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Buru Energy

Buru Energy Limited
ABN 71 130 651 437

Interim Financial Report
For the six months ended 30 June 2023

BURU ENERGY LIMITED
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**BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 2023 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 – Non-Executive Chairman
- Mr Robert Willes – Non-Executive
- Ms Joanne Kendrick – Non-Executive
- Mr Malcolm King – Non-Executive

Principal Activities

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin and Carnarvon Basin, in the northwest of Western Australia. The Group has also been progressing a number of initiatives to ensure it is part of the energy transition both through internal Buru activity and through three subsidiaries, GeoVault (carbon capture and storage), 2H Resources (natural hydrogen and helium), and Battmin (battery minerals). Further information is included in the Review of Operations. There were no significant changes in the nature of the Group's principal activities during the period.

Review of Operations

Canning Basin Exploration and Appraisal

As announced by Buru on 13 February 2023, Origin Energy Limited (Origin Energy), via its wholly owned subsidiary Origin Energy West Pty Ltd (Origin), executed an agreement to assign its interests in its joint venture exploration permits in the Canning Basin (including the Rafael conventional gas and condensate discovery), to a wholly owned subsidiary of Buru Energy Limited (Buru) for a future, capped reimbursement of costs linked to Rafael gas production success.

Under the terms of the agreement, Buru will make future, capped, staged and contingent reimbursement payments of up to \$34 million to Origin, reflecting certain past costs, conditional on the achievement of key Rafael related development and production milestones.

Origin will also provide Buru with up to \$4 million² of the required funding for the Rafael 3D seismic survey which is planned to be acquired in the 2023 operating season; and following customary title transfer processes, Buru will resume its position as the dominant net acreage holder and operator in the Canning Basin, with ownership of a net 22,500 sq kms of permits including 100%² of EP 129, EP 391, EP 428, EP 431 and EP 436; and 60% of the EP 457 and EP 458 permits it shares with Rey Resources Ltd (Rey).

Origin's exit from the Canning Basin provides Buru and its shareholders with the autonomy and flexibility to aggressively pursue the commercialisation of its assets in the basin, focused on the Rafael conventional gas and condensate discovery where the contingent resources (gross recoverable volumes) have been independently assessed at over one TCF of gas and 20 million barrels of condensate¹; and also including the Basin's Carbon Capture and Storage (CCS) and natural hydrogen and helium potential.

Proposed Appraisal Program of the Rafael Gas and Condensate Discovery (*Buru Energy 100%² interest and Operator*)

During April 2023 Buru submitted a Declaration of Location application for the Rafael 1 gas and condensate discovery in exploration permit EP 428 in the Canning Basin to the Department of Mines, Industry Regulation and Safety (DMIRS). The application nominated two graticular blocks covering an area of about 160 square kilometres within Buru's 100%² owned exploration permit EP 428. Subsequent to the reporting period, this application was approved by DMIRS.

The submission followed the discovery of a potentially major gas and condensate resource by the Rafael 1 well and lodgement of a Discovery Assessment Report to DMIRS in May 2022.

The Declaration of Location is the next step in the process to obtain a Production Licence (PL) to allow the Rafael gas and condensate resource to be developed. Following the approval of the Declaration of Location by DMIRS, Buru has up to two years in which to apply for a Production Licence or Retention Lease, a period which may be extended to four years at the discretion of the Minister.

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

The Rafael appraisal program is ongoing with mapping of reprocessed 2D seismic data and depth conversions using independent velocity field analysis together with further analysis of well data providing further insights into potential resource volumes.

During the reporting period, preparations for the planned Rafael 3D seismic survey were progressed across technical, commercial and approvals work fronts.

Subsequent to the reporting period, Buru executed a contract with Terrex Pty Ltd to undertake the 3D seismic survey, an activity which has commenced on schedule in Q3 CY2023 and will take approximately 8 weeks to complete. The 3D seismic will provide guidance for the appraisal drilling program targeted for 2024 with well planning and identification of long lead items being advanced in parallel.

Data processing contracts have also been agreed with third parties, with interpretation of fast-tracked data targeted by end CY 2023 to allow timely planning and approvals for the 2024 appraisal drilling activities and support discussions with prospective Joint Venture partners for the Rafael development.

