



BURU ENERGY LIMITED
ABN 71 130 651 437

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.15 per Share to raise up to approximately \$10.2 million before costs (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Eric Streitberg (Executive Chairman)
Ms Eve Howell (Non-Executive Director)
Mr Robert Willes (Non-Executive Director)

Company Secretary

Mr Shane McDermott

Share Registry*

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250 St Georges Terrace
PERTH WA 6000

Tel: 1800 810 859 (Within Australia)
+61 1800 810 859 (Outside Australia)

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Auditor

KPMG
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PERTH WA 6000

Registered Office

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88 William Street
PERTH WA 6000

Telephone: +61 (08) 9215 1800
Facsimile: +61 (08) 9215 1899

Email: info@buruenergy.com
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Solicitors

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Lawyers and Consultants
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16 Milligan Street
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Lead Manager

Hartleys Limited
Level 6
141 St Georges Terrace
PERTH WA 6000

Telephone: + 61 (08) 9268 2888
Website: www.Hartleys.com.au

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with ASIC Lodgement of Prospectus & Appendix 3B with ASX Notice sent to Optionholders	1 August 2017
Notice sent to Shareholders	3 August 2017
Existing Shares quoted on an "ex" basis	4 August 2017
Record Date for determining Entitlements	7 August 2017
Prospectus despatched to Eligible Shareholders & Company announces despatch has been completed	10 August 2017
Last day to give notice to extend the Closing Date	29 August 2017
Closing Date*	1 September 2017
Shares quoted on a deferred settlement basis	4 September 2017
Company to notify ASX of under subscriptions (if any)	6 September 2017
Anticipated date for the issue of the Shares. Deferred settlement trading ends	8 September 2017
Normal trading (on a T+2 basis) commences*	11 September 2017

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 1 August 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted via the Entitlement and Acceptance Form for Eligible Shareholders or via the Shortfall Application Form for other investors.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Capital Management (unmarketable parcels)

As part of its ongoing capital management program, the Company is considering a potential sale of all unmarketable parcels of Shares, that is, parcels of Shares worth less than \$500 in accordance with the procedure set out in the Company's Constitution and in accordance with the ASX Listing Rules. Should the Company decide to proceed with the sale of unmarketable parcels, further details will be announced by the Company in accordance with the ASX Listing Rules.

The Company notes that this Offer and the accompanying Shortfall Offer provide Shareholders with an opportunity to increase their holdings to amounts greater than those deemed unmarketable without paying any brokerage. Additionally, specific priority will be given to holders of unmarketable parcels in the Shortfall Offer to the extent required for those Shareholders to hold a marketable parcel. For further details on the Shortfall Offer please refer to Section 4.7.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every five (5) Shares held by Shareholders registered at the Record Date at an issue price of \$0.15 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options or Share Appreciation Rights are exercised prior to the Record Date) the Company expects that up to approximately 68 million Shares will be issued pursuant to this Offer to raise up to approximately \$10.2 million (before costs).

As at the date of this Prospectus the Company has 3,150,000 unlisted Options held by employees on issue with an exercise price of \$0.80 all of which are eligible to be exercised prior to the Record Date in order to participate in the Offer. There are also 1,020,066 Share Appreciation Rights outstanding which have not vested as at the date of this Prospectus. Please refer to Section 5.5 of this Prospectus for further information on the exercise price and expiry date of the Options and Share Appreciation Rights on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form, unless you intend to apply for additional Shares under the Shortfall Offer (refer to Sections 4.3(b) and 4.7 for further information), in which case the additional Shares applied for will be deemed to be an application for Shares under the Shortfall Offer.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; and

- (b) if you wish to apply for **additional** shares after accepting your full Entitlement in accordance with 4.3(a), then:
- (i) fill in the number of additional Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or
- (c) if you only wish to accept **part** of your Entitlement:
- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (form not required if payment made by BPAY®); and
 - (ii) make your payment by BPAY® or attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Buru Energy Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 3:00 pm (WST) on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form and quote your personalised reference number that has been provided on the personalised Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.6 Dilution as a result of the Offer

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 16.67% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders (assuming no Options or Share Appreciation Rights have been exercised and the Offer is fully subscribed) are set out in the table below, with varying holdings of number of shares set out for illustrative purposes:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer if not taken up
Shareholder 1	30,000,000	8.82%	6,000,000	30,000,000	7.35%
Shareholder 2	10,000,000	2.94%	2,000,000	10,000,000	2.45%
Shareholder 3	5,000,000	1.47%	1,000,000	5,000,000	1.23%
Shareholder 4	1,000,000	0.29%	200,000	1,000,000	0.25%
Shareholder 5	500,000	0.15%	100,000	500,000	0.12%

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. Percentages post-Offer have been calculated on the basis of there being 407,996,494 Shares on issue on completion of the Offer. Refer to Section 5.5 for further details of the Company's capital structure.

