Buru Energy

ABN 71 130 651 437

2020 Annual Report

Buru Energy Limited Annual Report
For the year ended 31 December 2020

Contents

Buru Energy Limited is an ASX listed Australian energy company exploring and developing the petroleum resources of the Canning Basin, in the Kimberley region of north-western Western Australia.

Buru is headquartered in Perth, with a regional office in Broome.

The Company has a 50% operating interest in the currently producing, conventional Ungani Oilfield and holds interests in an extensive portfolio of petroleum exploration permits and licences covering approximately 22,000 sq km (5.4 million gross acres - 2.6 million net acres). The permits include the most prospective part of the Canning Basin and host a major tight gas accumulation as well as number of smaller conventional oil fields. Buru Energy has the largest area of permits in the Canning Basin and is operator of all of its permits and licences.

The Company also has an early stage battery mineral exploration joint venture for deposits hosted by similar geology to its petroleum fields, and is undertaking feasibility studies for integrated energy projects using its gas resources for power generation and industrial feedstocks.

Executive Chairman's Letter

Dear Shareholders

2020 was a year of substantial achievement but there were many challenges, with the corporate and commercial settings dominated by the COVID-19 pandemic. The pandemic presented enormous challenges to most businesses, with the oil and gas sector particularly affected by the collapse of the oil price and the restrictions on local and international travel. However, I am pleased to report that despite the oil price downturn and the consequent reduction in revenue, we were able to maintain production from our Ungani Oilfield at similar levels to the previous year by careful cost control and the efforts of our staff and contractors.

Our field based exploration activity was severely curtailed by travel restrictions and our strict avoidance of contact with Aboriginal communities in the area of our operations in the Kimberley. This gave us the opportunity, without the pressures of field operations, to consolidate and review our exploration data base which identified a number of highly prospective new play types, and it allows us to also carefully prepare for our next operational exploration phase.

Exploration Program

The positive results of this exploration review enabled us to successfully undertake a comprehensive farm-out process to attract an exploration partner to the Canning Basin. This process was initially severely constrained by the pandemic travel restrictions and the consequent necessity for interested parties to conduct due diligence remotely. Our systems were sufficiently robust to facilitate these processes and consequently we were able to execute an agreement in December for Origin Energy to farm-in to our areas and partner us in a comprehensive exploration program during 2021.

This program has the potential to both discover very significant oil resources through the drilling of two high potential exploration wells, and also includes a regional and prospect oriented seismic program. This seismic program will provide both a better understanding of the regional geology and will delineate potential drilling locations for the 2022 exploration program.

The entry of a substantial and exploration focused partner is a major step forward for the evaluation of the basin and we look forward to a long and fruitful relationship.

Oil Production

As with all oilfields, maintenance of production at the Ungani Oilfield requires continued work and capital to arrest the natural decline of the field. During 2019 and early 2020 two additional wells were drilled at the field as part of that maintenance program. Ungani 6H was unfortunately not able to be completed due to a number of operational issues. Ungani 7H was drilled as a horizontal well and initially produced at substantial rates. However, the production from the well has been considerably less than predicted and the reason for this is currently being investigated with a workover of the well planned for early 2021 to provide additional information to better understand the issue. The Ungani Joint Venture also plans to take advantage of the presence of a rig in the basin for the exploration wells to drill a further well at Ungani, with the objective of accessing additional reserves and extending the field life.

Financial Situation

The Company's financial position was preserved through 2020 both by the receipts from production from the Ungani Oilfield and the timely and decisive actions taken to reduce the Company's outgoings. These measures included the cancellation of all discretionary expenditure and careful review of all operating costs. Other cost reduction measures included extensive and wide reaching salary reductions of up to 75%, particularly for senior staff and Directors, and unfortunately also included a number of redundancies. Given the ramp-up of activity in 2021, salaries have now been restored to more appropriate levels.

Executive Chairman's Letter

The Board particularly thanks staff and contractors for the sacrifices made during this period. The current recovery in oil prices is very welcome and is expected to provide substantially increased production margins during the coming year.

During the year the final payment of the Alcoa facility was also made and the Company is now debt free.

Corporate

The Company is an oil and gas producer and explorer and its focus is on realising the value of its assets for shareholders. It also recognises that there is a necessary and accelerating process worldwide to reduce carbon dioxide emissions. The Company is working to ensure it is able to reduce or offset its Scope 1 and Scope 2 emissions to as low a level as possible. It is also cognisant of the shifting sentiment from fossil fuels, whilst acknowledging they will be part of the energy mix for decades to come. The Company's active participation in the integrated energy economy will be vital to ensure the Company remains relevant and commercially viable in the future and these participation opportunities will be actively sought going forward.

The Company has also entered into a mineral exploration joint venture primarily for lead and zinc in the area of its petroleum exploration permits. The geological exploration model for these battery minerals is complementary to the Company's petroleum exploration model and provides the potential for significant value add to its exploration activities.

The Company's gas resources, particularly in its 100% owned Yulleroo Field represent a very significant opportunity both for local gas supply and also for development of an integrated energy project. A feasibility study in conjunction with the Yawuru Traditional Owners of the area is currently in progress.

The addition of three highly experienced new independent non-executive Directors to the Company's Board has also provided significant impetus to its forward participation in the integrated energy economy.

Shareholders and Staff

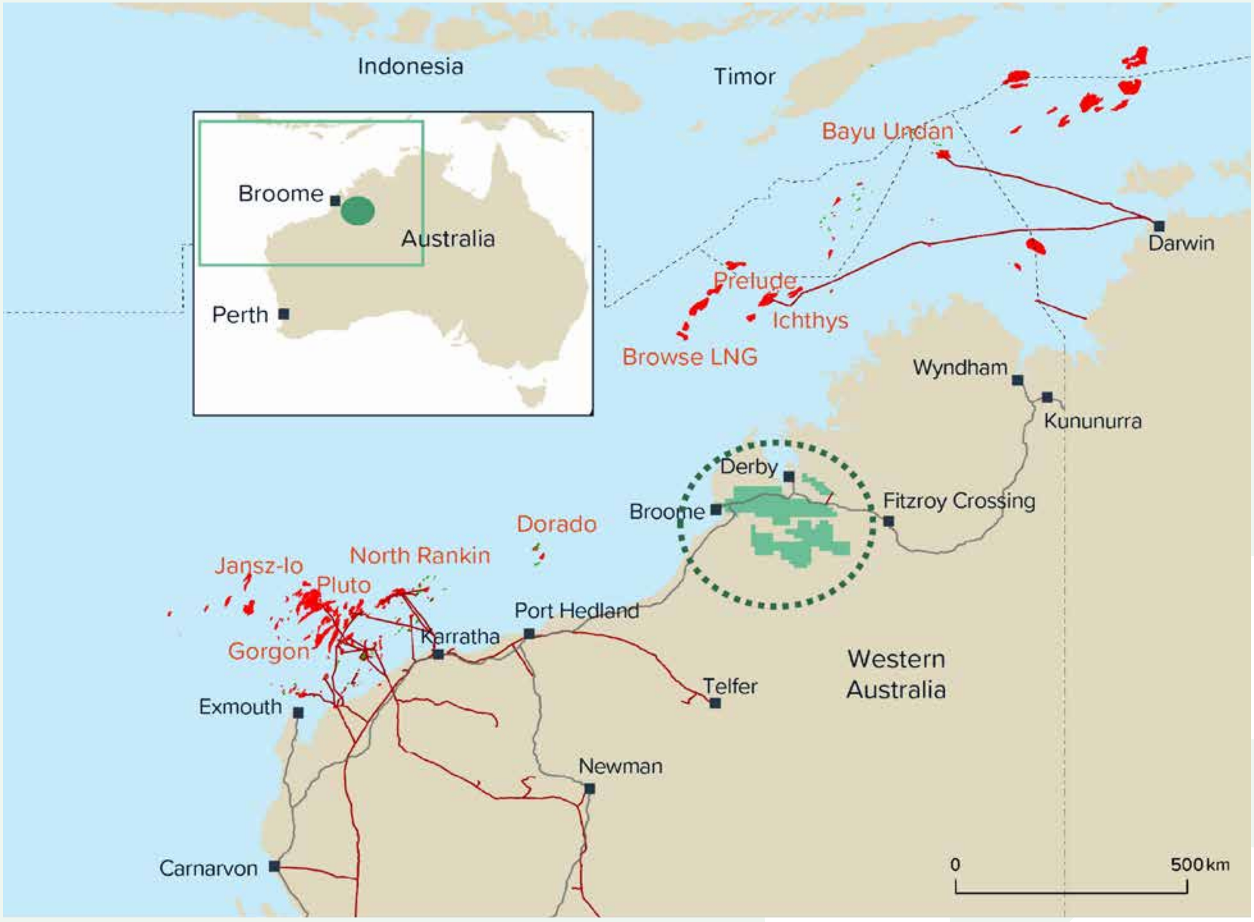
The Board thanks our longer term shareholders for their patience and support during turbulent times and warmly welcomes new shareholders who have joined us for what promises to be an exciting year ahead. The Board also thanks the Buru staff and contractors who have provided unstinting support and perseverance in a difficult commercial and personal environment.

We all look forward to 2021.

Eric Streitberg
Executive Chairman

Review of Operations

During the year the Company continued production from its Ungani Oilfield and continued exploration within its petroleum exploration permit areas, ultimately entering into farm-out transactions with Origin Energy for a Canning Basin-wide exploration program in 2021.



Location of the Company's Operations

Review of Operations

Exploration

Canning Basin Farm-out with Origin Energy Group

On 21 December 2020, Buru announced to the ASX that it had entered into two farm-out transactions with the Origin Energy Group (Origin) for a Canning Basin-wide exploration program that will include the drilling of the world class Rafael conventional oil prospect. The full details of the transactions are set out in the respective ASX releases.

The transactions are structured as follows:

- Origin will earn a 50% interest in exploration permits EP 129, EP 391, EP 428, EP 431 and EP 436 previously held 100% by Buru (the Buru Permits), with Buru retaining a 50% interest in these permits.
- Origin will earn a 40% interest in the EP 457 and EP 458 permits held by subsidiaries of Buru and Rey Resources Ltd (the Buru-Rey Permits), with Buru and Rey retaining respective 40% and 20% interests.

The agreed work program for both transactions (Work Program) includes a commitment to drill the Rafael 1 and Kurrajong 1 conventional oil exploration wells as soon as practicable in 2021 after the end of the current northern Australian wet season. Origin will provide individual carry amounts totalling $16 million for these well costs and will provide an additional $1 million payment to Buru in recognition of past costs.

The Work Program further includes the acquisition of extensive regional and prospect level seismic programs, with Origin carrying the first $3 million of seismic acquisition expenditure on the Buru Permits and the first $3 million of seismic acquisition expenditure on the Buru-Rey Permits.

Origin will also carry the first $4 million of expenditure if the joint venture decides to acquire a 3D seismic program over the Rafael prospect area within the Buru Permits after the drilling of the Rafael 1 well. Origin has options to either withdraw or fund further activity in two of the Buru Permits, as set out in more detail in the 21 December 2020 ASX announcement. If fully exercised, these

options require Origin to fund (on a carried basis) up to an additional $10 million of exploration expenditure to maintain its 50% interests in these two permits.

Similarly, to maintain its 40% interests in the Buru-Rey Permits, Origin must provide a carry of $6 million towards further exploration expenditure (as described more fully in the ASX announcement).

Buru will remain as operator of all exploration permits, and the farm-out to Origin does not include the Yulleroo Gasfield, which has been retained 100% by Buru as a defined area. The farm-in party (Origin Energy West Pty Ltd) is a wholly owned subsidiary of Origin Energy Limited which is a major Australian integrated energy company.