Commercialisation of the Rafael Gas and Condensate Discovery (Buru Energy 100%² interest and Operator)

In April 2023 Buru announced that it had completed the first in a series of development concept studies to commercialise the Rafael gas and condensate resource. This study, conducted in collaboration with Transborders Energy and Technip Energies demonstrated that a Kimberley based Floating Liquified Natural Gas (FLNG) facility is a technically, commercially, and economically feasible option to commercialise the 100% Buru Energy owned Rafael gas and condensate contingent resource based on independently assessed potential gross recoverable volumes of over one TCF (trillion cubic feet) of gas and over 20 million barrels of condensate¹.

The study confirmed that a compact, regionally located ~1.6 million tonnes per annum (MTPA) FLNG facility, in conjunction with onshore condensate and LPG processing is an economically robust path for development of the Rafael resource and could provide a relatively lower cost and shorter time frame to development than alternative gas export options.

Buru will continue to work with Transborders Energy and its multi-project collaboration partners including Kyushu Electric Power, Mitsui O.S.K. Lines, Technip Energies, SBM Offshore and Add Energy (part of ABL Group ASA), to progress commercial discussions and to refine the cost and schedule parameters for the next phase of project definition.

In parallel with the Transborders study, Buru has also been exploring several other pathways to commercialise the Rafael resource across a range of potential Rafael resource volume sizes with the support of third-party engineering contractors.

These concepts include local LNG production for Kimberley energy requirements, and local value adding downstream projects for methanol and ammonia.

Subsequent to the reporting period Buru completed its studies for development concepts that cover the full range of independently assessed contingent resources of gas and condensate¹.

Phase 1 of the development concepts forms a commercially attractive stand-alone 'reference case' development, and includes small footprint, scalable, Kimberley based hybrid gas to power and renewables project based on the already defined low volume estimate of the Rafael contingent resource. Development work is underway to progress to Front End Engineering Design (FEED), targeting production in 2027.

Phase 2 of the development concepts would follow rapidly Phase 1 and be informed by appraisal drilling in 2024 with concept selection targeted by mid-2025 and commencement of FEED shortly thereafter. Concept studies have been completed and demonstrate commercial attractiveness for methanol (reference case), ammonia, and LNG projects, complemented with Carbon Capture and Storage through Buru's GeoVault subsidiary, based on mid to high volume estimates of Rafael contingent resources.

The conclusion of these studies in parallel with the ongoing appraisal of the Rafael resource will ensure a faster transition to Front End Engineering and Design (FEED) following appraisal drilling in 2024, and a reduced delivery timeframe to first product sales from this potentially regionally significant project.

¹ Refer to ASX release of 26 April 2022 and 18 April 2023 for full definitions and disclosures. 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.

² Subject to regulatory approvals following the lodgement of the instruments of transfer of the permits with the Department of Mines, Industry Regulation and Safety (DMIRS).

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

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

The Company produces oil from its 50% owned and operated conventional Ungani Oilfield located some 100 kilometres to the east of Broome. Oil production is 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.

Oil production at the Ungani Production Facility (UPF) was suspended on 5 January 2023, due to the impact of ex-Tropical Cyclone Ellie on sections of the Great Northern Highway and the Fitzroy River bridge at Fitzroy Crossing, resulting in the closure of the oil transportation road route from the UPF to the export facility at Wyndham Port.

Following the construction by Main Roads WA of a temporary low-level crossing of the Fitzroy River at Fitzroy Crossing that is suitable for heavy vehicles, Buru recommenced trucking operations on 8 May 2023 to clear the oil inventory at the UPF, with production operations restarting at the UPF shortly after.

Given the unavailability of the oil transportation road route from the UPF to the Port of Wyndham until May 2023, there were no oil liftings, and no sales were completed during the reporting period.

Production from the Ungani Oilfield for the six months ended 30 June 2023 totalled ~25,647 bbls (Buru Energy's 50% share ~12,824 bbls). Production for the comparative six months ended 30 June 2022 was ~91,400 bbls (gross).

Other Exploration Areas

Yulleroo Gasfield (*Within EP 391 & EP 436 - Buru Energy 50% interest and Operator*)

The Yulleroo Gasfield accumulation contains a substantial 2C tight gas resource that has been independently certified. It forms part of the much larger prospective tight gas resource in the wider Canning Basin and also has potential for conventional gas resources. Further analysis of the potential for a well targeting conventional sands in the accumulation continues to be undertaken as part of preparation for the next potential drilling program in the basin.