4.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date at the discretion of the Directors. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.15, being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 4.3(b) above).

The Directors reserve the right to issue Shortfall Shares at their absolute discretion, subject to the ASX Listing Rules and any restrictions under applicable law within 3 months after the close of the Offer.

As such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders.

However, the Directors confirm that Shortfall Shares will be issued in priority to existing Shareholders who hold an unmarketable parcel of Shares at the Record Date and who apply for Shares in excess of their Entitlement to the extent required for those Shareholders to hold a marketable parcel (**Priority Shortfall Offer**).

The ASX Listing Rules define an unmarketable parcel to include a parcel of shares with a market value of less than \$500. As at 27 July 2017, there are 2,110 shareholders holding an unmarketable parcel of Shares.

Where the number of Shares subscribed for under the Priority Shortfall Offer exceeds the number of Shortfall Shares available, those Shareholders will be scaled back on a pro rata basis.

For the purpose of the Priority Shortfall Offer, a marketable parcel is deemed to be 3,334 Shares (\$500 at \$0.15, rounded up).

Given that the Company is considering an unmarketable parcel sale as set out in Section 3.2, the Board is of the view that this is a fair method to allocate the Shortfall.

Any further allocation of Shortfall Shares to Eligible Shareholders would generally be commensurate with the number of Shares held by each applicant. All decisions regarding the allocation of Shortfall Shares (including scale back of Shortfall applications) will be made by the Directors (at their absolute and sole discretion) and will be final and binding on all Eligible Shareholders. The Company will only issue Shortfall Shares pursuant to an application received where the Directors are satisfied, in their absolute and sole discretion, that the issue of the Shares will not increase the applicant's voting power above 19.9%.

The Directors may issue any remaining Shortfall Shares to other non-Shareholder investors after allocation of Shortfall Shares to Eligible Shareholders.

4.8 Lead Manager

The Lead Manager to the Offer is Hartleys Limited (**Hartleys**). The terms and conditions of Hartleys' engagement as Lead Manager are set out in Section 8.4.

4.9 Underwriting

The Offer is not underwritten.

4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.11 Issue

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer may be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.12 Overseas shareholders

This Prospectus is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered, and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the

Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares offered have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer and Shortfall Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice. If you (or any person for whom you are acquiring the Shares) are in Hong Kong, you (and any such person) warrant by lodging an Application Form that you are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Singapore

This document and any other materials relating to the Shares have not been, and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not an existing holder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this Prospectus nor any other document relating to the Offer or Shortfall Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United

Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

4.14 Enquiries

Any questions regarding acceptance of the Offer or other shareholder related matters should be directed to Link Market Services, on 1800 810 859 (within Australia) or +61 1800 810 859 (outside Australia).

General questions regarding the Offer or the Company and its operations should be directed to Buru Energy's Company Secretary on 1800 337 330 (within Australia) or +61 (08) 9215 1800 (outside Australia), or by email at shanemcdermott@buruenergy.com.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Background

As announced to ASX on 25 May 2017, the Company recently increased its working interest in the Ungani Oilfield to 100% (subject to the Department of Mines, Industry Regulation and Safety (**DMIRS**) formally registering the Company's 100% interest in Ungani on the DMIRS register, which is currently in progress), and has also recently recommenced oil production from the field. The Company is now proposing to undertake a multi-phase development program of the oilfield with the objective of increasing the production capacity and the resource base of the field. The first phase of this program has now been completed with the restart of production from the field through a more commercially effective export system at Wyndham Port.

The next phase planned to be completed in the fourth quarter of 2017 will include the installation of artificial lift (electric submersible pumps) in the two currently producing wells (Ungani 1 and Ungani 2) and the installation of additional storage capacity. Preparatory work for this phase has commenced and is being funded from the Company's existing cash reserves.

