Annual Report 2014

Buru Energy Limited
Annual Report
For the year ended 31 December 2014
ABN 71 130 651 437

Contents

Corporate Register

as at 28 February 2015

Shares on issue:	339,997,078
Unlisted options:	6,400,000
Share Appreciation Rights:	3,486,547

Directors

Mr Eric Streitberg
Executive Chairman

Hon Peter Jones
Independent Non-executive Director

Ms Eve Howell
Independent Non-executive Director

Mr Robert Willes
Independent Non-executive Director

Company Secretary

Mr Shane McDermott

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Share Registry

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Email:
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Auditors

KPMG
235 St George's Terrace
PERTH WA 6000

Bankers

Commonwealth Bank of Australia
1230 Hay Street
WEST PERTH WA 6005

Stock Exchange

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: BRU

Executive Chairman's Report

Dear Shareholder,

I am pleased to present the Company's Annual Report for the 2014 calendar (and Buru Energy's financial) year.

In 2014 the Company made major advances in its exploration and development programs despite the fact that it was a tumultuous and difficult year with the collapse in oil prices, very weak share market conditions for junior oil and gas companies and major Board and management changes.

The Ungani oilfield production test outperformed expectations, major 2D and 3D seismic programs were acquired with very positive results emerging from the data, and a revolutionary advance was made in reducing exploration drilling costs. During the year, the Company also received all regulatory approvals required for its tight gas exploratory evaluation program after undertaking a full and transparent consultation process that included the extensive involvement of independent experts and the sourcing of world class technical expertise. The initial work on the evaluation of the tight gas resources in the Company's portfolio was undertaken once these approvals were obtained.

As the market conditions changed your new Board moved quickly to put in place a strategy for financial security; raising $31.1 million (before costs) in new equity at $0.75 per share, reducing discretionary expenditure, substantially reducing staff numbers and reorganising the Company's management structure.

These initiatives were necessary to ensure the Company is able to build on its successful program in 2014 and continue to explore its world class Canning Basin exploration acreage, and also continue to progress the development of the Ungani oilfield. It is also very encouraging that recent technical work, building on the data acquired during the 2014 seismic acquisition program, has confirmed the prospectivity of the basin for conventional oil, and for conventional and tight gas and liquids.

A major operational and technical focus during the year was to achieve more cost effective exploration outcomes. This was very successful with a step change in drilling costs being achieved through the use of rigs with smaller operational and environmental footprints. This has the potential to transform the exploration of the basin, particularly for shallow conventional oil targets similar to Ungani.

The reduction of exploration risk was a further focus. This program has included the acquisition of 3D seismic and airborne gravity and magnetic data which has proven very effective in delineating Ungani style targets. Together with the reduction in drilling costs, this will lead to more wells being drilled and a substantially higher chance of success of finding additional oil pools. This is a systematic exploration approach which is particularly appropriate for exploration for Ungani "lookalikes" along what is a now a well-defined trend. Continued technical work has also identified numerous other play types in the basin that are prospective for conventional oil plays, including the Paradise area and sub-salt plays to the southeast of Ungani.

The evaluation of the Ungani oilfield under a test production program continued during the year with excellent results. The test program is now essentially complete, although significant uncertainties remain in the size of the resource, principally in regard to ultimate recovery factors and the number and configuration of wells required for full development. The next phase of the development is planned to be an upgrade to the facilities for future production and the acquisition of the Production Licence for the field to allow continued production under the appropriate regulatory regime. This requires the Company, amongst other things, to come to an agreement with the native title parties on whose land the Production Licence application blocks lie. This process has been ongoing for over two years and has been complicated by the changes in Company management and the changes in advisers to the native title parties. However, these negotiations are nearing completion and once concluded will allow production from the field under the appropriate Western Australian petroleum legislation.