Lennard Shelf including Blina Oilfield (*L6 & L8 - Buru 100% interest and Operator*)

Decommissioning of the legacy Lennard Shelf assets continued during the reporting period. Any future production from Lennard Shelf fields including the Blina Oilfield and any new discoveries will require installation of new equipment meeting current regulatory and environmental standards.

Carnarvon Basin (*EP 510, L22-2 & L22-4 - Buru 25% interest*)

During the reporting period, the joint venture continued planning activities in support of commencing drilling operations of two exploration wells in CY 2024. These exploration wells will target highly prospective Palaeozoic aged structures geologically analogous to Buru's discoveries in the Canning Basin.

During the reporting period, the Buru & Energy Resources Limited joint venture was offered two petroleum exploration application areas L22-2 and L22-4 in the Northern Carnarvon Basin and the Merlinleigh Sub-basin immediately to the south of EP 510 subject to completion of native title agreements over the areas.

Integrated Energy Projects

Buru continues to develop three energy expansion and transition focused businesses via its wholly owned subsidiary companies GeoVault (Carbon Capture and Storage), 2H Resources (natural hydrogen and helium exploration and development), and Battmin (battery minerals exploration.)

Balancing its short-medium term returns via its hydrocarbon focused business with its longer-term business drivers and licence to operate, Buru is carrying out work both through internal Buru Energy activity and through these subsidiaries, with the objective of these subsidiaries becoming independent entities in due course.

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

GeoVault - Carbon Capture and Storage (CCS)

Carbon capture and storage (CCS) is the process of capturing carbon dioxide (CO₂) before it enters the atmosphere, transporting it, and storing it in underground geological formations.

CCS complements other emission reduction technologies by addressing emissions that currently cannot be avoided, including CO₂ emissions from industrial processes.

Since early 2021 Buru has been progressing CCS technical and commercial activities through its GeoVault subsidiary, with a focus on onshore geological greenhouse gas (GHG) storage in the Canning Basin and the Carnarvon Basin (EP 510).

GeoVault aims to be a pre-eminent operator in the identification, development and operation of GHG storage projects in Australia. Leveraging Buru's considerable geological intellectual property, GeoVault is in the process of building a GeoVault-operated inventory of geologically suitable storage formations matched to projects requiring storage.

In addition to providing direct benefits to Buru and its Rafael development, this storage capacity will be made available to companies seeking to reduce their GHG emissions as part of the transition to a lower carbon future.

During the reporting period, GeoVault continued to mature subsurface studies and carbon storage capacity assessments for CCS opportunities across its Canning and Carnarvon Basin interests as well as technical and commercialisation studies.

2H Resources

2H Resources was established to apply the geological knowledge of its supporting shareholder Buru Energy in the exploration and appraisal of natural hydrogen (White or Gold Hydrogen) and helium accumulations. If found in commercially exploitable quantities, natural hydrogen will be cost competitive against all forms of industrially manufactured hydrogen and could potentially support the energy transition as a low to no-carbon energy source.

2H Resources has established an exploration portfolio in South Australia where the regulatory framework is in place for natural hydrogen exploration and is actively evaluating other areas where there is potential for natural hydrogen occurrences.

2H Resources has been confirmed as the preferred applicant for the granting of six South Australian Petroleum Exploration Licences for hydrogen exploration that are geologically on trend with legacy hydrogen discoveries, and two Gas Storage Exploration Licences.

An independent third-party Hydrogen Prospective Resource estimate from RISC Advisory for these Petroleum Exploration Licence applications has confirmed the very significant potential of these areas (Refer to ASX release of 23 January 2023) which reinforces 2H Resources' view of the value opportunity associated with this venture.

The granting of the hydrogen exploration and gas storage licences to 2H Resources is subject to a completion of land access agreements in accordance with the requirements of the Commonwealth Native Title Act 1993 over any area where Native Title interests exist.

During the reporting period, 2H Resources continued to engage with key Native Title groups covering the application areas and is progressing these land access agreements.

In parallel, 2H Resources continues to conduct further geological and geophysical analysis of the licence application areas to improve the understanding of hydrogen trap mechanisms and prospectivity to inform and optimise future exploration programs.

Battmin (battery minerals)

Battmin, a wholly owned subsidiary of Buru, was initially formed to apply the geological knowledge that Buru had acquired in its extensive petroleum exploration activity in the Canning Basin to the exploration for minerals formed by similar processes, and often in association with, oil and gas accumulations.

Battmin's activities are currently focused on its Barbwire Terrace project in the central Canning Basin in joint venture with Sipa Resources Limited ("Sipa"). This project is targeting zinc/lead mineralisation in carbonate sections along a sub-surface Devonian Reef trend.