Phase 3 of the proposed development program is planned to be the drilling and completion of a sidetrack of the existing Ungani 3 well and the drilling and completion of the Ungani 4 development well. Both of these drilling proposals are designed to increase the field's production capacity and resource base. Subject to the availability of a suitable drilling rig and raising the funds subject to this Offer, the Company expects to drill these Phase 3 wells during the second half of 2017.

5.2 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$10.2 million (before costs) which is planned to be applied towards the following estimated Ungani Phase 3 expenditures in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Phase 3 Ungani development estimated expenditure <ul style="list-style-type: none">• Ungani 3 Sidetrack drilling and well completion costs• Ungani 4 development well drilling and completion costs Total Estimate	3,000,000 <u>6,500,000</u> 9,500,000	29.41% <u>63.73%</u> 93.14%
2.	Expenses of the Offer ¹	245,000	2.40%
3.	Working capital & administrative/corporate	454,912	4.46%
	Total	10,199,912	100%

Notes:

1. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

As at the date of this Prospectus, the Company has existing cash reserves of approximately \$13.1 million which are budgeted to be applied in part towards the

other phased development expenditures in relation to the Ungani Field:

Activity	Cost (\$)
Ungani Phase 2 estimated expenditure	
<ul style="list-style-type: none">• Install artificial lift system in existing Ungani wells and upsize field facilities	3,500,000
<ul style="list-style-type: none">• Ungani start-up operating cost working capital requirements¹	2,000,000
Total Estimate	5,500,000

Notes:

1. Estimate of working capital requirement to reflect approximate two months delay in receipt of sales revenue between production and shipment of Ungani crude oil (i.e. the time required to fill the export storage tank).

The balance of the Company's existing funds will be available for the Company's permit maintenance, exploration, corporate and administration costs. Net income is also expected to be generated by oil sales from the Ungani Field following the recent recommencement of production.

The above tabled expenditures represent a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

On completion of the Offer the Board believes the Company will have sufficient working capital to achieve the above objectives. However, to the extent the Offer is not fully subscribed, the Company will need to review its ability to undertake the full development drilling program and may be required to make appropriate scale backs to that program or to seek alternative funding.

5.3 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves of the Company by \$10,199,912 (before deducting the estimated \$245,000 of expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 339,997,078 as at the date of this Prospectus to 407,996,494 Shares following the completion of the Offer.

5.4 Pro-forma consolidated balance sheet

The unaudited balance sheet as at 30 June 2017 shown below is based on management accounts prepared by the Company and has not been reviewed by the Company's auditor as part of the half yearly review of the Company's accounts as at the date of this Prospectus. The balance sheet has been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position since its last audited accounts on 31 December 2016. The 31 December 2016 audited balance sheet as shown below has been extracted from the Company's 31 December 2016 annual financial report.

The unaudited pro-forma balance sheet has been prepared by adjusting the balance sheet as at 30 June 2017 to reflect the financial effect of the following transactions as if they had occurred at 30 June 2017:

- (a) the issue of 67,999,416 Shares at an issue price of 15 cents per Share issued in accordance with this Prospectus raising approximately \$10,199,912;
- (b) expenses of \$245,000 associated with the Shares issued under this Prospectus as detailed in Section 8.8;
- (c) net cash proceeds of the Offer therefore being \$9,954,912; and
- (d) loan restructure and \$5 million repayment to Alcoa as per ASX announcement on 6 July 2017¹.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

1. *The fair value of the Alcoa loan repayment obligation is disclosed as 'Loans and Borrowings' on the pro-forma balance sheet and is estimated as the present value of all future cash payments discounted using the market rate of interest for a similar instrument with a similar credit rating. The unwinding of the difference between the fair value of the repayment obligation and cash consideration to be repaid is recognised in the income statement as interest expense. Refer to Note 23 in Buru Energy's 2016 Annual Report for further details.*

The Company announced on 6 July 2017 that it had restructured its loan repayment obligation of \$12.5 million (accounting fair value approximately \$11.5 million) due to Alcoa on 30 June 2018. This repayment restructure consists of an initial instalment of \$5 million made on 14 July 2017, with the remaining \$7.5 million (accounting fair value approximately \$7.3 million) balance repayable in three equal annual instalments commencing 31 December 2018. These annual instalments are subject to an acceleration mechanism as further detailed in the 6 July 2017 announcement.