Forward Exploration Drilling Program – Kurrajong 1 and Rafael 1

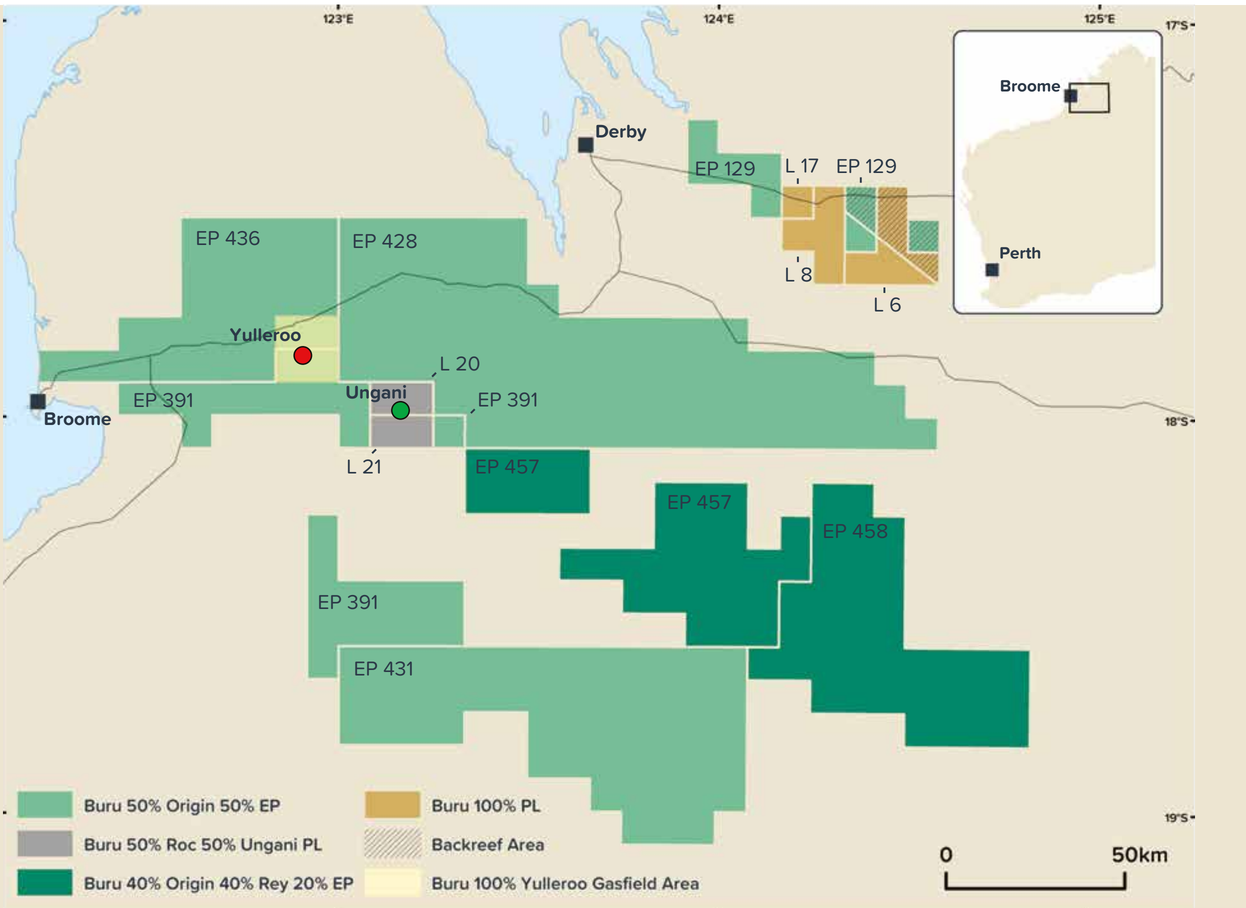
The planned 2021 drilling program includes the drilling of two exploration wells, Kurrajong 1 and Rafael 1 on the Buru Permits (EP 391 and EP 428), in addition to a potential development well drilled at the Ungani Oilfield. In consultation with joint venture partners, well design, procurement of long lead items and engagement of drilling program supervisory staff are well advanced.

In contrast to recent Buru drilling programs which involved “dry hire” rigs, the 2021 drilling program is planned to be contracted to a full service drilling rig contracting company that has a rig capable of drilling the deep Rafael 1 well. Several drilling rigs suitable for the program have been identified, and a drilling contract is expected to be awarded once contract negotiations are completed.

Seismic Acquisition Program

Planning for the 2021 seismic program is also well advanced with contract negotiations with the preferred seismic contractor underway. Requisite heritage and environmental approvals are also well advanced. The program will be aimed at filling in regional data gaps and providing potential drilling targets on the conventional oil prospects on the exploration permits, as well as being focused on the newly identified sub-salt play on the EP 457/EP 458 permits.

Location of the Company’s Assets



Review of Operations

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

Production and Sales

Buru Energy holds a 50% interest in the Ungani Oilfield and is the joint venture operator of the field. The remaining 50% interest is held by Roc Oil (Canning) Pty Limited (ROC). Production from the Ungani Oilfield for the year ended 31 December 2020 totalled ~372,000 bbls at an average rate of ~1,000 bopd (2019 production of ~373,000 bbls), with Buru Energy's 50% share of production being ~186,000 bbls. The average production rate included well offline time with ongoing minor well interventions and maintenance being carried out as required throughout the year. The northern wet season saw a number of short-term closures of the Ungani access road from normal wet season rainfall in January and February 2020.

Ungani crude oil continues to be trucked by Fuel Trans Australia Pty Ltd to Wyndham Port and stored in Cambridge Gulf Limited's storage Tank 10 prior to its FOB sale. The price received FOB Wyndham represents the realised Brent linked oil price less the buyer's fixed marine transport discount.

Gross sales of Ungani crude during the year totalled approximately 432,000 bbls from six liftings at Wyndham Port. Buru Energy's share of revenue from the Ungani Oilfield for the year totalled ~A$11,300,000 at an average received price of ~A$52/bbl (2019: ~A$13,800,000 at ~A$87/bbl). The received prices for the liftings during the year were significantly impacted by the unprecedented global situation of a combination of an oil oversupply by the OPEC+ producers and demand destruction from the shutdown of the global economy following the onset of the COVID-19 pandemic.

During the second quarter of 2020, the Ungani Joint Venture considered whether a temporary suspension of production from Ungani would be prudent, however a reduction in field operating costs and the partial recovery in global crude prices, meant production was continued throughout the year. The COVID-19 restrictions had no material effect on the Company's operational capability in line with the Company's operations being staffed locally, with no FIFO staff, and not in the proximity of any Kimberley remote Aboriginal communities.

Cost of sales totalled ~A$6,900,000 at A$37/bbl (2019: ~A$7,400,000 at ~A$39/bbl) giving a gross profit from sales of Ungani crude net to Buru Energy of ~A$4,500,000 before amortisation charges, at an average annualised margin of ~A$15/bbl (2019: ~A$7,600,000 at ~A$48/bbl).

Development

The Ungani Joint Venture mobilised the Halliburton coil tubing unit to the Ungani 6H wellsite in early March to complete the operations that were suspended in late 2019. After a number of operational issues were encountered, it was agreed to suspend the Ungani 6H well and demobilise all equipment and contractors. The JV then deferred all discretionary expenditure including non-essential capital expenditure on the Ungani Oilfield following the onset of the COVID-19 pandemic.

Production from the existing Ungani Oilfield wells is declining largely in line with field reservoir modelling, with continuous improvements being implemented to optimise oil recovery both for the surface production facilities and the downhole well configurations. These activities include a further workover of the Ungani 7H well where water cuts have increased more quickly than predicted, the installation of an ESP in the Ungani 5 well, and acquisition of larger ESPs for future installation in the Ungani 1ST1 and Ungani 2 wells.

Given the potential availability of a slot on the rig being mobilised to the basin for the exploration program, the Ungani Joint Venture is currently undertaking technical and commercial analysis of the feasibility of drilling a further development well on the Ungani Oilfield during the 2021 drilling season.

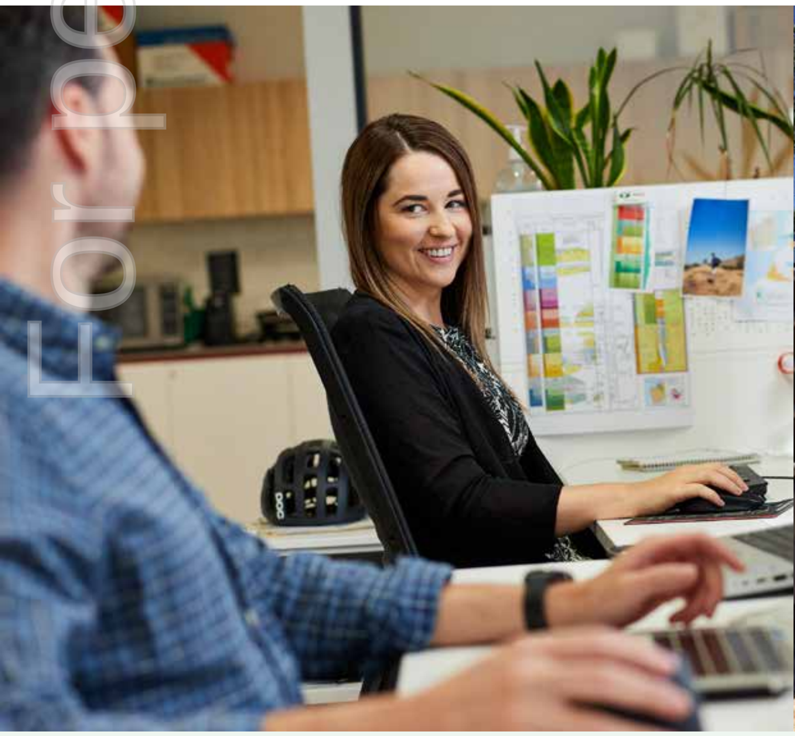
Other Assets

Blina Oilfield
(L6/L8 - 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 operating season.

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

The Yulleroo Gasfield Area was excluded from the Origin Energy farm-out transaction and the Company has retained the contractual rights to a four graticular block area which contains a significant independently certified gas resource. The Yulleroo Gasfield is defined by a 3D seismic survey and four wells, one of which has been successfully fracture stimulated, and two other completed wells that are available for further testing and possible production.



Review of Operations

To further the development of this substantial resource, the Company is undertaking a pre-feasibility study, in co-operation with the Yawuru Native Title parties, of 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 nearby Sheffield Resources proposed mineral sands mine.

Mineral Joint Venture

During the year Buru 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.

The joint venture combines Buru's extensive knowledge of the hydrothermal dolomite systems that host lead zinc deposits with Sipa's mineral exploration expertise.

To earn its 50% interest in the existing tenements Buru will fund 100% of the first $250,000 of on-ground exploration expenditure in the project.

Sipa will remain the operator of the joint venture, 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.

Business Philosophy and Strategy

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. It is focused on exploring for and developing the petroleum and energy resources of the Canning Basin in a safe, environmentally and culturally sensitive manner.

The Company also recognises that although there is an inexorable and necessary shift to renewable sources of energy, the world still needs oil and gas in large quantities and will do so for decades to come. This provides an opportunity for the Company to ensure its core business is able to supply these necessary resources, but to also ensure it is aligned with community and shareholder expectations for participation in the new energy economy.

This is an ongoing focus for the Company to ensure it is able to use its capital and expertise to remain relevant and profitable in the future. The Company has a strong cash position and is now debt free. It has a significant farm-in commitment from Origin Energy, with a low level of commitment expenditure obligations. The Company also has income from its Ungani Oilfield operations.

During the COVID-19 pandemic restrictions in 2020 the Company substantially reduced its overhead and operating expenditures and ceased all discretionary expenditures, and consequently has retained a robust balance sheet.

The Company is in a strong position to add significant value through its planned exploration and development activities in the coming year and to participate in the integrated energy economy in the future.

Corporate Governance and Risk Management

The principles governing the actions of the Board and the employees of the Company are in accordance with the ASX core principles of corporate governance. The Company's full Corporate Governance Statement can be found on the Company's website, at https://www.buruenergy.com/site/about-us/corporate-governance.

The Company also has in place policies that cover the principal actions under its Corporate Governance Statement and these may also be found on the Company's website.