During the reporting period, the Joint Venture undertook detailed core analysis from the three diamond core holes drilled late 2022 and worked to define any future potential activity on this project.

BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

Corporate

As announced on 3 January 2023, Buru appointed Mr Eric Streitberg as Non-Executive Chair, effective 1 January 2023. Mr Streitberg has been a Director of the Company since its formation in 2008 and Executive Chair since 2014.

Buru held its Annual General Meeting on 25 May 2023, all resolutions put to shareholders were decided by poll and approved.

After Balance Date Events

Ungani Oilfield

On 5 July 2023 Buru suspended operations at its Ungani Oilfield operations for one week due to unseasonal rain in the Kimberley and the closure of the temporary low-level river crossing at Fitzroy Crossing. Furthermore, in discussions with Main Roads WA, Buru was advised that the current river crossing arrangement is likely to be unavailable during the upcoming wet season (November-April).

As the permanent bridge across the Fitzroy River is not expected to be operational until mid-2024, the Ungani Joint Venture agreed to suspend operations at the Ungani Oil Field following the crude oil lifting in late August 2023.

A successful crude oil lifting from Wyndham Port by the crude tanker British Sailor was completed on 27 August 2023 for a total of ~72,500 bbls. As per the marketing agreement with BP Singapore Pte Limited (BP), BP have purchased the crude oil FOB Wyndham and will deliver it to a refinery in SE Asia. The price received from BP is a fixed differential to average dated Brent oil price for the month of September 2023, with Buru's 50% revenue share from the lifting estimated at ~A\$4.0 million.

Buru's Joint Venture partner Roc Oil (Canning) Pty Limited (ROC) has also entered into an agreement with Buru to withdraw from and assign to Buru its 50% joint venture interests in Production Licences L 20 and L 21, containing the Ungani Oilfield. As part of the agreement, ROC will remain liable for its share of costs associated with the near-term staged suspension of Ungani operations, and of costs associated with the future decommissioning of all wells located within Production Licences L 20 and L 21 and for other specified restoration/remediation costs.

2H Resources

On 24 July 2023, 2H Resources executed a Research Agreement with CSIRO. The Research Agreement is for a project entitled "Baseline study for natural hydrogen flow – long term deployment of autonomous monitoring instruments to detect natural hydrogen and other gases in soil." As part of this study, 2H Resources will get access to autonomous soil gas sensors developed by the CSIRO, which will measure the flow of hydrogen and other gases in the soil. The sensors are part of the experimental exploration workflow developed by 2H Resources to high grade areas prospective for natural hydrogen and accelerate the positioning of future dedicated natural hydrogen exploration wells.

Carnarvon Basin assets

On 14 August 2023 Buru executed a Sale and Purchase Agreement (SPA) with Energy Resources Limited (MinRes) for the sale of its interests in the onshore Carnarvon Basin of Western Australia for a purchase price of \$5 million. These interests are Exploration Permit EP 510 and Exploration Permit application areas L22- 2 and L22-4 where Buru holds a 25% non-operated working interest in joint venture with MinRes (75% and Operator). The sale is unconditional with Buru receiving the consideration on 15 August 2023, the formal transfer of titles being subject to customary regulatory consents and approvals.

No other significant events have occurred subsequent to balance date, other than those described above.

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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period is set out on page 9 and forms part of this Directors' Report.

**BURU ENERGY LIMITED
DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)**

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
Non-Executive Chairman
Perth
8 September 2023



Mr Robert Willes
Non-Executive Director
Perth
8 September 2023

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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 2023 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