	AUDITED (Consolidated) 31 Dec 2016 \$'000	UNAUDITED (Consolidated) 30 June 2017 \$'000	PROFORMA Adjustments \$'000	PROFORMA (Consolidated) 30 June 2017 \$'000
CURRENT ASSETS				
Cash	21,052	19,205	9,955 (5,000) ¹	24,160
Receivables	912	500		500
Inventories	2,372	2,372		2,372
TOTAL CURRENT ASSETS	24,336	22,077		27,032
NON-CURRENT ASSETS				
Property, plant and equipment	5,254	4,791		4,791
Exploration and evaluation expenditure	21,962	6,363		6,363
Oil and gas assets	21,550	41,834		41,834
Investments	51	52		52
TOTAL NON-CURRENT ASSETS	48,817	53,040		53,040
TOTAL ASSETS	73,153	75,117		80,072
CURRENT LIABILITIES				
Trade and other payables	630	3,340		3,340
Loans and borrowings	-	11,469	(11,469) ¹	-
Provisions	1,256	1,303		1,303
TOTAL CURRENT LIABILITIES	1,886	16,112		4,643
Loans and borrowings	10,989	-	7,310 ¹	7,310
Provisions	4,062	4,977		4,977
TOTAL NON-CURRENT LIABILITIES	15,051	4,977		12,287
TOTAL LIABILITIES	16,937	21,089		16,930
NET ASSETS	56,216	54,028		63,142
EQUITY				
Issued capital	258,211	258,211	9,955	268,166
Reserves	1,213	1,213		1,213
Accumulated losses	(203,208)	(205,396)	(841) ¹	(206,237)
TOTAL EQUITY	56,216	54,028		63,142

5.5 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options or Share Appreciation Rights are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	339,997,078
Shares offered pursuant to the Offer	67,999,416
Total Shares on issue after completion of the Offer	407,996,494

Options

	Number
Options currently on issue Unquoted exercisable at \$0.80 ¹ on or before 31 December 2017 (held by employees of the Company)	3,150,000

1. The exercise price of such Options which are not exercised before the Record Date will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.

Share Appreciation Rights (SARs)

	Number
SARs currently granted Exercisable at \$1.63 on or before the expiry date of 3 January 2018 (0% vested) ¹	1,020,066

1. The vesting of the SAR's issued to management personnel of the Company is subject to various performance hurdles which have not been met as at the date of this Prospectus.

No securities on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.6 Details of substantial holders

Based on information provided by the Company's Share Registry as at 28 July 2017, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Birkdale Enterprises Pty Ltd	29,213,557	8.59%
Eric Streitberg	28,720,566	8.45%
Chemco Pty Ltd	26,666,666	7.84%

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every shareholder present in person or by proxy, attorney or representative will have on a show of hands one vote and, on a poll, one vote for each Share held.

(c) **Dividend rights**

Subject to the rights of holders of any Shares created or raised under any special arrangement as to dividend (at present there are none), the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the

resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Government Policy and Hydraulic Fracturing

The Western Australian Government (**Government**) has adopted a policy which places a moratorium on hydraulic fracturing (**fracking**) whilst it undertakes an independent scientific inquiry into fracking. No details of the timing or scope of the inquiry have been made available by the Government at the date of this Prospectus.

Fracking will be required as part of the exploration, appraisal and development of the Company's tight gas and unconventional gas resources, but is not necessary or intended for its development program at the Ungani Oilfield, or for future exploration for and production of conventional oil and gas resources.

The outcomes of the Government's independent scientific inquiry into fracking are uncertain and may potentially impact on the Company's ability to explore, appraise and develop the Company's tight gas and unconventional gas resources.

The Company has no immediate plans to undertake any hydraulic stimulation operations.

(b) Petroleum Titles

The Company's exploration permits set out minimum work commitments which include the undertaking of well stimulation and the drilling of wells which are likely to be targeted to tight gas accumulations. As a consequence of the Government's policy to place a moratorium on fracking, the Company will not be able to fulfil some or all of its current work commitments including current commitments to carry out a well stimulation on EP436. The Company has therefore lodged applications with the Department of Mines, Industry Regulation and Safety to suspend, exempt or vary the Company's minimum work commitments on all its various permits. The Company is awaiting the Department of Mines, Industry Regulation and Safety's response to these applications.

(c) **State Agreement**

The Company, the State of Western Australia, Mitsubishi Corporation (**MC**), Diamond Resources (Fitzroy) Pty Ltd (**DRF**) and Diamond Resources (Canning) Pty Ltd (**DRC**) are parties to the Natural Gas (Canning Basin Joint Venture) Agreement dated 7 November 2012 (**State Agreement**).