Climate Change

The Board considers the potential impact of climate change in its oversight of the Company's strategy. The Company recognises that human activity, including burning fossil fuels, is contributing to increased levels of carbon dioxide in the atmosphere that modelling suggests can lead to changes in the global climate. The Company recognises that society is transitioning towards a low-carbon future and supports this goal. As an oil exploration and production company, Buru Energy is conscious of the need to monitor the legislative responses to climate change and the ways in which the energy transition might affect the business of the Company. Even in the most ambitious energy transition scenarios, this shift will be gradual. Oil and gas will continue to play an important role in the global economy for decades to come, and new sources of oil and gas supply are required for a sustainable energy transition. The Company therefore continues with a strategy of monetising its oil and gas assets through exploration, appraisal, development and production, and continues to seek opportunities to integrate this activity with emerging renewable projects.

The Company is also actively seeking to reduce or offset its Scope 1 and Scope 2 emissions, particularly in ways that directly benefit the Kimberley community.

Review of Operations

Health, Safety and Environment

The Company's onshore operations are regulated by numerous agencies and authorities, principally the Department of Mines, Industry, Resources and Safety (DMIRS) under the Petroleum and Geothermal Energy Resources Act 1967 (PGER Act) and the Petroleum Pipelines Act 1969 and associated regulations. Other regulators include the Department of Water and Environmental Regulation (DWER) under the Rights and Water and Irrigation Act 1914 and the Environmental Protection Act 1986 and a number of other agencies and regulations.

Health, safety and environmental approvals from the various agencies are required to be in place prior to undertaking any petroleum activities. During all activities, the Company implements a structured internal environmental audit process to identify opportunities for improvement and measurement of HSE performance. Regular external audits and inspections are also undertaken by regulatory agencies to measure compliance against HSE approvals.

During 2020, Buru Energy was not aware of any material non-compliance in relation to health safety or environmental legislation.

Traditional Owner Engagement

No petroleum activity can be conducted on the Company's licences and permits without the involvement and consent of the Traditional Owners of the areas, and Buru has never accessed an area without this consent.

A number of Nyikina Mangala, Yawuru and Warrwa Aboriginal employees work at the Ungani Oilfield and support our Kimberley operations more generally. The Company continues to comply with the relevant Ungani Traditional Owner agreements and is exceeding its targets for Aboriginal employment including recruiting an additional Aboriginal employee at our Ungani Oilfield during 2020. Buru also provides support for local Aboriginal ranger groups for key areas in which it operates and gives preference to contracting local Kimberley Aboriginal businesses to provide services.

The Directors present their report together with the consolidated financial statements of the Group comprising Buru Energy Limited (Buru Energy or Group) and its subsidiaries for the year ended 31 December 2020, and the auditor's report thereon. The remuneration report for the year ended 31 December 2020 on pages 19 to 22 forms part of the Directors' report.

Samantha Tough, Malcolm King, Robert Willes, Joanne Kendrick and Eric Streitberg.

Directors' Report

For the year ended 31 December 2020

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Eric Streitberg **Executive Chairman** Eric is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists. He is a Certified Petroleum Geologist and Geophysicist and holds a Bachelor of Science (App. Geoph.) from the University of Queensland.	Eric has more than 40 years of experience in petroleum geology and geophysics, oil and gas exploration and oil and gas company management. He was a founding shareholder and held the position of Managing Director of ARC Energy Limited which was transformed from a junior oil and gas exploration company into a mid-size Australian oil and gas producer. He was also the founding shareholder and Managing Director of Discovery Petroleum which was a key participant in the renaissance of the Perth Basin as a significant gas producer until the takeover of that company in 1996. Prior to that he held various senior international exploration roles with Occidental Petroleum and BP. He was a founding shareholder and Non-executive Director of Adelphi Energy Limited from 2005 until its takeover in 2010. Eric is a Director and past Chair of the Australian Petroleum Production and Exploration Association and has also chaired the APPEA Exploration and Environment Committees. He is a past Chair of the Marine Parks and Reserves Authority of Western Australia. Eric has been a Director since October 2008 and has been the Executive Chairman since May 2014. He was previously a member of the Audit and Risk Committee and the Remuneration and Nomination Committee until 25 February 2021.
Ms Eve Howell **Independent Non-executive Director** (Retiring on 31 March 2021) Eve holds a Bachelor of Science (Geology and Mathematics) from King's College, London and an MBA from Heriot Watt University, Edinburgh. She is a Graduate of the Australian Institute of Company Directors.	Eve has over 40 years of technical and executive experience in the oil and gas industry, initially with Amoco Europe. In Australia, she worked for Apache Energy Ltd in roles including Managing Director and then with Woodside Energy Ltd as Executive Vice President North West Shelf (NWS) and CEO of the NWS Venture. Eve is currently a director of MMA Offshore Ltd. She has previously served as a director of Downer EDI Ltd, Tangiers Petroleum Ltd, Fremantle Port Authority, the Australian Petroleum Production and Exploration Association and President of the Australian Mines and Metals Association. Eve has been a Director since July 2014, is the Chairperson of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee. Ms Howell has given notice to the Company that she will retire from the Board and all Committees as of 31 March 2021.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Ms Joanne Kendrick **Independent Non-executive Director** (Appointed 22 February 2021) Joanne is a Petroleum/Reservoir Engineer holding a Bachelor of Engineering (Hons) from the University of Adelaide and is a member of the Australian Institute of Company Directors.	Joanne is an experienced industry professional with more than 25 years' experience in technical and executive roles with Woodside Petroleum, Newfield Exploration, Gulf Canada, Clyde Petroleum and Nido Petroleum. Joanne has been directly responsible for managing production operations, exploration drilling and development projects, capital raisings, asset transactions and joint venture interests throughout her career; including as Deputy Managing Director at ASX-listed Nido Petroleum for seven years. She is currently the Managing Director of Blue Star Helium, a Perth-based helium exploration and development company focused on activities in North America. Joanne is a member of the Audit and Risk Committee.
Mr Malcolm King **Independent Non-executive Director** (Appointed 22 February 2021) Malcolm has a Bachelor of Applied Science (Geology) degree from the University of Southern Queensland and a Master of Science (Petroleum Geology) from the University of Aberdeen, Scotland. He is a Member of Australian Institute of Company Directors and a graduate of the Australian Institute of Company Directors Director Program.	Malcolm has 35 years of upstream oil and gas experience, mostly with Shell in technical, commercial and leadership roles across Asia and Australia. His Shell experience spans the exploration & production and gas & power businesses, participating in and leading exploration and M&A campaigns, and working extensively in LNG operations, business development and market development. More recently Malcolm led Senex Energy's commercial and business development functions for the Cooper Basin oil and Queensland coal seam gas businesses. He currently provides consulting services to the energy industry and is an independent director on the board of Triangle Energy (Global) Ltd. Malcolm is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.
Ms Samantha Tough **Independent Non-executive Director** (Appointed 23 February 2021) Samantha completed a Bachelor of Laws and Bachelor of Jurisprudence at the University of Western Australia. She is a Fellow of the Australian Institute of Company Directors.	Samantha worked as a barrister and solicitor before progressing to the commercial sector and has extensive experience across the energy and resources sectors. She held senior executive roles at Woodside Petroleum, Hardman Resources and the Commonwealth Bank. She is a director of the Clean Energy Finance Corporation and COAG National Energy Selection Panel. She is the Pro Vice Chancellor of Engagement at the University of Western Australia and Chair of Horizon Power. She has detailed knowledge of regional Western Australia and has served on the boards of several businesses and non-government organisations. Samantha brings to Buru a broad understanding of the oil and gas industry and a strong contribution to Buru's ability to access the wider opportunities in the energy sector. Samantha is a member of the Remuneration and Nomination Committee and will assume the role of Chair following Eve Howell's pending retirement on 31 March 2021.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Robert Willes **Independent Non-executive Director** Robert is a Graduate of the Australian Institute of Company Directors and member of the Association of International Petroleum Negotiators. He holds an Honours Degree in Geography from Durham University in the UK and has completed Executive Education Programmes at Harvard Business School in the USA and Cambridge University in the UK.	Robert has over 30 years of extensive international experience in the oil and gas and energy industries, covering senior commercial and leadership positions with BP as well as ASX and government board roles. His BP career included exploration & production, gas & power and global M&A, with responsibility for numerous complex deals such as divestments, farm-ins, asset swaps, new acreage bids, unitisations, gas and LNG sales. A former Managing Director of Challenger Energy Ltd and CEO of Eureka Energy Limited, Robert is also a director of the Mid West Ports Authority and has served on a number of boards including the Australian Petroleum Production and Exploration Association, North West Shelf Gas Pty Ltd, North West Shelf Liaison Co. Pty Ltd, North West Shelf Australia LNG Pty Ltd, North West Shelf Shipping Services Co. Pty Ltd, Carbon Reduction Ventures Pty Ltd and Perth Centre for Photography. Robert has been a Director since July 2014, is the Chairperson of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Company Secretary

Mr Shane McDermott, CA, AGIA, BComm (Accounting and Finance) has an accounting and auditing background having worked at a large international accounting practice before joining Buru Energy in 2009. Mr McDermott has been Company Secretary since 2011 and is the Chief Financial Officer of the Company. He is a member of the Institute of Chartered Accountants Australia and an Associate of the Governance Institute of Australia.

Board and Committee Meetings

The number of Board and Committee meetings and the number of meetings attended by each of the Directors of the Company during the year were:

Meeting	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Eric Streitberg	14	14	5	5	3	3
Eve Howell	14	14	5	5	3	3
Robert Willes	14	14	5	5	3	3

Principal Activities

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin, in the northwest of Western Australia. There were no significant changes in the nature of the Group's principal activities during the period.

Review of Operations

The Review of Operations for the year ended 31 December 2020 is set out on pages 3 to 10 and forms part of this Directors' Report.

Operating Results

The consolidated loss of the Group after providing for income tax for the year ended 31 December 2020 was $28,823,000 which included a one off non-cash impairment to capitalised development expenditure of $20,000,000 (31 December 2019: loss of $27,534,000 which included a one off non-cash impairment to capitalised exploration expenditure of $6,036,000).

Financial Position

The net assets of the Group totalled $38,605,000 as at 31 December 2020 (31 December 2019: $67,428,000).

Dividends

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

Significant Changes in the State of Affairs

No significant change in the state of affairs of the Group occurred during the period other than already referred to elsewhere in this report.

After Balance Date Events

Other than the appointment of three additional non-executive Directors in February, no significant events have occurred subsequent to balance date that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- The Group's operations; or
- The results of those operations; or
- The Group's state of affairs.

Likely Developments

The Group's likely developments in its operations in future financial years and the expected results of those operations have been included generally in the Review of Operations. Other than as disclosed elsewhere, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed.

Environmental Regulations

Buru Energy is subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its oil and gas exploration and production activities. DMIRS is the primary regulator in Western Australia for petroleum activities though the Group's activities are also regulated by DWER. The Directors actively monitor compliance with these regulations. As at the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

Directors' Interests

The relevant interest of each Director in the shares or options issued by the Company, as notified by the Directors to the ASX in accordance with s205G(1) of the *Corporations Act 2001*, at the date of this report were as follows:

Directors	Ordinary Shares	Unlisted Options
Eric Streitberg	21,225,409	-
Eve Howell	294,000	-
Robert Willes	132,000	-
Malcolm King	-	-
Joanne Kendrick	-	-
Samantha Tough	-	-
Total	**21,651,409**	**-**

Share Options

At the date of this report, the unissued shares of the Company under option (all of which are unlisted and held by employees of the Company) were as follows:

Date of Expiry	Exercise Price	Number of shares under Option
31 December 2021	$0.40	4,850,000
31 December 2023	$0.23	8,000,000

All share options are over ordinary shares in the Company. All options are unlisted and expire on the earlier of their expiry date or within 30 days from termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details about options granted to senior executives during the financial year are included in the Remuneration Report on pages 19 to 22.

Subsequent to the end of the reporting period, and included in the table above, a total of 8,000,000 unlisted options have been granted to employees of the Company under the terms of the Company's Employee Share Option Plan (ESOP). No options have been granted to the Executive Chairman or any other Director.