KPMG

GL + 177

Graham Hogg
Partner
Perth
8 September 2023

BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT 30 JUNE 2023

<i>in thousands of AUD</i>	Note	30 Jun 2023	31 Dec 2022
Current Assets			
Cash and cash equivalents		10,935	17,922
Trade and other receivables		629	913
Inventories		3,142	1,323
Total Current Assets		<u>14,706</u>	<u>20,158</u>
Non-Current Assets			
Oil and gas assets	4	-	-
Exploration and evaluation expenditure	5	10,203	10,197
Property, plant and equipment		2,638	3,777
Total Non-Current Assets		<u>12,841</u>	<u>13,974</u>
Total Assets		<u>27,547</u>	<u>34,132</u>
Current Liabilities			
Trade and other payables		1,117	2,048
Lease liabilities		1,683	1,291
Provisions	6	1,915	2,194
Total Current Liabilities		<u>4,715</u>	<u>5,533</u>
Non-Current Liabilities			
Lease liabilities		1,128	2,472
Provisions	6	7,876	6,371
Total Non-Current Liabilities		<u>9,004</u>	<u>8,843</u>
Total Liabilities		<u>13,719</u>	<u>14,376</u>
Net Assets		<u>13,828</u>	<u>19,756</u>
Equity			
Contributed equity	8	295,971	295,971
Reserves		619	550
Accumulated losses		(282,762)	(276,765)
Total Equity		<u>13,828</u>	<u>19,756</u>

The notes on pages 14 to 20 are an integral part of these condensed consolidated financial statements.

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BURU ENERGY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

<i>in thousands of AUD</i>	Note	30 Jun 2023	30 Jun 2022
Revenue		-	7,185
Cost of sales		-	(3,485)
Movement in crude inventories		-	(241)
Amortisation of oil and gas assets		-	(1,380)
Gross profit / (loss)		-	2,079
Exploration and evaluation expenditure		(2,808)	(1,765)
Corporate and administrative expenditure	7	(1,338)	(2,272)
Impairment of oil and gas expenditure	4	(77)	(7,390)
Other rehabilitation expenditure		(1,848)	
Equity based payment expenses		(69)	-
Results from operating activities		(6,140)	(9,348)
Net finance income / (expense)		143	(107)
Loss for the period before income tax		(5,997)	(9,455)
Income tax expense		-	-
Total comprehensive loss for the period		(5,997)	(9,455)
Loss per share (cents) and diluted loss per share (cents)		(1.01)	(1.75)

The notes on pages 14 to 20 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 2023

in thousands of AUD

	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2022	286,891	565	(244,003)	43,453
Comprehensive loss for the period				
Loss for the period	-	-	(9,455)	(9,455)
Total comprehensive loss for the period	-	-	(9,455)	(9,455)
Transactions with owners recorded directly in equity				
Issue of ordinary shares, net of transaction costs	9,127	-	-	9,127
Equity based payment transactions	-	-	-	-
Employee share options forfeited	-	(15)	15	-
Total transactions with owners recorded directly in equity	9,127	(15)	15	9,127
Balance as at 30 June 2022	296,018	550	(253,443)	43,125
	Share capital	Share based payment reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2023	295,971	550	(276,765)	19,756
Comprehensive loss for the period				
Loss for the period	-	-	(5,997)	(5,997)
Total comprehensive loss for the period	-	-	(5,997)	(5,997)
Transactions with owners recorded directly in equity				
Issue of ordinary shares, net of transaction costs	-	-	-	-
Equity based payment transactions	-	69	-	69
Employee share options forfeited	-	-	-	-
Total transactions with owners recorded directly in equity	-	69	-	69
Balance as at 30 June 2023	295,971	619	(282,762)	13,828

The notes on pages 14 to 20 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 2023

<i>In thousands of AUD</i>	Note	30 Jun 2023	30 Jun 2022
Cash flows from operating activities			
Cash receipts from sales		-	4,410
Payments for production		(2,112)	(3,075)
Exploration and evaluation expenditure		(3,010)	(4,842)
Other payments to suppliers and employees		(1,448)	(1,750)
Net cash outflow from operating activities		<u>(6,570)</u>	<u>(5,257)</u>
Cash flows from investing activities			
Interest received		292	20
Movements in term deposits		(363)	-
Receipts from sale of plant and equipment		-	12
Payments for exploration and evaluation expenditure		(6)	(1,416)
Payments for oil and gas development		(101)	(6,482)
Net cash outflow from investing activities		<u>(178)</u>	<u>(7,866)</u>
Cash flows from financing activities			
Net proceeds from the issue of share capital		-	9,126
Payments for lease liabilities		(236)	(648)
Net cash inflow from financing activities		<u>(236)</u>	<u>8,478</u>
Net increase/(decrease) in cash and cash equivalents		(6,984)	(4,645)
Cash and cash equivalents at beginning of the period		17,922	23,723
Effect of exchange rate changes on cash and cash equivalents		(3)	(77)
Cash and cash equivalents at the end of the period		<u>10,935</u>	<u>19,001</u>

The notes on pages 14 to 20 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 2023

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 2023 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 gas and oil exploration and production and development of new energy resources in 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 2022 (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 8 September 2023.