These initiatives were necessary to ensure the Company is able to build on its successful program in 2014 and continue to explore its world class Canning Basin exploration acreage and also continue to progress the development of the Ungani oilfield.

The appraisal of the world class tight wet gas resources in the basin has continued with planning for a hydraulic stimulation (frac) program in 2015. Initial work for this program was completed during 2014 and it is planned to undertake a more comprehensive program during the 2015 dry season. Very extensive reviews and consultations for this program have been undertaken, including independent scientific reviews for the native title groups on whose land activity is planned, or who have an interest in the program. Despite these reviews and consultations, there has been opposition from activist groups who reflect the views of groups who are opposed to the use of fossil fuels. The Company will continue to consult and ensure transparency in its operations as it moves forward with its evaluation program which will include both the tight gas and conventional gas resources of the basin.

Looking forward, the exploration and development of the Canning Basin is the focus of the joint venture and this will be undertaken in a systematic and cost effective way. The basin remains one of the least explored in Australia with some of the highest potential. Buru Energy controls the most prospective parts of the basin and this provides the opportunity for very substantial value accretion going forward.

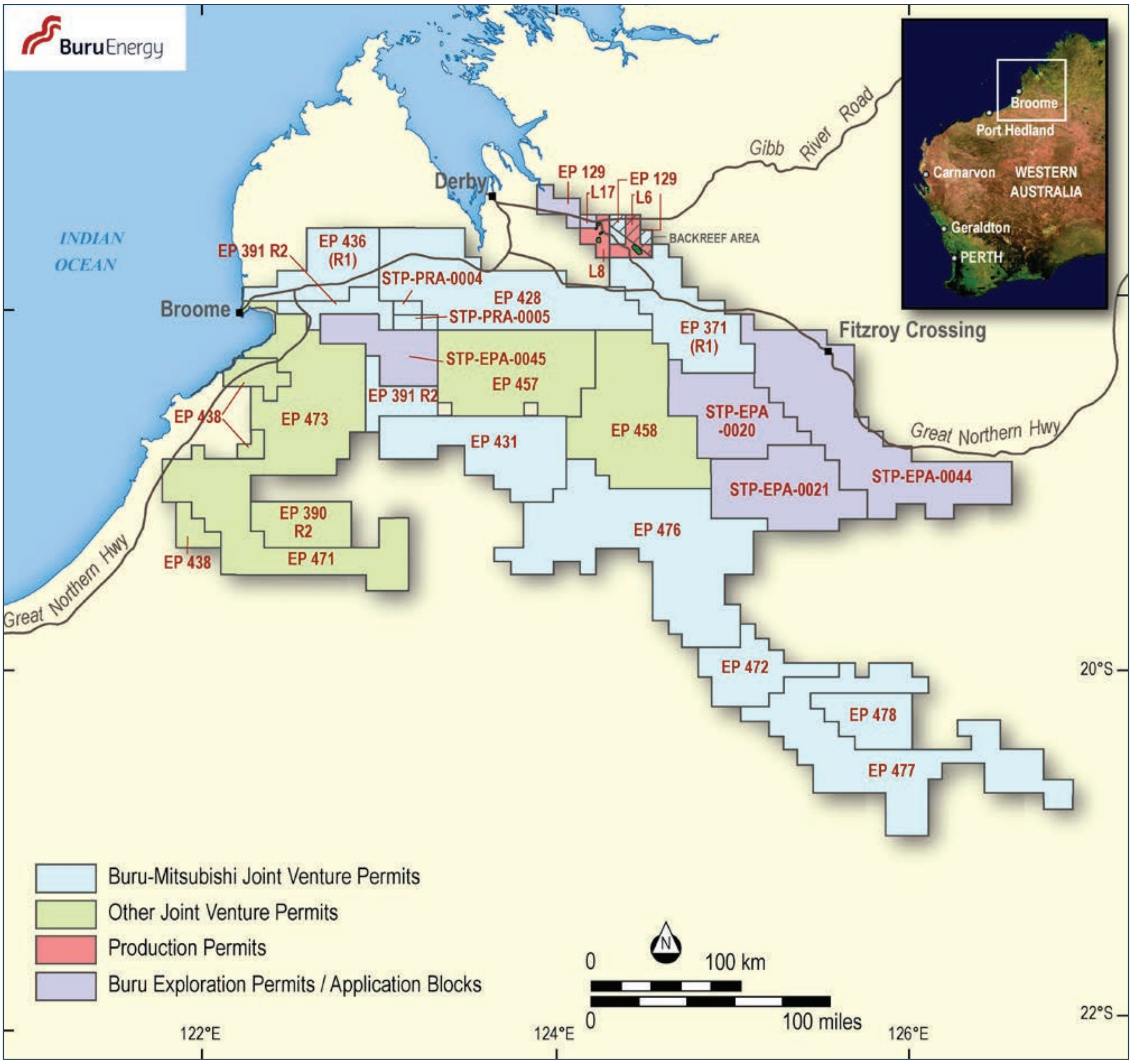
Your Board and management have the depth of skills and experience required to ensure that this value is realised and I would like to thank the staff of the Company who have tirelessly and enthusiastically supported the business through this challenging transition period and who approach the coming year with enthusiasm and determination for the Company to succeed. I would also like to thank all our shareholders and all other stakeholders for their ongoing support.