Indemnification and Insurance of Officers

The Company has agreed to indemnify all current Directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year, the Company has paid insurance premiums of $109,335 (2019: $98,615) in respect of Directors' and officers' liability. The premiums cover current and former Directors and officers, including senior executives of the Company and Directors and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Proceedings on Behalf of Company

No person has applied for leave from any Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

Non-audit Services

During the period, the Company's auditor did not perform any other services in addition to their statutory full year audit, half year review, Joint Venture audits and royalty audits. During the year ended 31 December 2020, the amount paid or payable to the Group's auditor (KPMG Australia) for statutory and other audit and review services totalled $88,667 (2019: $88,667).

Qualified Petroleum Resources Evaluator Statement

Except where otherwise noted, information in this Annual Report 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.

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the year ended 31 December 2020.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Consolidated Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Mr Eric Streitberg
Executive Chairman
Perth
17 March 2021

Mr Robert Willes
Non-executive Director
Perth
17 March 2021

Principles of remuneration - Audited

The Directors present their Remuneration Report for Buru Energy for the year ended 31 December 2020. This remuneration report outlines the remuneration arrangements of the Company's Directors and other key management personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and its Regulations. In accordance with section 308(3C) of the *Corporations Act 2001*, the Remuneration Report has been audited and forms part of the Directors' Report.

KMP have the authority and responsibility for planning, directing and controlling the activities of the Group and comprise the Directors, executives and senior management in accordance with s300A of the *Corporations Act 2001*.

Remuneration levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The remuneration structures explained below are designed to reward the achievement of the Company's strategic objectives and achieve the broader outcome of the creation of shareholder value. The Company's remuneration structures take into account:

- the capability and experience of KMP; and
- the Group's corporate, operational and financial performance.

Remuneration packages include a mix of fixed and variable remuneration, and short and long term performance based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors, executive and senior management remuneration is competitive in the market place. Remuneration is also reviewed on promotion.

Performance linked remuneration

Performance linked remuneration includes both short term and long term incentives, and is designed to reward KMP for meeting or exceeding the Company's expectations and agreed objectives. Any short term incentive (STI) is an 'at risk' bonus provided in the form of cash, while any long term incentive (LTI) is provided under the Employee Share Option Plan (ESOP). The LTIs are structured to ensure that incentives are appropriately aligned to sustainable shareholder value creation.

Short term incentive bonuses

The payments of any STI bonuses are linked to the fulfilment of key performance indicators (KPIs). The KPIs are designed to promote shareholder value creation and include financial and non-financial measures. The financial and non-financial KPIs include base and stretch targets related to health and safety results, production levels, exploration outcomes and share price appreciation. All STI bonuses are subject to Board approval.

Long-term incentive bonuses

The Remuneration and Nomination Committee considers that an LTI scheme structured around equity-based remuneration is necessary to attract and retain the highest calibre of professionals to the Group, whilst preserving the Group's cash reserves. The purpose of these schemes is to align the interests of KMP with shareholders and to reward, over the medium term, KMP for delivering value to shareholders through share price appreciation.

Options are issued under the ESOP in accordance with the thresholds set in the plan approved by shareholders. The number of options available to be issued under the ESOP is limited to 5% of the total number of ordinary shares in the Company. The options are issued for no consideration and vest immediately. All options refer to options over ordinary shares of Buru Energy Limited which are exercisable on a one for one basis.

Consequences of performance on shareholder wealth

The Board considers that the most effective way to increase shareholder wealth is through the successful exploration and development of the Group's oil and gas exploration permits and increasing production at the Group's production licenses. The Board considers that the Group's LTI schemes incentivise KMP to achieve these outcomes by providing rewards, over the short and long term that are directly correlated to delivering value to shareholders through share price appreciation. The Company's relative share price performance is the primary measure when the Board considers the effectiveness of STI and LTI remuneration consequences on shareholder wealth.

Service contracts

The employment contract with the Executive Chairman, Mr Eric Streitberg, is unlimited in term but capable of termination with three months' notice by either party, or by payment in lieu thereof at the discretion of the Company.

Service contracts with all other current non-Director KMP are unlimited in term but capable of termination on three months' notice by either party, or by payment in lieu thereof at the discretion of the Company.

The Remuneration & Nomination Committee determined the amount of remuneration payable to KMP under each agreement. KMP are also entitled to receive their contractual and statutory entitlements including accrued annual and long service leave, together with any superannuation benefits, on termination of employment. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by KMP and any changes required to meet the principles of the Group's remuneration policy.

Services from remuneration consultants

There were no services received from remuneration consultants during the period.

Non-executive Directors

Total fixed remuneration for all Non-executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed $600,000 per annum. The Non-executive Directors' base fee is $96,000 plus statutory superannuation per annum. The Chairman's base fee is ordinarily $150,000 plus statutory superannuation per annum, however the current Chairman, Mr Streitberg, is not eligible for this remuneration as he is not acting in a non-executive capacity. An additional fee of $7,400 plus statutory superannuation per annum is payable for Non-executive Directors being a member of a Committee and the fee for chairing a Committee is $14,600 plus statutory superannuation.

During the year, in response to the pandemic crisis, the collapse in the price of oil, and the loss of stock market value, the fees paid to the Non-executive Directors were reduced to 60% of prior levels, and the Executive Chairman's salary was reduced to 45% of prior levels from 1 April. In light of the recovery in the sector and the high level of corporate activity towards the last quarter of the year, the Non-executive Directors remuneration was restored to prior levels from October 2020 and the Executive Chairman's salary was adjusted to 80% of prior levels from 1 September 2020.

Key Management Personnel Remuneration - Audited

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the consolidated entity are:

		Short term					Post-employment	Other long term		Share-based payments			
		Salary & Fees	Annual leave	STI cash bonus (A)	Non-monetary benefits (B)	Total	Superannuation benefits	Long service leave accrued	Termination benefits	ESOP (C)	Total	s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
Non-executive Directors													
Ms E Howell, NED	2020	94,400	-	-	-	**94,400**	8,968	-	-	-	**103,368**	0.00%	0.00%
	2019	117,558	-	-	-	**117,558**	11,168	-	-	-	**128,726**	0.00%	0.00%
Mr R Willes, NED	2020	94,400	-	-	-	**94,400**	8,968	-	-	-	**103,368**	0.00%	0.00%
	2019	117,558	-	-	-	**117,558**	11,168	-	-	-	**128,726**	0.00%	0.00%
Total Non-executive Directors' Remuneration	**2020**	**188,800**	**-**	**-**	**-**	**188,800**	**17,936**	**-**	**-**	**-**	**206,736**	**0.00%**	**0.00%**
	2019	**235,116**	**-**	**-**	**-**	**235,116**	**22,336**	**-**	**-**	**-**	**257,452**	**0.00%**	**0.00%**
Executive Directors													
Mr E Streitberg, Executive Chairman	2020	419,300	33,686	-	20,147	**473,133**	41,602	14,337	-	-	**529,072**	0.00%	0.00%
	2019	579,462	47,692	-	18,285	**645,439**	58,900	12,132	-	-	**716,471**	0.00%	0.00%
Total Directors' Remuneration	**2020**	**608,100**	**33,686**	**-**	**20,147**	**661,933**	**59,538**	**14,337**	**-**	**-**	**735,808**		
	2019	**814,578**	**47,692**	**-**	**18,285**	**880,555**	**81,236**	**12,132**	**-**	**-**	**973,923**		
Executives													
Mr S McDermott, Chief Financial Officer & Company Secretary	2020	235,090	19,452	-	5,721	**260,263**	24,023	5,573	-	-	**289,859**	0%	0%
	2019	262,481	22,231	3,613	5,297	**293,621**	27,360	6,689	-	32,679	**360,350**	10.07%	9.07%
Mr A Forcke, General Manager - Commercial	2020	237,200	36,727	-	8,699	**282,626**	23,317	2,400	-	-	**308,343**	0%	0%
	2019	337,983	27,462	4,463	7,624	**377,532**	33,804	882	-	32,679	**444,897**	8.35%	7.35%
Mr K Waddington, Chief Operating Officer	2020	315,400	25,538	-	6,393	**347,331**	31,540	9,669	-	-	**388,540**	0%	0%
	2019	247,297	21,282	4,150	5,076	**277,805**	26,283	11,732	-	32,679	**348,499**	10.57%	9.38%
Total Executive Officer Remuneration	**2020**	**787,690**	**81,717**	**-**	**20,813**	**890,220**	**78,880**	**17,642**	**-**	**-**	**986,742**		
	2019	**847,761**	**70,975**	**12,226**	**17,997**	**948,959**	**87,447**	**19,303**	**-**	**98,037**	**1,153,746**		
Total Directors and Executive Officer Remuneration	**2020**	**1,395,790**	**115,403**	**-**	**40,960**	**1,552,153**	**138,418**	**31,979**	**-**	**-**	**1,722,550**		
	2019	**1,662,339**	**118,667**	**12,226**	**36,282**	**1,829,514**	**168,683**	**31,435**	**-**	**98,037**	**2,127,669**		

Notes in relation to the table of KMP remuneration

A. Non-monetary benefits to KMP relate to the provision of car parking, life insurance and salary continuance insurance.

Loans to Key Management Personnel

There were no loans outstanding at the end of the period to key management personnel or their related parties.

Shares held by Key Management Personnel

KMP	Held at 1 Jan 20	Granted as remuneration	Exercise of options	Purchased	Sold	Held at 31 Dec 20
Mr E Streitberg	21,225,409	-	-	-	-	21,225,409
Ms E Howell	294,000	-	-	-	-	294,000
Mr R Willes	132,000	-	-	-	-	132,000
Mr S McDermott	100,000	-	-	-	-	100,000
Mr A Forcke	1,000,000	-	-	-	-	1,000,000

Analysis of share based payments - ESOP

The movement during the period by number of options granted under the ESOP to KMP during the period is detailed below.

KMP	Held at 1 Jan 20	Granted as remuneration	Exercised	Lapsed / Forfeited	Held at 31 Dec 20	Vested during the year	Vested and exercisable
Mr S McDermott	600,000	-	-	(300,000)	300,000	-	300,000
Mr A Forcke	600,000	-	-	(300,000)	300,000	-	300,000
Mr K Waddington	600,000	-	-	(300,000)	300,000	-	300,000

No share options were granted during the year. The share options that lapsed during the year were options granted on 3 August 2018 and expired on 31 December 2020.