Under the State Agreement, the Company, DRC and DRF are obliged to explore and evaluate exploration permits EP371, EP391, EP428, EP431 and EP436 to prove up sufficient reserves to underpin the establishment of a viable domestic gas project for delivery and use of gas within Western Australia (**Domgas Project**).

The State Agreement suspends the operation of section 41 of the Petroleum and Geothermal Energy Resources Act 1967 (WA) which is a provision that says on application for renewal of an exploration permit, the number of blocks within the permit shall be reduced by 50%.

The State Agreement provides for certain events to occur by certain dates. Various key dates were extended by two years when the parties executed a Ratified Variation Agreement dated 1 July 2015.

The Company, DRC and DRF are currently obliged to submit a proposal for the Domgas Project by 30 June 2018.

In the period from 31 December 2017 to 31 March 2018, the Company, DRC and DRF may individually give notice to the State that they do not intend to submit a proposal for the Domgas Project and if this occurs the State Agreement will terminate.

The Company has requested that the various parties enter into negotiations in regard to the State Agreement in order to vary the agreement to reflect the delay and any other issues arising as a consequence of the Government's current policy in relation to fracking.

If the State Agreement is terminated in the first quarter of 2018 in accordance with the process set out above, section 41 of the Petroleum and Geothermal Energy Resources Act 1967 (WA) would apply to any future applications for renewal of exploration permits EP371, EP391, EP428, EP431 and EP436.

(d) **Native Title and Heritage Clearances**

The Company's exploration permits and production licences are located in the Kimberley region of Western Australia and overlap lands that are subject to native title. Before any exploration activities can be undertaken, the Company is required to obtain heritage clearances from the relevant native title holders or claimants to ensure that no Aboriginal sites will be interfered with by the proposed activities. Although the Company has contractual relationships with the various traditional owner groups and their representative bodies for the areas in which the Company operates, there are often lengthy delays associated with this process, due to weather, availability of traditional owners and representative body staff, and the number of clearances requested by other operators.

The Company has facilitated independent reviews by the native title parties and representative bodies associated with the Yawuru, Nyikina

Mangala and Noonkanbah peoples of any fracking operations proposed to be carried out by the Company, and generally in relation to fracking, all of which have concluded that the process is safe and low risk if properly regulated. However, certain individuals within various native title groups have stated that they are opposed to fracking and this may impact on the timing for carrying out fracking activities and any related heritage clearances.

(e) **Regulatory Approvals**

Operating onshore Western Australia requires comprehensive approval processes (depending on the particular activity) from a number of government agencies including the Department of Mines, Industry Regulation and Safety (the agency primarily tasked with regulating the WA onshore oil and gas industry), Department of Environment Regulation, Department of Water and the Environmental Protection Authority (depending on the potential impacts of the activity). It is possible that Buru may experience delays in the receipt of approvals from the relevant agencies which can have an adverse impact on the Company's ability to plan and undertake activities in the Canning Basin. Many of these approvals are also subject to appeals by third parties including activist groups opposed to the Company's activities that have the potential to further delay the approval process.

(f) **Activists**

There has been significant public debate over potential environmental risks associated with fracking in Australia. It is expected that there will be considerable community interest in, and potential opposition to, any fracking operations carried out by the Company. This has the potential to delay any operations that might be undertaken.

(g) **Abandonment and rehabilitation of lands**

The Company is required to comply with various regulations regarding plugging, abandonment and rehabilitation of oil and natural gas wells and production sites and has made provisions in the financial statements for the expected future cost of abandonment and rehabilitation in relation to its Canning Basin assets. These provisions are derived from an internal review of the liabilities, and due to their long-term nature, there is significant uncertainty in estimating the costs that will be incurred at a future date.

(h) **Weather**

Heavy rainfall associated with the Kimberley's monsoonal wet season (December to March) can isolate sections of the road network in the region, restricting access and hampering drilling, seismic and other operations. The Company is able to conduct operations during the wet season in certain areas where access is available all year round including in and around the Ungani Oilfield, except for short periods following extreme weather events including cyclones.

(i) **Availability of Services**

Western Australia does not have a robust land rig market, which in many cases may lead to delays in the Company's exploration work programs. Operators in Western Australia also face difficulties in mobilising hydraulic stimulation equipment. As a result, the Company may experience difficulties and delays in mobilising the equipment required for its future exploration and hydraulic stimulation activities.