Business Review

For the year ended 31 December 2014

Corporate Summary

Current Issued Capital	
Fully paid ordinary shares	339,997,078
Options (Unlisted – Employees)	6,400,000
Share Appreciation Rights (Unlisted – Employees)	3,486,547
Trading History	
Share price range during 2014	$0.375 to $2.10
Liquidity (annual turnover as % of average issued capital)	80.64%
Average number of shares traded per month	~ 20.75 million



Location of the Company's Assets

Principal Assets

Buru Energy Limited ("Buru Energy") or ("the Company") holds a very substantial exploration and production portfolio in the onshore Canning Basin of Western Australia. These holdings provide the Company with the following factors for success:

- An extensive basin wide acreage spread in the most underexplored onshore Australian basin
- Significant oil and gas potential in conventional reservoirs with the Ungani oilfield under current development
- A multi TCF basin wide tight wet gas resource with high liquids content
- Major international partners - Mitsubishi Corporation ("Mitsubishi") and Apache Onshore Holdings Pty Ltd ("Apache")
- High permit equities and operatorship of core acreage
- A State Agreement which provides long term tenure over core acreage

Shareholder Communications

Under its ASX disclosure obligations and generally in regard to shareholder communication, Buru Energy provides shareholders with all relevant and price sensitive information during the year. These communications include regular shareholder updates and quarterly and half yearly reporting obligations. All this information is made available on the Company's website (www.buruenergy.com) which also contains details of the Company's general activities. Consequently, this report in accordance with ASX recommended corporate governance practices, also sets out for shareholders the Company's business philosophy, economic and financial condition, and future prospects. It also includes a brief review of the Company's operations during the last financial year, as these are set out in detail in the quarterly and half yearly reports of the Company on the Company's website, and in the regular corporate update presentations.

The Company's Business Philosophy and Strategy

Buru Energy is committed to delivering value to its shareholders, traditional owners, the community and our employees through responsible, safe, innovative and cost effective exploration, development and production of our assets. We do this through integrity in our actions and decisions and by actively participating in and supporting the communities within which we operate.

Buru Energy respects the traditional owners in the areas in which it operates, their culture, law and leadership, and will always strive to demonstrate that respect in all aspects of our business.

The Company's immediate strategy is to progress the development of the Ungani oilfield into full scale production, to complete an appraisal program of the Laurel Wet Gas project, and to continue an active seismic acquisition and drilling exploration program for conventional oil and gas prospects, with an initial focus on the Ungani oil trend.