Subsequent to the end of the reporting period, a total of 8,000,000 unlisted options were granted to employees of the Company under the terms of the ESOP. This included 2,250,000 unlisted options to KMPs. No options have been granted to the Executive Chairman or any other Director. The options have an exercise price of $0.23 and an expiry date of 31 December 2023. All options vested immediately and were exercisable from the grant date of 19 February 2021. No terms of options granted as remuneration to a KMP have been altered or modified by the issuing entity during the reporting period or the prior period. During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

KPMG

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 audit of Buru Energy Limited for the financial year ended 31 December 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
17 March 2021

Consolidated Statement of Financial Position

As at 31 December 2020

in thousands of AUD	Note	31 December 2020	31 December 2019
Current Assets			
Cash and cash equivalents	12a	21,428	32,417
Trade and other receivables	10	5,926	964
Inventories	11	1,743	3,610
Total Current Assets		**29,097**	**36,991**
Non-Current Assets			
Oil and gas assets	6	19,328	41,966
Exploration and evaluation expenditure	7	-	720
Property, plant and equipment	8	3,532	3,552
Financial assets	9	-	53
Total Non-Current Assets		**22,860**	**46,291**
Total Assets		**51,957**	**83,282**
Current Liabilities			
Trade and other payables	15	4,744	5,475
Lease liabilities	8	1,244	1,210
Loans and borrowings	16	-	2,000
Provisions	17	1,812	1,570
Total Current Liabilities		**7,800**	**10,255**
Non-Current Liabilities			
Lease Liabilities	8	878	964
Provisions	17	4,674	4,635
Total Non-Current Liabilities		**5,552**	**5,599**
Total Liabilities		**13,352**	**15,854**
Net Assets		**38,605**	**67,428**
Equity			
Contributed equity		271,857	271,857
Reserves		528	1,094
Accumulated losses		(233,780)	(205,523)
Total Equity		**38,605**	**67,428**

The notes on pages 28 to 56 are an integral part of these consolidated financial statements

Consolidated Statement of Comprehensive Income or Loss

For the year ended 31 December 2020

in thousands of AUD	Note	31 December 2020	31 December 2019
Revenue	2	11,304	13,776
Cost of sales		(6,853)	(7,425)
Movement in crude inventories		(944)	1,199
Amortisation of oil and gas assets	6	(5,746)	(5,476)
Gross profit / (loss)		**(2,239)**	**2,074**
Exploration and evaluation expenditure		(3,453)	(16,879)
Impairment of exploration expenditure	7	(720)	(6,036)
Impairment of oil and gas expenditure	6	(20,000)	-
Increase in provisions against inventories	11	(907)	(907)
Corporate and administrative expenditure	3	(1,676)	(5,870)
Share based payment expenses	18	-	(638)
Movement in fair value of financial assets	9	(53)	13
Results from operating activities		**(29,048)**	**(28,243)**
Net finance income / (expense)	4	225	709
Profit / (loss) before income tax		**(28,823)**	**(27,534)**
Income tax expense	5	-	-
Total comprehensive income / (loss)		**(28,823)**	**(27,534)**
Earnings / (loss) per share (cents) and diluted earnings / (loss) per share (cents)	14	**(6.67)**	**(6.37)**

The notes on pages 28 to 56 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

in thousands of AUD	Share capital $	Share based payment reserve $	Retained losses $	Total equity $
Balance as at 1 January 2019	**271,857**	**919**	**(178,452)**	**94,324**
Comprehensive loss for the period				
Loss for the period	-	-	(27,534)	**(27,534)**
Total comprehensive loss for the period	**-**	**-**	**(27,534)**	**(27,534)**
Transactions with owners recorded directly in equity				
Share based payment transactions	-	638	-	**638**
Share options exercised or forfeited	-	(463)	463	**-**
Total transactions with owners recorded directly in equity	**-**	**175**	**463**	**638**
Balance as at 31 December 2019	**271,857**	**1,094**	**(205,523)**	**67,428**

in thousands of AUD	Share capital $	Share based payment reserve $	Retained losses $	Total equity $
Balance as at 1 January 2020	**271,857**	**1,094**	**(205,523)**	**67,428**
Comprehensive loss for the period				
Loss for the period	-	-	(28,823)	**(28,823)**
Total comprehensive loss for the period	**-**	**-**	**(28,823)**	**(28,823)**
Transactions with owners recorded directly in equity				
Share based payment transactions	-	-	-	**-**
Share options forfeited	-	(566)	566	**-**
Total transactions with owners recorded directly in equity	**-**	**(566)**	**566**	**-**
Balance as at 31 December 2020	**271,857**	**528**	**(233,780)**	**38,605**

The notes on pages 28 to 56 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

in thousands of AUD	Note	31 December 2020	31 December 2019
Cash flows from operating activities			
Cash receipts from sales		11,304	15,384
Cash receipts from JobKeeper Payment scheme	3	1,060	-
Payments to suppliers and employees		(9,164)	(10,534)
Payments for exploration and evaluation		(5,397)	(18,115)
Net cash outflow from operating activities	12b	**(2,197)**	**(13,265)**
Cash flows from investing activities			
Interest received		323	1,539
Payments for plant and equipment		-	(300)
Payments for exploration and evaluation		-	(720)
Payments for oil and gas development		(5,694)	(14,384)
Net cash outflow from investing activities		**(5,371)**	**(13,865)**
Cash flows from financing activities			
Payment of lease liabilities		(1,326)	(1,090)
Repayment of loan and interest	16	(2,086)	(3,225)
Net cash outflow from financing activities		**(3,412)**	**(4,315)**
Net decrease in cash and cash equivalents		**(10,980)**	**(31,445)**
Cash and cash equivalents at the beginning of the period		32,417	64,011
Effect of exchange rate changes on cash and cash equivalents		(9)	(149)
Cash and cash equivalents at end of the period	12a	**21,428**	**32,417**

The notes on pages 28 to 56 are an integral part of these consolidated financial statements

Notes to the Financial Statements

For the year ended 31 December 2020

Basis of Preparation

Buru Energy Limited (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 consolidated financial statements of the Company as at, and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in jointly controlled entities. The Group is primarily involved in oil and gas exploration and production in the Canning Basin in the Kimberley region of northwest Western Australia.

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Significant accounting policies and key judgements and estimates of the Group that summarise the measurement basis used and assist in understanding the financial statements are described in the relevant note to the financial statements or are otherwise provided in this section. The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). The financial statements were approved by the Board of Directors on 17 March 2021. The accounting policies have been applied consistently by Group entities to all periods presented in these consolidated financial statements. The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Financial assets are measured at fair value; and
- Share-based payments are measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Consolidated Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is each of the Group entities' functional currency. Transactions in foreign currencies are translated to Australian dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS 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. Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

- Note 5 – Recognition of tax losses
- Note 6 – Oil and gas assets
- Note 7 – Exploration and evaluation expenditure
- Note 8 - Right-of-use assets
- Note 17 – Provisions
- Note 18 – Measurement of share-based payments

Results for the Year

This section explains the results and performance of the Group including additional information about those individual line items in the financial statements most relevant in the context of the operations of the Group, including accounting policies that are relevant for understanding the items recognised in the financial statements and an analysis of the Group's result for the year by reference to key areas, including operating segments, revenue, expenses, employee costs, taxation and earnings per share.

1. Segment Information

An operating segment is a component of Buru Energy that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of Buru Energy's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman, Chief Financial Officer and other executives to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Executive Chairman and Chief Financial Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group has only one reportable geographical segment being the Canning Basin in northwest Western Australia. The reportable operating segments are based on the Group's strategic business units: oil production and exploration. The following summary describes the operations in each of the Group's reportable operating segments:

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

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

Profit or loss	**Oil Production**		**Exploration**		**Unallocated**		**Total**	
in thousands of AUD	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**
External revenues	11,304	13,776	-	-	-	-	**11,304**	**13,776**
Cost of sales	(6,853)	(7,425)	-	-	-	-	**(6,853)**	**(7,425)**
Movement in crude inventories	(944)	1,199					**(944)**	**1,199**
Amortisation of oil and gas assets	(5,746)	(5,476)	-	-	-	-	**(5,746)**	**(5,476)**
Gross Profit / (Loss)	**(2,239)**	**2,074**	**-**	**-**	**-**	**-**	**(2,239)**	**2,074**
Exploration and evaluation expenditure	-	-	(3,453)	(16,879)	-	-	**(3,453)**	**(16,879)**
Impairment of exploration and evaluation expenditure	-	-	(720)	(6,036)	-	-	**(720)**	**(6,036)**
Impairment of oil and gas expenditure	(20,000)	-	-	-	-	-	**(20,000)**	**-**
Increase in provisions against inventories	-	-	(907)	(907)	-	-	**(907)**	**(907)**
Depreciation expense	-	-	-	-	(1,288)	(1,403)	**(1,288)**	**(1,403)**
Corporate and administrative expenditure	-	-	-	-	(388)	(4,467)	**(388)**	**(4,467)**
Share based payment expenses	-	-	-	-	-	(638)	**-**	**(638)**
Movement in fair value of financial assets	-	-	-	-	(53)	13	**(53)**	**13**
EBIT	**(22,239)**	**2,074**	**(5,080)**	**(23,822)**	**(1,729)**	**(6,495)**	**(29,048)**	**(28,243)**
Net finance income / (expense)	-	-	-	-	225	709	**225**	**709**
Reportable segment profit / (loss) before tax	**(22,239)**	**2,074**	**(5,080)**	**(23,822)**	**(1,504)**	**(5,786)**	**(28,823)**	**(27,534)**

Total Assets	Oil Production		Exploration		Unallocated		Total	
in thousands of AUD	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**	**Dec 20**	**Dec 19**
Current assets	337	1,199	1,488	2,411	27,272	33,381	**29,097**	**36,991**
Oil and gas assets	19,328	41,966	-	-	-	-	**19,328**	**41,966**
Exploration and evaluation assets	-	-	-	720	-	-	**-**	**720**
Property, plant and equipment	-	-	-	-	3,532	3,552	**3,532**	**3,552**
Financial assets	-	-	-	-	-	53	**-**	**53**
Total Assets	**19,665**	**43,165**	**1,488**	**3,131**	**30,804**	**36,986**	**51,957**	**83,282**
Capital Expenditure	**3,108**	**15,927**	**-**	**720**	**-**	**140**	**3,108**	**16,787**
Total Liabilities								
Current liabilities	4,067	4,330	1,691	2,412	2,042	3,513	**7,800**	**10,255**
Lease liabilities (Non-current)	615	964	176	-	87	-	**878**	**964**
Loans and borrowings (Non-current)	-	-	-	-	-	-	**-**	**-**
Provisions (Non-current)	1,503	1,381	2,876	3,016	295	238	**4,674**	**4,635**
Total Liabilities	**6,185**	**6,675**	**4,743**	**5,428**	**2,424**	**3,751**	**13,352**	**15,854**

2. Revenue

in thousands of AUD	**31 Dec 2020**	**31 Dec 2019**
Sales of crude oil	11,716	13,265
Timing effect of revenue	(412)	511
	11,304	13,776

Accounting Policy

Revenue is recognised when a customer obtains control of the goods of services. Under the existing contract, the sale of oil is recognised on Free on Board (FOB) terms, whereby the customer obtains control of the oil as it is loaded onto the vessel. Revenue from the sale of crude oil in the course of ordinary activities is recognised in the income statement at the consideration in the contract received or receivable. The price received FOB Wyndham represents the realised Brent linked oil price less the buyer's marine transport discount. Contract terms for crude sales allow for a final price adjustment after the date of sale, based on average Brent Platts in the month the crude is sold and final volume. The adjustment between the provisional and final price is separately disclosed as timing effect of revenue. Payment terms for invoices are thirty days from the Bill of Lading date.

3. Corporate and Administrative Expenditure

in thousands of AUD	31 Dec 2020	31 Dec 2019
Corporate and other administration expenses	1,676	5,870

The above expense excludes share-based payments disclosed at note 18.

Corporate and administrative expenditure was significantly reduced during the year as the Company took decisive cost cutting measures to preserve the Company's balance sheet. Corporate and office staff including the Executive Chairman and the Board had their remuneration reduced between 20% to 75% for up to 6 months, and other non-personnel overheads were also reduced to the full extent practicable.

As part of its response to COVID-19, the Australian Government announced various stimulus measures resulting from the economic fallout from the coronavirus lockdown. One such stimulus measure was the payment of subsidies to qualifying employers under the JobKeeper Payment scheme (JobKeeper). The initial JobKeeper payments were a wage subsidy whereby employers who qualified for the stimulus received $1,500 per fortnight for each eligible employee who was employed by the company during the period April 2020 to September 2020. In July 2020, the Australian Government announced it would extend JobKeeper until December 2020 at $1,200 per fortnight and to March 2021 at $1,000 per fortnight, targeting support to those businesses which continue to be significantly impacted. The Company qualified for the JobKeeper Payment scheme for the period April 2020 to December 2020. However, as a result of improving global crude oil prices, the Company will not qualify for the period January 2021 to March 2021.

JobKeeper payments are government grants and are accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The Company has determined that it is eligible to receive the initial JobKeeper payments, which totalled $1,060,000 in the period to 31 December 2020. Employee expenses in the period have been presented net of the JobKeeper payments received.

Total personnel expenses for the 2020 year amounted to $6,580,000, (2019: $9,129,000) prior to amounts received under the JobKeeper payment scheme and Joint Venture reimbursements. Net personnel expenses are included in Cost of Sales, Exploration and Evaluation Expenditure and Corporate and Administrative Expenditure.