7.3 Industry specific

As in any business, activities in the Company and its controlled entities are subject to numerous risk factors which may impact on the Company's future performance and consequently, an investment in the Company is subject to risk. Some of these risks can be mitigated with the use of appropriate strategies, actions, systems and safeguards, however, many are largely outside of the Company's control.

While not exhaustive, the following is a summary of the matters that the Directors believe represent the more material risk factors to be considered whilst evaluating the Company's business, and the risks of increasing an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

Before making an investment decision, potential investors should carefully consider their own personal circumstances, consider consulting their professional advisers and examine this Prospectus in its entirety (including the risk factors described below).

The Company operates in the oil and gas sector which, by its nature, is subject to risks which may not generally be associated with other sectors.

(a) **Exploration and Development Risk**

Oil and gas exploration and development involves significant risk and there is no assurance that exploration within the Company's current portfolio, or any other projects that may be acquired in the future, will result in a hydrocarbon discovery. Even if an apparently viable hydrocarbon deposit is discovered or identified, there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or assure a profit on the investment.

The ultimate success and continuous profitability of exploration and development activities of the Company is influenced by many factors, such as access to capital, costs, regulatory conditions, community sentiments towards oil & gas activities, actual hydrocarbons and formations encountered by wells, flow consistency and reliability, as well as access to appropriately skilled personnel and other risks such as those outlined in this section.

(b) **Hydrocarbon Product Price and Volatility**

The demand for, and price of, oil and natural gas is dependent on a variety of external factors, including local and global supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

Oil and gas prices lie wholly outside of the Company's control, have fluctuated widely in recent years and may continue to fluctuate. If the price of hydrocarbons should drop significantly and remain depressed it may have a material adverse effect on the Company's business, financial condition and operational results.

The marketability of hydrocarbons can also be affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production, and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

(c) **Hydrocarbon Reserve and Resource Estimates**

Hydrocarbon reserve and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve and resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then reserve and resource estimates may have to be adjusted and production plans may have to be altered in a way that could adversely affect the Company's operations. Where possible, the Company will seek to have any such estimates verified or produced by an independent party with sufficient expertise in their chosen field.

(d) **Drilling Risks**

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's drilling operations may be curtailed, delayed or cancelled due to several factors including weather conditions, mechanical difficulties, shortage or delays in the delivery of rigs and/or other equipment and specialist service providers, as well as compliance with governmental requirements. Hazards incidental to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressure, temperatures and/or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Whilst wells drilled may yield some hydrocarbons there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.

(e) **Operating Risks**

Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, weather conditions, industrial disputes, unexpected equipment shortages or cost increases, mechanical failure or breakdown, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these risks could result in substantial losses to the Company due to injury or loss of life, severe damage to or destruction of property, natural resources or

equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations or claims against the Company resulting from damages, especially where such risks are not covered or not fully covered by its insurances.

(f) **Venture Parties and Contractors**

Oil and Gas ventures are typically operated under Joint Operating Agreements (**JOAs**), which include provisions that require certain decisions to be voted upon by each participant. A decision will be approved under the JOA when the operator has received sufficient positive votes; the approval threshold for which varies with each JOA and for different activity types within a particular JOA.

The decisions and activities of its joint venture partners are taken independently from the Company and as a result there exists a risk that the Company may have the value of its interest in such properties reduced by votes or actions undertaken by other venture participants. The Company cannot guarantee that joint ventures will be operated or managed in accordance with the Company's preferred direction or strategy, or guarantee that joint ventures will be operated in accordance with work program commitments in respect of the relevant projects. This may result in projects being delayed, losing value, being forfeited or fines imposed on the joint venture parties.

Further, the Directors are unable to predict the risk of financial failure, non-compliance with obligations or default by a participant in any venture to which the Company is, or may become, a party.

Since the recent asset swap transaction announced to ASX on 25 May 2017, the Company generally holds permits with 100% equity (subject to formal registration) except for EP 457 and EP 458 where it is in joint venture with two other parties and is the operator of the joint venture.

(g) **Environmental and Other Regulatory Requirements and Approvals**

Before exploration and production activity can commence on any permit or licence, the Company must obtain environmental and other regulatory approvals and there is no assurance that such approvals will be obtained or granted in a timely manner. Delays in the regulatory process and granting of environmental and other necessary approvals could hinder the Company's ability to pursue operational activities which in some cases could materially impact the outcome.