Funding, Commitments and Prospects

The funding requirements of the Company are continuously reviewed through detailed internal cash flow models that are continuously updated for external and internal factors. The internal cash flow models are also used to review and to test investment decisions including exploration and development decisions.

Formal control over the Company's activities is maintained through a budget and cash flow monitoring process with annual budgets considered in detail by the Board and forming the basis of the Company's strategy.

Cash flows are tested under various scenarios to ensure that expenditure commitments are able to be met under all reasonably likely scenarios, and sufficient exploration expenditure is able to be budgeted to ensure a realistic probability of success of finding oil and gas. Expenditures are also carefully monitored with more stringent expenditure controls and oversight introduced during the year, including a flattened and more accountable management structure.

The current oil price and the early stage of development of the Company's producing assets means that it is not yet generating sufficient net revenue to support its exploration and development plans, and therefore still requires equity from shareholders at appropriate times to accelerate the development of its projects.

The Company's longer term prospects are dependent on its ability to cost effectively develop and produce its existing resources and its ability to be successful in its exploration programs.

Success in these endeavors is reliant on sufficient cash being available, and also on the skills and experience of the Buru Energy team. During the year very significant reductions in staff numbers were implemented through redundancies, and the Company's management structure was reorganised to increase individual accountability and reduce "siloing". These measures have resulted in a more cost and results focused team which has the capability to deliver the required results.

Business Review

For the year ended 31 December 2014

Corporate Governance

The Board of the Company aspires to best practice in corporate governance and the ASX core principles of corporate governance have been integrated into the governance policy of the Company together with specific principles for Buru Energy. The detailed compliance system of the Company is set out in the Corporate Governance Statement of this report.

The Board has a majority of independent Directors (three out of four), however, the Chairman is not independent as he is a major shareholder and executive of the Company. This situation does not comply with the Company's Board Charter and has arisen subsequent to the withdrawal of the previous Chairman from re-nomination at the Company's 2014 Annual General Meeting, and the subsequent resignation from the Company and the Board of the Managing Director. These circumstances resulted in the current Executive Chairman returning from executive retirement to take up his current position.

The Board is seeking to recruit an additional suitably qualified independent Director, and the transition to a Non-executive Chairman will take place in due course at a time appropriate in all the circumstances. More details on these matters are set out in the Corporate Governance Statement.

Corporate Responsibility

The Company's responsibilities to the community and its shareholders are supported by codes of conduct and a number of specific policies, the details of which are available on the Company's website.

The Company's activities in the Canning Basin encompass a large part of the southern and western Kimberley region of northern Western Australia which was the birthplace of Australian indigenous land rights movement. Buru Energy and the traditional owners have access agreements that provide protocols for exploration access over all of the Company's permit areas and are currently negotiating for an agreement over the Company's Production Licence applications for the Ungani oilfield.

The Company has a strong commitment to assisting Aboriginal people to achieve economic independence through employment, business development and training, and gives support to those activities that are sustainable in the longer term.

Business Risk Management

Management of business risk, particularly exploration and operational risk, is an essential component of success for resource companies. The current operating environment is particularly stringent in respect of environmental and community standards and this is a major focus of the Company's compliance activities including the maintenance of a "social licence to operate".

The structured identification and management of risk across the business also assists in optimising business processes as it leads to focus on the value adding components of the business. The Company manages risk through a formal risk identification and risk management system, details of which are included in the Corporate Governance Statement. The review of the Company's risk profile during the year identified additional risks associated with its increased development and appraisal activity. However, these risks are considered to be in the normal course of business and the internal processes of the Company are considered sufficient to manage them.

The Company's internal commercial and financial risk management system is subject to a process of continual review and is also subject to Board oversight, and external audit.

Operations Review

The Company's activities during the year continue to be focused on exploration and development of its petroleum exploration permits and licences in the Canning Basin in the northwest of Western Australia.