4. Net Finance Income / (Expense)

in thousands of AUD	31 Dec 2020	31 Dec 2019
Finance Income		
Interest income on bank deposits and receivables	275	1,201
	275	1,201
Finance Expense		
Interest expense on borrowings (note 16)	(86)	(225)
Interest income / (expense) on lease liabilities	45	(118)
Net foreign exchange loss	(9)	(149)
	(50)	(492)
Net finance income / (expense) recognised in profit or loss	225	709

Accounting Policy

Finance income comprises interest income on funds invested (including financial assets). Interest income is recognised as it accrues in profit or loss, using the effective interest method. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

5. Taxation

in thousands of AUD	31 Dec 2020	31 Dec 2019
Current income tax		
Current income tax charge	-	-
Adjustments in respect of previous current income tax	-	-
	-	-
Deferred income tax		
Tax relating to origination and reversal of temporary differences	-	-
	-	-
Total income tax expense reported in equity	**-**	**-**
Numerical reconciliation between tax expense and pre-tax accounting profit		
Accounting profit / (loss) before tax	(28,823)	(27,534)
Income tax (expense) / benefit using the domestic corporation tax rate of 30%	8,647	8,260
(Increase) / decrease in income tax due to:		
Non-deductible expenses	(2)	(194)
Temporary differences and tax losses not brought to account as a DTA	(8,645)	(8,066)
Tax losses utilised	-	-
Income tax benefit / (expense) on pre-tax loss	-	-

Accounting Policy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Unrecognised net deferred tax assets

Net deferred tax assets have not been recognised in respect of the following items.

in thousands of AUD	31 Dec 2020	31 Dec 2019	Movement
Deferred tax assets			
Business related costs	1	3	(2)
Accruals	15	37	(22)
Provisions	1,962	1,861	101
Development expenditure	5,020	214	4,806
Exploration expenditure	216	-	216
Lease liabilities	637	652	(15)
Tax losses	46,200	42,602	3,598
Unrealised foreign exchange	22	-	22
	54,073	45,369	8,704
Deferred tax liabilities			
Property, plant and equipment	(310)	(328)	18
Investments in listed entities	(24)	(39)	15
Prepayments	-	-	
Rehabilitation	(474)	(431)	(43)
Lease assets	(644)	(616)	(28)
	(1,452)	(1,414)	(38)
Net DTA not brought to account	52,621	43,955	8,666

Accounting Policy

Deferred tax is not provided for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. In accordance with the group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about oil and gas prices, reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits.

Tax consolidation

The Company and its 100% owned entities have formed a tax consolidated group. Members of the consolidated entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

Tax effect accounting by members of the Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement are recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head entity, Buru Energy. In this regard, Buru Energy has assumed the benefit of tax losses from the member entities. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

6. Oil and Gas Assets

in thousands of AUD	31 Dec 2020	31 Dec 2019
Carrying amount at beginning of the period	41,966	31,398
Impairment of oil and gas assets	(20,000)	-
Development expenditure	3,108	15,927
Transfer from property, plant and equipment	-	117
Amortisation expense	(5,746)	(5,476)
Carrying amount at the end of the period	19,328	41,966

Accounting Policy

Oil and gas assets are measured at cost less amortisation and impairment losses. The assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date. The carrying amount of oil and gas assets is reviewed bi-annually. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and included in the profit or loss. Oil and gas assets are amortised over their estimated life according to the rate of depletion of the proved and probable hydrocarbon reserves. When no reserves are certified, oil and gas assets are amortised on a straight-line basis over their estimated useful life until such time when reserves are certified. Retention of petroleum assets is subject to meeting certain work obligations/ commitments.

The estimated quantities of proved and probable hydrocarbon reserves and resources reported by the group are integral to the calculation of amortisation (depletion) and assessments of possible impairments. Estimated reserves and resources quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves and resources. Management prepares estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves and resources may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. The Ungani Oilfield does not currently have certified reserves and is therefore currently being amortised on a straight-line basis over a 10 year period.

Impairment recorded against the Ungani Oilfield

As a result of the COVID-19 pandemic and the very significant fall in global crude prices during 2020, and lower production rates than expected from the Ungani 7 well, the Company conducted a detailed review of the recoverable amount of the Ungani Oilfield Cash Generating Unit (CGU) as at 30 June 2020 and 31 December 2020. These assessments indicated that the asset was unlikely to recover its pre-impairment carrying value in full and a non-cash impairment of $20,000,000 was recorded for the year ($16,250,000 at 30 June 2020 and $3,750,000 at 31 December 2020). The recoverable amount for the Ungani Oilfield CGU is based on a Fair Value Less Cost to Dispose (FVLCD) discounted cash flow calculation. This approach is categorised as a Level 3 fair value using the income approach, based on the inputs in the valuation technique, in accordance with AASB 13 Fair value measurement. The post-impairment carrying value of the Ungani Oilfield as at 31 December 2020 represents its recoverable amount. The FVLCD valuation will result in a higher fair value than the Value in Use (VIU) valuation.

The impairment assessment required management to make estimates regarding the present value of future cash flows. These estimates require significant management judgement and assumptions about expected production and sales volumes, oil prices, operating costs, future capital expenditure, rehabilitation costs and allocation of corporate costs. These estimates and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reversed with the impact recorded in the Consolidated Income Statement.

The basis for the estimates used to determine the recoverable amount of the Ungani Oilfield is set out below:

- Estimated production volumes are based on the estimated life of the asset as determined by management. Production volumes are influenced by further capital expenditure, production input costs and the estimated selling price of oil produced. The production rates used over the life of the asset in the FVLCD determinations range between 1,500 bopd and 1,000 bopd gross to the Joint Venture (Company's share 50%).
- The oil prices used in the FVLCD determinations are derived from a range of prices published by market commentators. Prices are adjusted for premiums and discounts based on the nature and quality of the product. The nominal Brent oil prices (US$/bbl) used were:

	2021	2022	2023	2024	2025	2026 – 2027
Oil price (US$/bbl)	$53	$57	$58	$60	$60	$64

- The foreign exchange rates used in the FVLCD determinations was $0.75 (US$:AU$) and was derived from rates published by market commentators.
- A pre-tax nominal discount rate of 11.5% was used. The discount rate was derived from the Company's estimated pre-tax nominal weighted average cost of capital (WACC), with appropriate adjustments made to reflect risks specific to the CGU, that are not in the underlying cash flows.
- An inflation rate of 2.5% was used.

The determination of FVLCD for the Ungani Oilfield was most sensitive to oil prices, foreign exchange rates and production volumes.

7. Exploration and Evaluation Expenditure

in thousands of AUD	**31 Dec 2020**	**31 Dec 2019**
Carrying amount at beginning of the period	720	6,036
Exploration assets acquired	-	720
Impairment of exploration expenditure	(720)	(6,036)
Movement in rehabilitation provision for exploration assets	-	-
Carrying amount at the end of the period	-	720

Accounting Policy

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well. An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field. Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets. The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

- tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- substantive expenditure on further exploration for and evaluation of resources in the specific area is not budgeted or planned; or
- exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made and any resultant impairment loss is recognised in the income statement. When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets. Determining the recoverability of exploration and evaluation expenditure capitalised requires estimates and judgements as to future events and circumstances, in particular, whether successful development and commercial exploitation or sale of the respective area of interest is likely. Critical to this assessment are estimates and assumptions as to the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement.

Impairment recorded against capitalised Exploration and Evaluation Expenditure

As a result of the COVID-19 pandemic and the very significant fall in global crude prices in early 2020, the EP 457 and EP 458 Joint Venture agreed to defer all discretionary on-ground exploration expenditure on these permits. Therefore, as at 30 June 2020 reporting date, an impairment expense of $720,000 against capitalised exploration and evaluation expenditure was recorded.

8. Property, Plant and Equipment (PPE)

in thousands of AUD	Plant and equipment	Right-of-use assets	Other	Cultural assets	Intangible Assets	Total
Cost						
Carrying amount at 1 Jan 2019	3,459	-	1,703	877	897	6,936
Adjustment on applying AASB 16	-	3,227	-	-	-	3,227
Additions	104	36	-	-	-	140
Disposals	(1,904)	-	(1,698)	-	(897)	(4,499)
Transfers	(253)	-	-	-	-	(253)
Balance at 31 Dec 2019	1,406	3,263	5	877	-	5,551
Carrying amount at 1 Jan 2020	1,406	3,263	5	877	-	5,551
Additions	-	1,273	-	-	-	1,273
Disposals	-	-	(5)	-	-	(5)
Balance at 31 Dec 2020	1,406	4,536	-	877	-	6,819
Depreciation						
Carrying amount at 1 Jan 2019	(1,873)	-	(1,659)	-	(897)	(4,429)
Depreciation for the period	(185)	(1,210)	(10)	-	-	(1,405)
Disposal	1,138	-	1,664	-	897	3,699
Transfer	136	-	-	-	-	136
Balance at 31 Dec 2019	(784)	(1,210)	(5)	-	-	(1,999)
Carrying amount at 1 Jan 2020	(784)	(1,210)	(5)	-	-	(1,999)
Depreciation for the period	(111)	(1,182)	5	-	-	(1,288)
Disposal	-	-	-	-	-	-
Balance at 31 Dec 2020	(895)	(2,392)	-	-	-	(3,287)
Carrying amounts						
At 31 December 2019	622	2,053	-	877	-	3,552
At 31 December 2020	511	2,144	-	877	-	3,532

Accounting Policy

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE and are recognised net in profit or loss. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of PPE are recognised in profit or loss as incurred. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of PPE, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative period are as follows:

- plant & equipment 10 – 30 years
- right-of-use assets 1 – 4 years
- other 3 – 20 years
- intangibles 5 years
- cultural assets not depreciated

The useful life, residual value and the depreciation method applied to an asset are reassessed at least annually. Heritage and cultural assets with the potential to be maintained for an indefinite period through conservation, restoration and preservation activities are considered to have an indefinite life and not depreciated.

The Group's accounting policy under AASB 16 as lessee is as follows:

For any new contracts entered into as a lessee, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluation criteria which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate of 3.00%.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease liabilities are shown directly on the statement of financial position (current and non-current).

9. Financial Assets

in thousands of AUD	31 Dec 2020	31 Dec 2019
Non-Current		
Financial assets - FVTPL	-	53
	-	53

The Group's financial assets fair value through profit or loss (FVTPL) comprise of Australian Securities Exchange (ASX) listed shares held in New Standard Energy Limited (NSE). NSE shares have been impaired during the year due to the extended period of inactivity from the company and its continued trading suspension on the ASX.

10. Trade and Other Receivables

in thousands of AUD	31 Dec 2020	31 Dec 2019
Accrued income	82	-
Interest receivable	23	70
Joint operation receivables	238	-
GST receivable	53	296
Prepayments	405	221
Receivable from Origin in recognition of past exploration costs (1)	1,000	-
Receivable from Origin in recognition of specific past well costs (2)	593	-
Receivable from Origin for initial payment towards farm-in (2)	3,407	-
Other receivables	125	377
Total	5,926	964

1 *In consideration for exploration expenditure incurred by Buru prior to the Origin farm-out, Origin agreed to make a one-off payment of $1,000,000 to Buru. This amount is payable upon DMIRS approval and registration of the permit transfers. Whilst DMIRS approval is still in progress, beneficial ownership, including the passing of risks and rewards of ownership, occurred on the farm-out completion date of 21 December 2020 and a receivable is recognised in the period.*

2 *By no later than 10 business days after the farm-out completion date of 21 December 2020, Origin was required to pay $4,000,000 representing a portion of the farm-in amount to Buru which is applied to Origin's obligation to pay the farm-in amount. Included in the $4,000,000 was $593,000 which related to specific well costs already incurred by the Group prior to 31 December 2020. Subsequent to the end of the reporting period, the total amount of $4,000,000 has been received in full.*

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in note 25.

11. Inventories

in thousands of AUD	31 Dec 2020	31 Dec 2019
Materials and consumables at net realisable value	1,488	2,411
Petroleum products at cost	255	1,199
	1,743	3,610

Accounting Policy

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Materials and consumables, which include drilling and maintenance stocks, are valued at the cost of acquisition which includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition; and
- Petroleum products, comprising extracted crude oil stored in tanks and pipeline systems, are valued using the full absorption cost method.