The Company's operations are subject to environmental laws, including but not limited to, those governing the management of waste, the protection of water and air quality, the discharge of materials into the environment, and the preservation of natural resources which may impact and influence the Company's operations. If the Company fails to comply with environmental laws regarding the discharge of oil, gas, or other materials into the air, soil or water it may be subject to liabilities to the government and third parties, including civil and criminal penalties. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. The Company may from time to time in the future agree

to indemnify sellers of producing properties against some liabilities for environmental claims associated with these properties.

The Company confirms it is not aware of any material breach of its environmental obligations as at the date of this Prospectus.

(h) **Land Tenure**

Exploration Permits and Petroleum Licences held by the Company are subject to the approval of the relevant government bodies. Government regulatory authorities generally require permit and licence holder(s) to undertake certain obligations, including work program commitments, and failure to meet those obligations could result in forfeiture or termination. Exploration Permits and Production Licences may also be subject to partial or full relinquishment after certain tenure periods if no alternative permit or licence arrangements (e.g. production licence after periods of non-production) are applied for and approved. In an event of forfeiture, termination or relinquishment, the Company's overall land position would be reduced.

(i) **Reliance on Key Personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other technical and management personnel including contractors, sub-contractors and consultants. The loss of the services of any of these personnel or the insolvency or other managerial failure by any of the contractors, sub-contractors or other service providers used by the Company could have an adverse effect on the future operations of the Company.

(j) **Competition**

The industry in which the Company is involved is subject to global competition. The Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Many of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms.

7.4 General risks

(a) **Funding of Commitments**

The funds raised pursuant to the Offer will be applied to meet the stated planned expenditures associated with the Company's oil and gas portfolio and for general working capital requirements (refer to Section 5.2 above for further details with respect to the proposed use of the proceeds from the Offer). If the Company does not raise sufficient funds pursuant to the Offer the Company may not be in a position to adequately fund these planned activities. In these circumstances the Company will look to a combination of funding alternatives as set out in Section 7.4 (c) below.

(b) **Potential for dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options or Share Appreciation Rights are exercised prior to the Record Date, the number of Shares in the Company will increase by approximately 67,999,416 Shares to 407,996,494 Shares. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

(c) **Additional Requirements for Funding**

The funds raised under the Offer are considered to be sufficient to meet the immediate needs of the Company, but will be insufficient to execute the Company's longer-term plans and strategies. In particular, the Company has a number of appraisal and exploration projects within its portfolio, and additional funding will be required to fund these projects. Additionally, expenditures may arise that have not been taken into account in the preparation of this Prospectus, and although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

Additional funding may be sourced from one or a combination of industry farm-out, equity, debt, or other financing methods as determined on a case by case basis when those funds are needed. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its strategy, plans or operations.

(d) **Foreign Exchange Risk**

Oil is principally sold throughout the world in US dollars whereas most of the Company's cost base is in Australian dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between these two currencies could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(e) **Insurance**

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover considered to be appropriate for the Company's needs. However, such insurance cover may not always be available, economically justifiable, fully cover a particular claim or the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover. Additionally, while the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(f) **General Economic and Equity Market Conditions**

Economic and equity market conditions in Australia and globally are beyond the control of the Company and its Directors and may adversely affect the performance of the Company. Factors such as currency fluctuations, inflation, interest rates, supply and demand, industrial disruption, investor sentiment and the global security situation may have an impact on share price and/or financial performance.

7.5 Speculative investment

The above list of risk factors ought not to be taken as an exhaustive review of all of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

The Company is a party to two federal court claims for native title (WAD 258/2012 and WAD 295/2012) that overlap some of the Company's petroleum titles. Both claims have been brought by claimants against the State of Western Australia seeking a determination of native title. There has been no claim brought against the Company in either of these matters. The Company voluntarily joined both proceedings in order to monitor the outcome.

