

Buru Energy and Energy Resources agree farmout equity restructure of onshore Carnarvon Basin area L20-1, and Geovault CCS co-operation.

Highlights

- Buru Energy Limited (**ASX:BRU**; **Buru Energy**) and Energy Resources Limited (**EnRes**), a wholly owned subsidiary of Mineral Resources Limited (**ASX:MIN**), have agreed to restructure their interests in L20-1 in the onshore Carnarvon Basin through a farmout by Buru to EnRes.
- Under the farmout terms, Buru will assign a 25% permit interest and operatorship of L20-1 to EnRes such that the permit interests will be Buru 25% and EnRes 75%. The farmout will be effective post the pending grant of the permit and the requisite regulatory approvals of the transaction.
- As consideration, EnRes will carry Buru through the first two exploration wells expected to be drilled in 2023, and other agreed exploration and overhead costs.
- EnRes has also agreed to match the funding contribution under the recently announced Commonwealth Grant offered to Buru for a three year Buru operated CCS feasibility study in the onshore Carnarvon Basin.
- In return for this additional financial carry under the Grant, Buru and EnRes have agreed to enter into a Carbon Capture and Storage (**CCS**) joint venture. The equity interests in the CCS joint venture will be aligned with the L20-1 joint venture, with Buru 25% and EnRes 75% and operator.

L20-1 Application Area

Background - In October 2020, Buru Energy and EnRes applied for block L20-1 as part of the 2020 State Government onshore Petroleum Acreage Release. The parties bid for this block on a 50/50 joint venture basis with Buru as operator. The L20-1 block covers the onshore portion of the Peedamullah Shelf, a geological unit bordering the main oil and gas productive area of the Carnarvon Basin. Oil and gas infrastructure in the area includes the Tubridgi gas storage field, the Wheatstone LNG gas processing plant and associated pipeline infrastructure and the gas pipelines from Varanus Island that cross the north of the block.

Buru's and EnRes' bid was successful, with the joint venture being offered the award of the permit arising from L20-1 in March 2021. Since then, the joint venture parties have concluded negotiations with the Thalanyji People who are the native title holders over parts of the application area, culminating in the recent execution of a heritage protection agreement with the Thalanyji People that will allow petroleum exploration activities to be undertaken on their lands. Buru and EnRes gratefully acknowledge the constructive engagement with the Thalanyji People as part of this process and look forward to working with them in the future.

With the completion of this agreement, it is anticipated that the permit will now be granted to the joint venture in accordance with the bid terms, with Buru and EnRes each holding an initial 50% interest.

Once the permit is granted the joint venture intends to drill two exploration wells on the permit as soon as practicable. The wells will target highly prospective Palaeozoic aged structures similar to Buru's discoveries in the Canning Basin.

Farmout transaction - Under the farmout transaction agreement executed today, EnRes will assume the operatorship of the permit after it is granted and be assigned a 25% interest from Buru such that the permit interests will be Buru 25% and EnRes 75% and operator.

The farmout transaction agreement is conditional on the grant of the permit and the registration of the farmout transaction agreement as a dealing against the permit.

In return for the assignment of the interest and the operatorship, EnRes will carry Buru for the exploration program of the first two wells to be drilled in the permit to satisfy the minimum work requirements during the first two permit years. EnRes will also carry Buru for its share of joint venture exploration overhead costs (G&G) during that time.

CCS Feasibility Study

Background - Since early 2021 Buru has been undertaking CCS technical and commercial activity through its Geovault subsidiary, with a focus on onshore geological greenhouse gas (**GHG**) storage in the L20-1 area and also in the Canning Basin. Buru has, as part of this activity, applied for and recently been offered, a Commonwealth Grant for matching funds of up to \$7 million to undertake a detailed technical review and field activity feasibility study to evaluate the CCS potential of the L20-1 area (**CCS Feasibility Study**).

Equity Alignment Agreement - Under the equity alignment agreement between Buru and EnRes executed today, upon the farmout transaction agreement becoming unconditional, Buru will undertake the CCS Feasibility Study work program as operator on behalf of the CCS joint venture and EnRes will be the operator of the CCS Joint Venture in connection with any future GHG permit that is jointly granted to EnRes and Buru over all or parts of the L20-1 area.

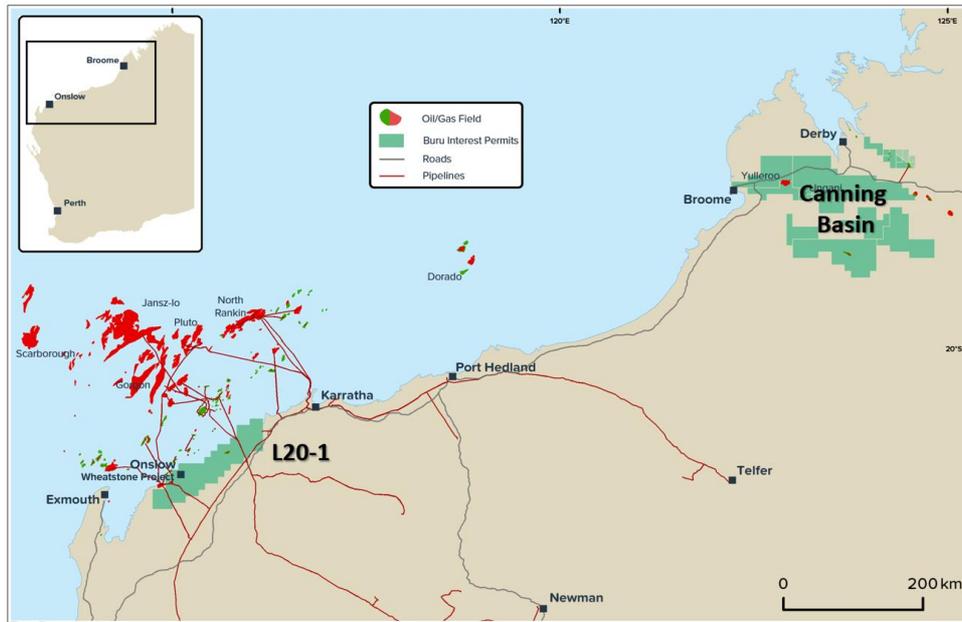
As consideration for its aligned equity interest in, and operatorship of, the CCS Joint Venture, EnRes will contribute funds towards the CCS Feasibility Study to match the Commonwealth Grant of up to \$7 million. Any costs in excess of the matched Grant funds (totalling a maximum of \$14 million) for the CCS feasibility Study will be allocated to the parties in accordance with their participating interests (75% EnRes/25% Buru).

Buru Energy's Executive Chairman Eric Streitberg said:

"We are delighted that we have been able to come to an agreement with EnRes that achieves each Company's objectives. The farmout transaction will allow EnRes to bring the expertise of its highly successful Perth Basin operating team to the L20-1 area and allow Buru to focus on its very exciting Rafael gas condensate discovery in the Canning Basin and on its energy transition businesses.

The CCS activity will reflect the underlying permit equities with Buru and EnRes working together closely and applying and expanding their respective technical and commercial in-house expertise in the CCS Feasibility Study with the support of the Commonwealth Grant.

The CCS program will also assist Buru to more fully develop its technical and commercial expertise for its Canning Basin gas commercialisation activity, where CCS has the potential to be a significant project enabler by decarbonising its planned gas developments."



L20-1 Location Map

This ASX announcement has been authorised for release by the Buru Energy Executive Chairman.

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