Company has been advised that the required Native Title processes have now been completed and the grant of the SPA is expected shortly. The SPA covers the area to the south of EP 371 where it is interpreted there is the extension of the Valhalla/Asgard accumulation. The JV intend to undertake the Fitzroy Airborne PTEM Survey over this area once the SPA is formally granted.



Corporate

2017 Work Program and Budgets

The company and its Joint Venture partners have now agreed the 2017 work programs and budgets for the various exploration permits which include the minimum work obligations of exploration well in EP428 and a well test / stimulation in EP436.

Discussions and planning for the forward program are continuing and depending on available funding, the work programs may be expanded to include additional exploration wells.

Mitsubishi Ungani development funding agreement

The 2015 Ungani Development Funding Agreement with Mitsubishi included a carry of Buru Energy's costs for the development of Ungani up to a total \$27.5 million, subject to a number of hurdles being achieved. Approximately \$2.5 million of the originally available \$9.0 million tranche 1 funding remained unspent at the tranche 1 expiry date of 18 January 2017. The company previously reached agreement with Mitsubishi that a portion of those funds will remain available until 18 May 2017 and during the quarter, Mitsubishi agreed that those funds would be allocated towards the modifications at the Ungani Oilfield to be undertaken for the restart of production.

The tranche 2 funding of \$7.5m remains available subject to a production hurdle of 3,000 bopd, and Tranche 3 funding of \$11.0 million remains available subject to a production hurdle of 5,000 bopd.

Alcoa gas sales contract

As per the agreed variation to the Alcoa gas sales contract, the remaining \$12.5 million liability to Alcoa is due to be repaid on 30 June 2018.

Annual General Meeting

The Company's Annual Report was released on 31 March 2017 and the Notice of Annual General Meeting was released on 26 April 2017. Both documents are available on the Company's website. The AGM of the Company will be held in Perth on 31 May 2017.

Financial

During the March 2017 quarter the Company recorded a net cash outflow of \$1.2 million and at the end of the quarter had a cash balance of \$19.8 million. The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter which is summarised as follows:

- **Exploration** cash outflows of \$0.2 million for the quarter (December 2016: \$1.0 million), comprised primarily of the ongoing Ungani oil trend evaluation, technical TGS evaluation and desktop geological and geophysical work.
- **Production / Care & Maintenance** cash outflows of \$0.3 million for the quarter (December 2016: \$0.2 million) which comprised Ungani oilfield care and maintenance costs as well as the costs associated with planning and design for the restart of Ungani production for mid- year.
- **Staff, administration and corporate** cash outflows of \$0.7 million for the quarter (December 2016: \$1.0 million) which continued to be in line with expectations.

The Company is forecasting a cash outflow of \$2.6 million in the June 2017 quarter:

- **Exploration** cash outflows are estimated at \$1.2 million and include preparation for the 2017 exploration program, as well as ongoing expenditures relating to Ungani oil trend evaluation, technical TGS evaluation, desktop geological and geophysical work, ongoing asset integrity and Traditional Owner engagement.
- **Development** cash outflows, net of Mitsubishi Ungani development funding, are estimated at \$0.2 million. The expenditures are in relation to bringing the Ungani oilfield back on production for mid-year.
- **Production / Care & Maintenance** cash outflows are estimated at \$0.2 million in relation to the Ungani oilfield care and maintenance costs.
- **Staff, administration and corporate** cash outflows are estimated at \$1.0 million, consistent with previous periods.

The Company's cash position continues to be carefully monitored to ensure the Company can meet its commitments as and when they fall due, and the Company continues to rationalise its operating and administrative overheads with a continued focus on reducing operating costs and general expenditure.

Visit www.buruenergy.com for information on Buru Energy's current and future activities.

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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. Its flagship high quality conventional Ungani oilfield project is owned in 50/50 joint venture with Diamond Resources (Fitzroy) Pty Ltd. As well as Ungani, the Company's portfolio includes potentially world class tight gas resources.

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.

Schedule of interests in permits as at 31 March 2017

<u>Permit</u>	<u>Type</u>	<u>Ownership</u>	<u>Operator</u>	<u>Location</u>
L6*	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L8	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L17	Production licence	100.00%	Buru Energy Ltd	Canning Basin, WA
L20	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
L21	Production licence	50.00%	Buru Energy Ltd	Canning Basin, WA
EP129*	Exploration permit	100.00%	Buru Energy Ltd	Canning Basin, WA
EP371	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP391	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP428	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP431	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP436	Exploration permit	50.00%	Buru Energy Ltd	Canning Basin, WA
EP457	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA
EP458	Exploration permit	37.50%	Buru Fitzroy Pty Ltd	Canning Basin, WA

* Excluding the Backreef Area

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin: Appendix 8. Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BURU ENERGY LIMITED

ABN

71 130 651 437

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(212)	(212)
(b) development	(4)	(4)
(c) care and maintenance	(324)	(324)
(d) staff costs	(380)	(380)
(e) administration and corporate costs	(412)	(412)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	125	125
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refund	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,207)	(1,207)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(35)	(35)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	9	9
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other	-	-
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	(26)	(26)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of Alcoa liability	-	-
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	21,052	21,052
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,207)	(1,207)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(26)	(26)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	19,818	19,818

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	1,658	3,011
5.2 Call deposits	18,160	18,041
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)	19,818	21,052

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	232
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Alcoa Liability

As per the agreed variation to the Alcoa gas sales contract, the remaining \$12.5 million liability to Alcoa is due to be repaid on 30 June 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,200)
9.2 Development	(200)
9.3 Production / care and maintenance	(200)
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(500)
9.7 Total estimated cash outflows	(2,600)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		No change in interest		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		No change in interest		

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.

Sign here: 

Company secretary

Date: 27 April 2017

Print name: Shane McDermott

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.