Materials and consumables are accounted for on a FIFO basis. During the year, the Group tested its inventories for impairment and wrote down materials and consumables inventories to their net realisable value, which resulted in an increase in provisions against inventories of $907,000 (2019: $907,000).

12. (a) Cash and Cash Equivalents

in thousands of AUD	31 Dec 2020	31 Dec 2019
Bank balances	3,715	2,472
Term deposits available at call	17,713	29,945
Cash and cash equivalents in the statement of cash flows	21,428	32,417

The Group's exposure to interest rate risk and sensitivity analysis for financial assets is disclosed in note 25.

(b) Reconciliation of Cash Flows from Operating Activities

in thousands of AUD	Note	31 Dec 2020	31 Dec 2019
Cash flows from operating activities			
Income / (Loss) for the period		(28,823)	(27,534)
Adjustments for:			
Depreciation	8	1,288	1,405
Amortisation on development expenditure	6	5,746	5,476
Increase in provisions against inventories	11	907	907
Impairment of oil and gas assets	6	20,000	-
Impairment of exploration expenditure	7	720	6,036
(Gain) / loss on asset disposal		-	800
Share based payment expenses		-	638
Pursuant to Origin Farm-in Agreement reimbursement of past exploration costs	10	(1,000)	-
Pursuant to Origin Farm-in Agreement reimbursement of past well costs	10	(593)	-
Net finance (income) / costs	4	(225)	(709)
Operating loss before changes in working capital and provisions		(1,980)	(12,981)
Changes in working capital			
Change in trade and other receivables		(686)	1,459
Change in trade and other payables		(679)	491
Change in inventories		960	(2,141)
Change in provisions		136	(80)
Change in financial assets		52	(13)
Cash used in operating activities		(217)	(284)
Net cash outflow from operating activities		(2,197)	(13,265)

13. Capital and Reserves

Share capital

	Ordinary Shares 31 Dec 2020 No.	Ordinary Shares 31 Dec 2019 No.
On issue at the beginning of the period	432,074,241	432,074,241
On issue at the end of the period – fully paid	432,074,241	432,074,241

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14. Earnings / (Loss) Per Share

in thousands of AUD	31 Dec 2020	31 Dec 2019
Earnings / (loss) attributable to ordinary shareholders	(28,823)	(27,534)

Basic and diluted earnings / (loss) per share

Weighted average number of ordinary shares

	31 Dec 2020 No.	31 Dec 2019 No.
Issued ordinary shares at beginning of the period	432,074,241	432,074,241
Weighted average number of ordinary shares at the end of the period	432,074,241	432,074,241

The Group presents basic and diluted earnings or loss per share (EPS or LPS) data for its ordinary shares. Basic EPS or LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS or LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

The Company's potential ordinary shares, being 4,850,000 options granted, are not considered dilutive as the options were 'out of the money' as at 31 December 2020.

15. Trade and Other Payables

in thousands of AUD	31 Dec 2020	31 Dec 2019
Trade payables	337	1,443
Accruals	950	2,921
Origin Joint Venture cash calls received in advance (see note 10)	3,407	783
Other payables	50	328
	4,744	5,475

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

16. Loans and Borrowings

in thousands of AUD	31 Dec 2020	31 Dec 2019
Borrowings at beginning of the year	2,000	5,000
Interest expense	86	225
Repayment to Alcoa	(2,086)	(3,225)
Loan at the end of the year	-	2,000

Accounting Policy

Loans and borrowings are initially recognised at fair value less transaction costs and are subsequently carried at amortised cost. The Group's exposure to currency and liquidity risk related to loans and borrowings is disclosed in note 25.

All borrowings relating to the amount payable to Alcoa under a legacy gas sales agreement was repaid during the year. As at 31 December 2020, the Company has no outstanding loans or borrowings.

17. Provisions

in thousands of AUD	31 Dec 2020	31 Dec 2019
Current		
Provision for annual leave	1,134	881
Provision for long-service leave	185	166
Provision for site restoration	493	523
	1,812	1,570
Non-Current		
Provision for long-service leave	295	238
Provision for site restoration	4,379	4,397
	4,674	4,635

Movements in the site restoration provision

in thousands of AUD	31 Dec 2020	31 Dec 2019
Opening balance	4,920	4,998
Provision used during the period	(65)	(791)
Revaluation of provision during the period	17	713
Balance at the end of the period	4,872	4,920

<u>Accounting Policy</u>

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably.

The site restoration provision is in respect of the Group's obligation to rectify environmental liabilities relating to exploration and production in the Canning Basin in accordance with the requirements of DWER and DMIRS. The provision is derived from an annual internal review of the liabilities. These liabilities are also reviewed by independent external consultants as and when required. Due to the long-term nature of the liability, there is significant uncertainty in estimating the costs that will be incurred at a future date. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. The rehabilitation is expected to continue to occur progressively.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

18. Share-based Payments

Fair value expensed in thousands of AUD	31 Dec 2020	31 Dec 2019
Employee Share Option Plan expense	-	638
	-	638

Accounting Policy

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant. The fair value of share options granted under the Employee Share Option Plan are measured using the Black Scholes valuation model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information) weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Employee Share Option Plan (ESOP)

No share options were issued or exercised during the year.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price ($)	Number of options
Outstanding unlisted options as at 1 January 2020	0.45	10,750,000
Lapsed during the period ended 31 December 2020	0.50	(4,900,000)
Lapsed during the period ended 31 December 2020	0.40	(1,000,000)
Outstanding as at 31 December 2020	0.40	4,850,000

The unlisted share options outstanding as at 31 December 2020 have a weighted average exercise price of $0.40 (Dec 2019: $0.45), and a weighted average contractual life of 1 year (Dec 2019: 1.5 years).

19. Group Entities

Parent entity	Country of incorporation	Ownership interest	Ownership interest
Buru Energy Limited	Australia		
Subsidiaries		**31 Dec 2020**	**31 Dec 2019**
Royalty Holding Company Pty Limited	Australia	100%	100%
Buru Operations Pty Limited	Australia	100%	100%
Noonkanbah Diamonds Pty Ltd	Australia	100%	100%
Buru Fitzroy Pty Limited	Australia	100%	100%
Acorn Minerals Pty Limited	Australia	100%	0%

Buru Energy Limited is the head entity of the tax consolidated group and all subsidiaries are members of the tax consolidated group. Acorn Minerals Pty Limited was incorporated during the year to hold mineral exploration tenements in the Canning Basin.

20. Parent Entity Disclosures

As at, and throughout the year ended 31 December 2020 the parent company of the Group was Buru Energy Limited.

in thousands of AUD	Company 12 months ended 31 Dec 2020	Company 12 months ended 31 Dec 2019
Result of the parent entity		
Total comprehensive profit / (loss) for the period	(27,630)	(26,323)
Financial position of the parent entity at year end		
Current assets	29,603	36,985
Total assets	51,956	81,468
Current liabilities	7,800	8,441
Total liabilities	13,351	14,040
Total equity of the parent entity at year end		
Share capital	271,857	271,857
Reserves	528	1,094
Accumulated losses	(233,780)	(205,523)
Total equity	38,605	67,428

21. 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.

The consolidated entity has an interest in the following joint operations as at 31 December 2020 whose principal activities were oil and gas exploration, development and production.

Permit/Joint Operation	December 2020 Beneficial Interest	December 2019 Beneficial Interest	Operator	Country
L20	50.00%	50.00%	Buru Energy Ltd	Australia
L21	50.00%	50.00%	Buru Energy Ltd	Australia
EP 129 [1,4]	50.00%	100.00%	Buru Energy Ltd	Australia
EP 391 [1,3]	50.00%	100.00%	Buru Energy Ltd	Australia
EP 428 [1,3]	50.00%	100.00%	Buru Energy Ltd	Australia
EP 431 [1]	50.00%	100.00%	Buru Energy Ltd	Australia
EP 436 [1]	50.00%	100.00%	Buru Energy Ltd	Australia
EP 457 [2]	60.00%	60.00%	Buru Fitzroy Pty Ltd	Australia
EP 458 [2]	60.00%	60.00%	Buru Fitzroy Pty Ltd	Australia

1 *Pending DMIRS registration of the transfer of 50% interests to Origin Energy in these permits*

2 *Buru's interest in EP 457 and EP 458 will reduce to 40% following farm-out of 20% interests to Origin Energy in these permits*

3 *Origin Energy's interests in EP 391 and EP 436 exclude the Yulleroo Gasfield Area*

4 *Buru's interest in EP 129 exclude the Backreef Area*

22. Capital and Other Commitments

in thousands of AUD	**31 Dec 2020**	**31 Dec 2019**
Exploration expenditure commitments		
Contracted but not yet provided for and payable:		
Within one year	1,700	333
One year later and no later than five years	280	3,467
	1,980	3,800

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. The commitments within one year above primarily relate to exploration commitments on EP 129, EP 457 and EP 458.

23. Contingencies

There were no material contingent liabilities or contingent assets for the Group as at 31 December 2020 (31 Dec 2019: nil).

24. Related Parties

Key management personnel compensation

The key management personnel compensation comprised:

in AUD	**31 Dec 2020**	**31 Dec 2019**
Short term employee benefits	1,552,153	1,829,514
Post-employment benefits	138,418	168,683
Long term employee benefits	31,979	31,435
Share-based payments	-	98,037
	1,722,550	2,127,669

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' report on pages 19 to 22.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at the end of the period.

Other related party transactions

No other related party transaction has occurred during the reporting period.

25. Financial Risk Management

Credit risk

The carrying amount of the Group's financial assets represents the Group's maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
in thousands of AUD	Note	31 Dec 2020	31 Dec 2019
Cash and cash equivalents and term deposits at call	12a	21,428	32,417
Trade and other receivables	10	5,926	964
		27,354	33,381

The Group's cash and cash equivalents and term deposits at call are held with bank and financial institution counterparties, which are rated at least AA-, based on rating agency Fitch Ratings.

Trade and other receivables include accrued income on sales of Ungani crude, accrued interest receivable from Australian accredited banks, JV receivables and tax amounts receivable from the Australian Taxation Office. The Group has elected to measure loss allowances for trade and other receivables at an amount equal to the 12 month Expected Credit Loss (ECL). When determining the credit risk of a financial asset, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

As at 31 December 2020, no receivables were more than 30 days past due. The Group has always received full consideration for all Ungani sales within thirty days and there is no reason to believe that this will not continue going forward. No receivables are considered to have a material credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is monitored through rolling cash flow forecasts. The Group maintains sufficient cash to safeguard liquidity risk.

The following are contractual maturities of trade and other payables (excluding provisions) and loans and borrowings:

	31 Dec 2020		**31 Dec 2019**	
in thousands of AUD	**Less than 1 year**	**1 - 5 years**	**Less than 1 year**	**1 - 5 years**
Alcoa liability	-	-	2,000	-
Lease liabilities	1,244	878	1,210	964
Trade and other payables	4,744	-	5,475	-
	5,988	878	8,685	964

The borrowings from Alcoa of Australia Limited were repaid in full during the year (Note 16).

Market risk

Market risk is the risk that changes in market prices, such as currency rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales that are denominated in a currency other than the functional currency of the Group (AUD). All sales of crude oil are denominated in US dollars. The Group does not hedge its foreign currency exposure.

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	31 Dec 2020		31 Dec 2019	
in thousands	**AUD**	**USD**	**AUD**	**USD**
Cash and cash equivalents	205	158	15	10
Accrued income	82	63	-	-
Gross balance sheet exposure	287	221	15	10

The average exchange rate from AUD to USD during the period was AUD 1.0000 / USD 0.6906 (Dec 2019: AUD 1.0000 / USD 0.6952). The reporting date spot rate was AUD 1.0000 / USD 0.7702 (Dec 2019: AUD 1.0000 / USD 0.7006). A 10 percent strengthening of the Australian dollar against the USD over the period would have increased the loss after tax for the financial period by $1,138,000 (Dec 2019: increased loss after tax by $1,534,000). A 10 percent weakening of the Australian dollar against the USD over the period would have decreased the loss after tax for the financial period by $1,138,000 (Dec 2019: decreased loss after tax by $1,534,000). This analysis assumes that all other variables remain constant.