Production and Development

Ungani

The Ungani oilfield was producing under an Extended Production Test ("EPT") regime during the year to gather the data needed to prepare a development plan for the field. The data acquisition program under the EPT has now been substantially completed and the field has been shut-in to allow for the necessary upgrades to the facility to allow full field production under a Production Licence. The oil was exported from the Port of Wyndham and investigations for access to the Port of Broome for export of oil were also undertaken during the year.

The production from the Ungani Extended Production Test to date is as follows:

- Production Test Phase 1 - 31 May 2012 to 30 March 2013: 101,278 bbls
- Production Test Phase 2 - 9 December 2013 to 31 December 2014: 351,038 bbls

Nine shipments totalling 328,683 bbls from the Port of Wyndham gave joint venture sales revenue of $30.2 million (net to Buru Energy $15.1 million) for the year ended 31 December 2014. The oil has all been sold into Asian refineries under the marketing agreement between Buru Energy and Mitsubishi.

The upgrade of the Ungani facilities for permanent production is being reviewed to ensure the new facilities are 'fit for purpose' and completed at lowest possible cost. The final facility design is dependent on the predictions of reservoir performance that are being calibrated with the results of the EPT.

Negotiations with the Nyikina Mangala and Yawuru native title parties in relation to the Production Licence agreement for Ungani have continued to progress.

Blina and Sundown

The Blina and Sundown oilfields remained shut-in during the year with a review of forward operations at the fields being continued.

Remediation of this area, which has been under the previous ownership of seven different companies since the discovery of oil in the area in 1981, continued. The Company took the decision to cease production from the area in 2013 in order to address the legacy issues, including the rehabilitation of interceptor and evaporation ponds. The Company has worked with the Department of Mines and Petroleum ("DMP") to prepare and implement an Environment Plan to address these legacy issues, and during 2014 continued the remediation work across the sites. An ongoing comprehensive water monitoring program has not detected any evidence of groundwater contamination in the area.

The full remediation program is expected to take up to a further two years to complete and the field remediation operations will be recommenced as soon as practicable in the dry season in the second quarter of 2015.

The Company has made adequate provision for the costs of this work.

Operations Review

For the year ended 31 December 2014

Drilling

Ungani 3

Ungani 3 was drilled as a stepout and appraisal well on the Ungani oilfield. The well was drilled with the Crusader 405 specialised high capacity drilling rig. The rig was mobilised to the Ungani 3 site in late 2013 and the well was spudded on 14 January 2014. The Ungani 3 well penetrated an oil saturated Ungani Dolomite section some 20 metres higher than the intersection in Ungani 1. However, the highly permeable dolomite present in the central field area was not intersected at the Ungani 3 location. Post well analysis of the Ungani 3 rotary sidewall cores confirmed that the section was oil saturated, but that the vugular porosity encountered in the previous wells was less well developed at this location. Subsequent testing operations recovered oil from the reservoir but further testing is required to quantify the resources in the well.

Ungani North 1

A production test of the Ungani North 1 well was undertaken during the year. The Ungani North 1 well is located some six kilometres north of the Ungani Production Facility. A completion string was first run in the well with DDH1 Rig 31, and then some 30 metres of Ungani Dolomite section over the interpreted oil column of approximately 46 metres was perforated for production testing. The perforation was carried out with the well underbalanced with a nitrogen cushion. Nitrogen lift operations established fluid influx into the well at relatively low rates with the fluid recovered being indicative of drilling fluid filtrate from the original drilling operations and therefore not diagnostic as to potential reservoir recovery. The results need to be fully evaluated before further testing, and consequently the well was temporarily suspended while the results are evaluated and a forward program agreed with the joint venture. The forward program is likely to include pumping the well to attempt to remove the drilling fluid and ascertain the nature and flow characteristics of the formation fluid.