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 2023.

3 Segment information

The reportable operating segments at the end of the reporting period are based on the Group's strategic business units: oil production, exploration and energy transition. 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 the following:
 - the Rafael area where the Rafael 1 exploration well was drilled in 2021 with a subsequent successful flow test of gas and condensate to surface;
 - the Yulleroo area where gas resources have been identified in the Laurel Formation;
 - several other prospects along the Ungani oil trend;
 - the Lennard Shelf area including the shut-in Blina and Sundown Oilfields;
 - the Carnarvon basin where Buru holds a 25% interest in the EP 510 permit; and
 - evaluation of the other areas in the Group's portfolio.
- Energy Transition: The Company is progressing a number of initiatives to ensure it is part of the energy transition through three subsidiaries, 2H Resources (natural hydrogen and helium), GeoVault (carbon capture and storage) and Battmin (battery minerals).

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.

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BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

Profit or loss	Oil Production		Exploration		Energy Transition		Unallocated		Total	
<i>in thousands of AUD</i>	Jun 23	Jun 22	Jun 23	Jun 22	Jun 23	Jun 22	Jun 23	Jun 22	Jun 23	Jun 22
External revenues	-	7,185	-	-	-	-	-	-	-	7,185
Cost of sales	-	(3,485)	-	-	-	-	-	-	-	(3,485)
Movement in crude inventories	-	(241)	-	-	-	-	-	-	-	(241)
Amortisation of oil and gas assets	-	(1,380)	-	-	-	-	-	-	-	(1,380)
Gross Profit / (Loss)	-	2,079	-	-	-	-	-	-	-	2,079
Exploration and evaluation expenditure	-	-	(2,783)	(1,485)	(25)	(280)	-	-	(2,808)	(1,765)
Corporate and administrative expenditure	-	-	-	-	-	-	(1,018)	(1,582)	(1,018)	(1,582)
Impairment of oil and gas expenditure	(77)	(7,390)	-	-	-	-	-	-	(77)	(7,390)
Other rehabilitation expenditure ¹	(1,848)	-	-	-	-	-	-	-	(1,848)	-
Depreciation expense	-	-	-	-	-	-	(320)	(690)	(320)	(690)
Equity based payment expenses	-	-	-	-	-	-	(69)	-	(69)	-
EBIT	(1,925)	(5,311)	(2,783)	(1,485)	(25)	(280)	(1,407)	(2,272)	(6,140)	(9,348)
Net financial income / expense	-	-	-	-	-	-	143	(107)	143	(107)
Reportable segment profit / (loss) before tax	(1,925)	(5,311)	(2,783)	(1,485)	(25)	(280)	(1,264)	(2,379)	(5,997)	(9,455)

¹ Expenditure associated with the restoration of the Ungani Oilfield, including the cleaning of crude oil storage tanks.

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BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

Total Assets	Oil Production		Exploration		Energy Transition		Unallocated		Total	
	Jun 23	Dec 22	Jun 23	Dec 22	Jun 23	Dec 22	Jun 23	Dec 22	Jun 23	Dec 22
<i>in thousands of AUD</i>										
Assets										
Current assets	2,883	1,064	259	259	-	-	11,564	18,835	14,706	20,158
Oil and gas assets	-	-	-	-	-	-	-	-	-	-
Exploration and evaluation assets	-	-	10,203	10,197	-	-	-	-	10,203	10,197
Property, plant and equipment	-	-	-	-	-	-	2,638	3,777	2,638	3,777
Total Assets	2,883	1,064	10,462	10,456	-	-	14,202	22,612	27,547	34,132
Capital Expenditure	77	5,881	6	696	-	-	-	-	83	6,577
Liabilities										
Current liabilities	2,495	2,349	1,017	1,581	-	-	1,203	1,603	4,715	5,533
Lease liabilities (Non-current)	-	653	-	546	-	-	1,128	1,273	1,128	2,472
Provisions (Non-current)	3,955	2,559	3,637	3,549	-	-	284	263	7,876	6,371
Total Liabilities	6,450	5,561	4,654	5,676	-	-	2,615	3,139	13,719	14,376

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BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

4 Oil and Gas Assets

<i>in thousands of AUD</i>	30 Jun 2023	31 Dec 2022
	\$	\$
Carrying amount at beginning of the period	-	20,028
Development expenditure	77	4,107
Amortisation expense	-	(2,675)
Impairment of oil and gas assets	(77)	(23,460)
Carrying amount at the end of the period	-	-

In December 2022, the Company conducted a strategic review of the recoverable amount of the Ungani Oilfield Cash Generating Unit (CGU) due to the high-cost environment and identified an impairment trigger. The result of the assessment indicated that the asset was unlikely to recover its pre-impairment carrying value and the Ungani assets were impaired at 31 December 2022 based on a Value in Use (VIU) discounted cash flow approach.