Commodity price risk

The Group is exposed to commodity price fluctuations through the sale of Ungani crude at a differential against the dated Brent crude. The Group does not hedge its commodity price exposure.

The Group's exposure to commodity price risk at balance date was as follows, based on notional amounts:

	31 Dec 2020		31 Dec 2019	
in thousands	**AUD**	**USD**	**AUD**	**USD**
Sales of crude oil	82	63	-	-
Gross balance sheet exposure	82	63	-	-

The average Brent Platts price for crude sold over the period was AUD 52/bbl (Dec 2019: AUD 85/bbl). A 10 percent strengthening of the dated Brent crude price over the period would have decreased the loss after tax for the financial period by $1,138,000. A 10 percent weakening of the dated Brent crude price over the period would have increased the loss after tax for the financial period by $1,138,000. This analysis assumes that all other variables remain constant.

Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relate primarily to the Group's short term cash deposits. The interest rate risk is only applicable to interest revenue as the Group does not have any short or long term borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of the terms of existing deposits. Fixed rate instruments are term deposits held with bank and financial institution counterparties and are available at call, therefore the fair value approximates the carrying amount.

At the reporting date the Group's interest-bearing financial instruments were as follows:

	Carrying amount	
in thousands of AUD	**31 Dec 2020**	**31 Dec 2019**
Fixed rate instruments		
Cash and cash equivalents with fixed interest	17,713	29,944
Total fixed interest bearing financial assets	17,713	29,944

	Carrying amount	
in thousands of AUD	**31 Dec 2020**	**31 Dec 2019**
Variable rate instruments		
Cash and cash equivalents with variable interest	3,715	2,473
Total variable interest bearing financial assets	3,715	2,473

Other market price risk

Equity price risk arises from equity securities held in other listed exploration companies. The Group monitors these financial assets on a regular basis including regular monitoring of ASX listed prices and ASX releases. The Group did not enter into any commodity derivative contracts during the year.

Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so as to maintain future exploration and development of its projects. Capital consists of share capital of the Group. In order to maintain or adjust its capital structure, Buru Energy may in the future return capital to shareholders, issue new shares, borrow funds from financiers or farm-down / sell assets. Buru Energy's focus has been to maintain sufficient funds to fund exploration and development activities.

26. Changes in significant accounting policies

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

27. Standards issued but not yet effective

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

28. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature which in the opinion of the Directors of the Group, has significantly affected or is likely to affect the results or operations of the Group in future financial years.

29. Auditors' Remuneration

	31 Dec 2020	31 Dec 2019
Audit services		
KPMG Australia: Audit and review of financial reports	80,000	80,000
KPMG Australia: Audit of Joint Venture reports	3,667	3,667
KPMG Australia: Audit of Traditional Owner Royalty Statements	5,000	5,000

All amounts payable to the Auditors of the Company were paid or payable by the parent entity.

Directors' Declaration

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

(a) the consolidated financial statements and notes that are contained on pages 24 to 56 and the Remuneration report in the Directors' report, set out on pages 19 to 22, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the financial period ended on that date; and

(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

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

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Executive Chairman and Chief Financial Officer, for the year ended 31 December 2020.

3 The Directors draw attention to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Eric Streitberg	Mr Robert Willes
Executive Chairman	Non-executive Director
Perth	Perth
17 March 2021	17 March 2021

Independent Auditor's Report

To the shareholders of Buru Energy Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Buru Energy Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of comprehensive income or loss, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Valuation of oil and gas assets ($19.3 million)	
Refer to Note 6 Oil and gas assets (Ungani Oilfield)	
The key audit matter	**How the matter was addressed in our audit**

The valuation of the Ungani oilfield was a key audit matter due to the significance of the asset balance (37% of the total assets post impairment) and the significant judgement required by us in evaluating the Group's impairment indicator assessment and the resultant impairment testing. A total impairment expense of $20 million was recorded for the financial year (with $16.3 million of the expense recorded at 30 June 2020 and the remaining $3.7 million at 31 December 2020).
 	
The presence of impairment indicators at both 30 June and 31 December required a detailed analysis by the Group of the value of the Ungani oilfield asset. These impairment indicators arose as a result of the global decline in oil prices as a result of the COVID-19 world pandemic as at 30 June 2020 as well as from a decline in production as at 31 December 2020. The Group prepared a fair value less cost of disposal model (the model) to estimate the recoverable amount of the oilfield at both dates. The model was developed in-house using forward-looking assumptions which tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional audit effort and scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.
 	
We focused on the significant forward-looking assumptions the Group applied in their model, including:
 	
• Forecast oil price and foreign exchange rate;
 	
• Forecast operating cash flows, production and sales volumes, and capital expenditure, which are based on historical performance adjusted for expected changes based on normalised historical performance; and
 	
• Discount rate.
 	
We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.
	Our procedures included:
	
	• Tested the design and implementation of the Group's control being board approval of the Group's assessment of impairment indicators;
	
	• Evaluated the appropriateness of the Group's assessment of cash generating unit (CGU) and impairment indicators against accounting standard requirements;
	
	• Considered the appropriateness of the fair value less cost of disposal method applied by the Group, for impairment testing purposes;
	
	• Compared the forecast operating cash flows, production and sales volumes and capital expenditure contained in the model to Board approved budgets;
	
	• Working with our valuation specialists, we assessed the macroeconomic assumptions, model methodology and analysed the Group's discount rate against publicly available data of a group of comparable entities;
	
	• Considered the sensitivity of the model by varying key assumptions, such as forecast oil prices, foreign exchange rate and the discount rate, within a reasonably possible range;
	
	• We used our knowledge of the Group and our industry experience to challenge the consistency of forecast operating cash flows, production and sales volumes and capital expenditure based on the Group's past performance. We also compared the following key inputs in the Group's model to publicly available data for comparable entities:
	  - Forecast oil prices
	  - Foreign exchange rate.
	
	• Obtained a copy of the Group's external contingent resources report to compare the forecast production quantities within the model;
	
	• Recomputed the market capitalisation of the Group and compared this with the net asset value;
	
	• Recalculated the impairment charge and assessed the allocation against the individual assets comprising the CGU; and
	
	• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

KPMG

Other Information

Other Information is financial and non-financial information in Buru Energy Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Buru Energy Limited for the year ended 31 December 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 19 to 22 of the Directors' report for the year ended 31 December 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

17 March 2021

Additional ASX Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The distribution of ordinary shares ranked according to size as at 28 February 2021 was as follows:

Category	Ordinary Shares	%	No of Holders	%
100,001 and Over	345,376,591	79.93	583	8.86
10,001 to 100,000	72,914,282	16.88	2,072	31.50
5,001 to 10,000	7,756,417	1.80	1,020	15.51
1,001 to 5,000	5,618,051	1.30	1,914	29.10
1 to 1,000	408,900	0.09	988	15.02
Total	**432,074,241**	**100.00**	**6,577**	**100.00**
Unmarketable Parcels	3,426,668	0.79	2,306	35.06

The 20 largest ordinary shareholders of the ordinary shares as at 28 February 2021 were as follows:

Rank	Name	Number of ordinary shares%	%
1	BIRKDALE ENTERPRISES PTY LTD	35,056,269	8.11
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,150,330	4.20
3	CHEMCO PTY LTD	17,333,333	4.01
4	COOGEE RESOURCES PTY LTD	16,000,000	3.70
5	WANDJI INVESTMENTS LIMITED	9,572,400	2.22
6	MR ERIC CHARLES STREITBERG	8,398,003	1.94
7	BNP PARIBAS NOMINEES PTY LTD	6,834,930	1.58
8	MR STEPHEN HARRY JONES	5,768,618	1.34
9	AUSTRADE HOLDINGS PTY LTD	4,800,000	1.11
10	AMK INVESTMENTS (WA) PTY LTD	4,758,972	1.10
11	FLEXIPLAN MANAGEMENT PTY LTD	4,121,996	0.95
12	SINO PORTFOLIO INTERNATIONAL LIMITED	3,820,588	0.88
13	MAJOR DEVELOPMENT GROUP PTY LTD	3,707,890	0.86
14	NEWECONOMY COM AU NOMINEES PTY LIMITED	3,589,912	0.83
15	JH NOMINEES AUSTRALIA PTY LTD	3,400,000	0.79
16	PARAMON HOLDINGS PTY LTD	3,000,000	0.69
17	TWINSOUTH HOLDINGS PTY LTD	3,000,000	0.69
18	CHARRINGTON PTY LTD	2,940,000	0.68
19	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,636,111	0.61
20	PGP GROUP (AUSTRALIA) PTY LTD	2,549,666	0.59
	Total twenty largest shareholders	**159,439,018**	**36.90**
	Balance of register	**272,635,223**	**63.10**
	Total register	**432,074,241**	**100.00**

The following interests were registered on the Company's register of Substantial Shareholders as at 28 February 2021:

Shareholder	Number of ordinary shares	%
Birkdale Enterprises Pty Ltd	35,056,269	8.11
Chemco Pty Ltd	33,333,333	7.71

Voting rights

Ordinary shares

At a general meeting of shareholders:

(a) On a show of hands, each person who is a member or sole proxy has one vote.
(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

Unlisted Options

There are no voting rights attached to the unlisted options.

Other information

Buru Energy Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

The Company is listed on the Australian Securities Exchange. ASX Code: BRU

The Company and its controlled entities schedule of interests in permits as at 28 February 2021 were as follows:

PERMIT	TYPE	OWNERSHIP	OPERATOR
L6 [4]	Production licence	100.00%	Buru Energy Ltd
L8	Production licence	100.00%	Buru Energy Ltd
L17	Production licence	100.00%	Buru Energy Ltd
L20	Production licence	50.00%	Buru Energy Ltd
L21	Production licence	50.00%	Buru Energy Ltd
EP 129 [1,4]	Exploration permit	50.00%	Buru Energy Ltd
EP 391 [1,3]	Exploration permit	50.00%	Buru Energy Ltd
EP 428 [1,3]	Exploration permit	50.00%	Buru Energy Ltd
EP 431 [1]	Exploration permit	50.00%	Buru Energy Ltd
EP 436 [1]	Exploration permit	50.00%	Buru Energy Ltd
EP 457 [2]	Exploration permit	60.00%	Buru Fitzroy Pty Ltd
EP 458 [2]	Exploration permit	60.00%	Buru Fitzroy Pty Ltd

1 *Pending DMIRS registration of the transfer of 50% interests to Origin Energy in these permits*

2 *Buru's interest in EP 457 and EP 458 will reduce to 40% following farm-out of 20% interests to Origin Energy in these permits*

3 *Origin Energy's interests in EP 391 and EP 436 exclude the Yulleroo Gasfield Area*

4 *Buru's interest in L6 and EP 129 exclude the Backreef Area*

Corporate Directory

Directors

Mr Eric Streitberg	Executive Chairman
Ms Eve Howell	Independent Non-executive Director
Ms Joanne Kendrick	Independent Non-executive Director
Mr Malcolm King	Independent Non-executive Director
Ms Samantha Tough	Independent Non-executive Director
Mr Robert Willes	Independent Non-executive Director

Company Secretary

Mr Shane McDermott

Registered and Principal Office

Address:	Level 2, 16 Ord St, West Perth WA 6005
Telephone:	+61 (08) 9215 1800
Email:	info@buruenergy.com
Website:	www.buruenergy.com

Share Registry: Link Market Services Limited

Address:	Level 12, QV1 Building, 250 St Georges Terrace, Perth WA 6000
Telephone:	1800 810 859 (within Australia) +61 1800 810 859 (outside Australia)
Email:	registrars@linkmarketservices.com.au
Website:	www.linkmarketservices.com.au

Auditors: KPMG

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

Stock Exchange: Australian Stock Exchange

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

ASX Code: BRU

Current Issued Capital

Fully paid ordinary shares	432,074,241
Unlisted employee share options	12,850,000

Trading History

Share price range during 2020	$0.062 to $0.180
Liquidity (annual turnover as % of average issued capital)	31.79%
Average number of shares traded per month	~11.4 million

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