As at the date of this Prospectus, apart from these two native title claims, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, is therefore subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does

not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
07/04/2017	Operations Update
26/04/2017	Notice of Annual General Meeting and Proxy Form
27/04/2017	Quarterly Activities and Cash Flow Report – March 2017
25/05/2017	Transformational Transaction

Date	Description of Announcement
31/05/2017	Corporate Presentation
31/05/2017	Results of Annual General Meeting
16/06/2017	Restart of production from Ungani Oilfield
26/06/2017	Operations Update
06/07/2017	Balance sheet restructure – Variation of Alcoa repayments
06/07/2017	Corporate Presentation 6 July 2017
19/07/2017	Corporate Presentation 19 July 2017
20/07/2017	Corporate Presentation Noosa Mining and Exploration Conference
31/07/2017	Quarterly Activities and Cash Flow Report – June 2017
01/08/2017	Rights Issue to Fund Accelerated Development of Ungani Oilfield

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.buruenergy.com

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective most recent date of those sales were:

Highest	\$0.23	25 July 2017
Lowest	\$0.155	24 May 2017
Last	\$0.21	31 July 2017

8.4 Material contracts – Lead Manager mandate

On 25 July 2017, the Company entered into a mandate with Hartleys Limited, pursuant to which Hartleys has been engaged to act as lead manager to the Offer being undertaken by the Company.

In consideration for Hartleys acting as lead manager, the Company has agreed to pay Hartleys, in respect of the Offer, a capital raising fee of 6% of the total amount of funds raised from the placement by Hartleys of any Shortfall Shares under the Offer.

No fee is payable to Hartleys in respect of Shareholders who subscribe for Shortfall Shares prior to the Closing Date.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement Shares	\$
Eric Streitberg	28,720,566 ¹	-	5,744,114 Shares	\$861,617
Eve Howell	245,000 ²	-	49,000 Shares	\$7,350
Robert Willes	-	-	-	-

Notes:

1. Comprising 26,382,030 Shares held directly by Mr Streitberg, 2,204,334 Shares held indirectly through Aegis Exploration Pty Ltd and 134,202 Shares held indirectly through Streitex Pty Ltd.
2. Indirect holding through The Howell Family Trust.

The Board recommends all Shareholders take up their Entitlements

Ms Howell has stated her intention to take up her full entitlement. Mr Streitberg has stated that he will take up what portion of his entitlement is appropriate for his then current personal financial situation, and having regard to his previous substantial commitments to the Company.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and

the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration* paid to both executive and non-executive directors for the two years prior to the date of this Prospectus.

Director	Actual Year Ended 31 December 2016	Actual Year Ended 31 December 2015
Eric Streitberg	\$695,692	\$694,540
Eve Howell	\$123,735	\$121,114
Robert Willes	\$123,735	\$123,664

* Annual Remuneration includes salary, superannuation and non-monetary benefits

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not provided any services to the Company or received any fees or other payments from the Company.

Hartleys has acted as the Lead Manager to the Company in relation to the Offer. The fees payable to the Company for these services are set out above at Section 8.4 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Hartleys has not provided any services to the Company or received any fees or other payments from the Company.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus, and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Hartleys has given its written consent to being named as the Lead Manager to the Company in this Prospectus. Hartleys has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

KPMG has given its written consent to being named as the auditor of the Company in this Prospectus. KPMG has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$245,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	20,890
Lead Manager Fee *	153,000
Legal fees	15,000
Printing and distribution	50,000
Miscellaneous	3,710
Total	245,000

* Estimate only on the assumption of a 50% take-up of Entitlements under the Offer, with Eligible Shareholders applying for 50% of the resulting Shortfall and Hartleys placing the other 50% of that Shortfall. The Lead Manager fee will be higher in the event there is a lesser take-up of Entitlement under the Offer and/or Eligible Shareholders apply for less than 50% of the resulting Shortfall and Hartleys places a greater amount of Shortfall than estimated above.

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please phone the Company on +61 8 9215 1800 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.buruenergy.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this

Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder, and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Mr Eric Streitberg
Executive Chairman/Director
For and on behalf of
Buru Energy Limited

10. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Buru Energy Limited (ACN 130 651 437).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom.

Employee Share Option Plan means the Buru Energy Limited General Employee Share Option Plan as initially approved at the Annual General Meeting of the Company on 5 November 2010.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Lead Manager or Hartleys means Hartleys Limited.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Appreciation Rights mean the right of an eligible employee to receive an award from the Company in equity, cash or both as determined by the Board in accordance with the Company's share appreciation rights plan subject to any vesting conditions and/or performance hurdles and/or other conditions determined by the Board (acting reasonably).

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus for investors other than Eligible Shareholders.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.7 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

WST means Western Standard Time as observed in Perth, Western Australia.