During the six months ended 30 June 2023, production at the Ungani Oilfield was disrupted for nearly five months due to the impact of ex-Tropical Cyclone Ellie in the Kimberley and the unprecedented flooding and damage caused to the oil transportation road route the Company uses.

Due to the unreliable state of the current road transportation route and the sensitivity of production volumes to the determination of VIU for the Ungani Oilfield, a non-cash impairment of \$77,000, being Buru's share of minor capital expenditure associated with the Ungani assets, was recorded to fully impair the assets.

5 Exploration and Evaluation Expenditure

<i>in thousands of AUD</i>	30 Jun 2023	31 Dec 2022
	\$	\$
Carrying amount at beginning of the period	10,197	9,501
Exploration assets additions	6	696
Carrying amount at the end of the period	10,203	10,197

Buru is undertaking a structured pre-commercialisation program for the Rafael discovery including detailed economic analysis, engagement with Government and regulators and potential customers, together with feasibility analysis of development options and capital requirements. Although the exploration activities at Rafael 1 have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, significant further exploration operations are planned at Rafael 1 over the coming years.

6 Provisions

<i>in thousands of AUD</i>	30 Jun 2023	31 Dec 2022
	\$	\$
Current		
Provision for annual leave	739	886
Provision for long-service leave	117	222
Provision for site restoration	1,059	1,085
	1,915	2,193
Non-Current		
Provision for long-service leave	284	262
Provision for site restoration	7,592	6,109
	7,876	6,371

BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

7 Corporate and Administrative Expenditure

in thousands of AUD

	30 Jun 2023	30 Jun 2022
	\$	\$
Corporate and other administration expenses	1,338	2,272

Total personnel expenses for the six months to 30 June 2023 amounted to \$3,643,000 (six months to 30 June 2022: \$4,201,000) prior to amounts received under Joint Venture reimbursements. Net personnel expenses are included in Cost of Sales, Exploration and Evaluation Expenditure and Corporate and Administrative Expenditure.

8 Capital and Reserves

Ordinary Shares

	1 Jan – 30 Jun 2023	1 Jan – 31 Dec 2022
	No.	No.
Fully paid shares on issue at the beginning of the period	596,043,085	538,442,991
Issued under non-renounceable entitlement offer and shortfall offer – 7 June 2022	-	55,350,094
Issued under shortfall placement – 8 June 2022	-	2,250,000
Fully paid shares on issue at the end of the period	596,043,085	596,043,085

The Company did not issue any shares in the six months ended 30 June 2023.

9 Capital and Other Commitments

in thousands of AUD

Exploration expenditure commitments

Contracted but not yet provided for and payable:

	30 Jun 2023	31 Dec 2022
	\$	\$
Within one year	113	127
One year later and no later than five years	3,060	1,865
	3,173	1,992

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.

10 Joint Operations

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists only when decisions about the relevant activities - i.e. those that significantly affect the returns of the arrangement - require the unanimous consent of the parties sharing control of the arrangement. In accordance with AASB 11, the arrangements have been classified as joint operations (whereby the jointly controlling parties have rights to the assets and obligations for the liabilities relating to the arrangement) as opposed to a joint venture because separate vehicles have not been established through which activities are conducted. The Group therefore recognises its assets, liabilities, and transactions, including its share of those incurred jointly, in its consolidated financial statements.

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BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

The consolidated entity has an interest in the following joint operations as at 30 June 2023 whose principal activities were oil and gas exploration, development and production.

Permit/Joint Operation	June 2023 Beneficial Interest	December 2022 Beneficial Interest	Operator
L20	50.00%	50.00%	Buru Energy Ltd
L21	50.00%	50.00%	Buru Energy Ltd
EP 129	100.00% ¹	50.00%	Buru Energy Ltd
EP 391	100.00% ¹	50.00%	Buru Energy Ltd
EP 428 ²	100.00% ¹	50.00%	Buru Energy Ltd
EP 431	100.00% ¹	50.00%	Buru Energy Ltd
EP 436	100.00% ¹	50.00%	Buru Energy Ltd
EP 457	60.00% ¹	40.00%	Buru Fitzroy Pty Ltd
EP 458	60.00% ¹	40.00%	Buru Fitzroy Pty Ltd
E04/2674	50.00%	50.00%	Sipa Resources Ltd
E04/2684	50.00%	50.00%	Sipa Resources Ltd
EP 510	25.00%	50.00%	Energy Resources Ltd
L22-2	25.00%	0.00%	Energy Resources Ltd
L22-4	25.00%	0.00%	Energy Resources Ltd

¹Subject to regulatory approvals of transfer of the permits with the Department of Mines, Industry Regulation and Safety (DMIRS).

²Origin Energy West Pty Ltd will provide Buru with up to \$4 million (pending regulatory approvals of transfer of the permits by DMIRS) of the required funding for the Rafael 3D seismic survey which is planned to be acquired over the EP 428 permit are in the 2023 operating season.

Subsequent Events

Ungani Oilfield

On 5 July 2023 Buru suspended operations at its Ungani Oilfield operations for one week due to unseasonal rain in the Kimberley and the closure of the temporary low-level river crossing at Fitzroy Crossing. Furthermore, in discussions with Main Roads WA, Buru was advised that the current river crossing arrangement is likely to be unavailable during the upcoming wet season (November-April).

As the permanent bridge across the Fitzroy River is not expected to be operational until mid-2024, the Ungani Joint Venture agreed to suspend operations at the Ungani Oil Field following the crude oil lifting in late August 2023.

A successful crude oil lifting from Wyndham Port by the crude tanker British Sailor was completed on 27 August 2023 for a total of ~72,500 bbls. As per the marketing agreement with BP Singapore Pte Limited (BP), BP have purchased the crude oil FOB Wyndham and will deliver it to a refinery in SE Asia. The price received from BP is a fixed differential to average dated Brent oil price for the month of September 2023, with Buru's 50% revenue share from the lifting estimated at ~A\$4.0 million.

Buru's Joint Venture partner Roc Oil (Canning) Pty Limited (ROC) has also entered into an agreement with Buru to withdraw from and assign to Buru its 50% joint venture interests in Production Licences L 20 and L 21, containing the Ungani Oilfield. As part of the agreement, ROC will remain liable for its share of costs associated with the near-term staged suspension of Ungani operations, and of costs associated with the future decommissioning of all wells located within Production Licences L 20 and L 21 and for other specified restoration/remediation costs.

2H Resources

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BURU ENERGY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (CONT'D)

On 24 July 2023, 2H Resources executed a Research Agreement with CSIRO. The Research Agreement is for a project entitled "Baseline study for natural hydrogen flow – long term deployment of autonomous monitoring instruments to detect natural hydrogen and other gases in soil." As part of this study, 2H Resources will get access to autonomous soil gas sensors developed by the CSIRO, which will measure the flow of hydrogen and other gases in the soil. The sensors are part of the experimental exploration workflow developed by 2H Resources to high grade areas prospective for natural hydrogen and accelerate the positioning of future dedicated natural hydrogen exploration wells.

Carnarvon Basin assets

On 14 August 2023 Buru executed a Sale and Purchase Agreement (SPA) with Energy Resources Limited (MinRes) for the sale of its interests in the onshore Carnarvon Basin of Western Australia for a purchase price of \$5 million. These interests are Exploration Permit EP 510 and Exploration Permit application areas L22- 2 and L22-4 where Buru holds a 25% non-operated working interest in joint venture with MinRes (75% and Operator). The sale is unconditional with Buru receiving the consideration on 15 August 2023, the formal transfer of titles being subject to customary regulatory consents and approvals.

No other significant events have occurred subsequent to balance date, other than described above.

12 Changes in significant accounting policies

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

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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 10 to 20, 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 2023 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
Non-Executive Chairman
Perth
8 September 2023



Mr Robert Willes
Non-Executive Director
Perth
8 September 2023

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Independent Auditor's Review Report

To the shareholders of Buru Energy Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year 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 Half-year Financial Report of Buru Energy Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2023 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 **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Half-year 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 Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 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*.

A review of a Half-year 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.

KPMG

Graham Hogg

Partner

Perth

8 September 2023

**BURU ENERGY LIMITED
CORPORATE DIRECTORY**

Directors

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

Chief Executive Officer

Mr Thomas Z Nador

Company Secretary

Mr Paul Bird

Registered and Principal Office

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