Commodore 1

Commodore 1 was the first well to be drilled as part of the Apache farm out announced in November 2013. The cost of the well was fully funded by Apache under the terms of the farmout which includes a commitment by Apache to fund a $25 million exploration program on EP 390, 438, 471 and 473. The Commodore 1 well is located in exploration permit EP 390. Buru Energy and Mitsubishi both have a 25% equity interest in the well and in EP 390, with Apache having the remaining 50% equity interest. The well is located some 140 kilometres to the south of Broome and some 100 kilometres inland from the Great Northern Highway.

Drilling operations at the Commodore 1 well commenced on 21 November 2014 and were completed on 23 December using DDH1 Rig 31. The well was drilled to a total depth of 1,600 metres. Open-hole wireline logs acquired in the Lower Grant Formation objectives confirmed no significant hydrocarbons had been encountered in that section. The full section of the Carribuddy Formation, the Bongabinni Shale and the Nita Formation was then cored with excellent core recovery. Although oil shows were noted in cores at several intervals, both inspection of the cores and interpretation of the wireline logs indicated there were no zones with producible hydrocarbons. Consequently the well was plugged and abandoned. The next well under the Apache farmout is Olympic 1 and this well is planned to be drilled in the 2015 dry season.

Sunbeam 1

Following the completion of the Commodore 1 well, DDH1 Rig 31 was mobilised to the Sunbeam 1 well and drilling operations at that well commenced on 25 January 2015 and were completed on 11 February 2015. The Sunbeam 1 well is located in exploration permit EP 129 and completion of the well satisfied the Year 4 work commitment on that permit. Buru Energy has a 100% equity interest in the well and in EP 129. The well is located some 85 kilometres south east of Derby and some 18 kilometres south of the Gibb River Road.

The primary objective Grant Formation channel fill sands were encountered as prognosed but did not contain any significant hydrocarbons.

The well has been suspended for possible re-entry and deepening to the underlying Emanuel prospect during the coming dry season. The Emanuel prospect is a Frasnian aged reefal anomaly of a type that has not previously been tested in the area.

Seismic

Jackaroo 3D Seismic Survey

Acquisition of the Jackaroo 3D seismic survey commenced on 20 October 2014 and was completed on 30 November 2014. The completed survey is some 224 sq km in area and it was completed with no safety or environmental incidents.

The survey is located between the existing Yulleroo and Ungani 3D seismic grids and joins the two grids to give seamless 3D coverage from Yulleroo to Ungani. It covers the currently identified Jackaroo and Praslin prospects and a number of other conventional oil prospects along trend.

Initial processing of the data has indicated that the data quality of the 3D survey is good to excellent, and the anticipated structural trends and prospects have been properly imaged. The survey was acquired along survey lines that had been heritage cleared by senior Yawuru, Nyikina Mangala and Karajarri cultural advisers who physically inspected the survey lines in their particular cultural areas.

The survey lines were prepared using techniques that minimise disturbance to vegetation. Buru Energy staff and management, together with the seismic contractor for the survey, Terrex Seismic, have developed and refined these techniques over many years of operations in Western Australia and they have been recognised as leading practice in environmental management. Current assessments indicate that the Company's seismic lines have strong regrowth after two wet seasons. The operations are also overseen by the Western Australian Department of Mines and Petroleum who require submission and approval, and subsequent adherence to, a rigorous environment plan which is then monitored and audited during operations. These environment plans are publicly available documents.

2D seismic program

During the year, the Company also completed the acquisition of the following 2D seismic surveys which were at both regional and prospect scales.

The data quality is generally very good and the surveys have defined a number of prospects and met their exploration objectives. Both the 3D and 2D surveys were acquired on budget and with no significant environmental or operational incidents.

Survey	Kilometres	Buru Energy share of expenditure
Commodore West 2D	123	Nil (Apache 100% farmin)
Mt Fenton 2D	112	41.67% (EP 458 JV)
Barbwire 2D	246	41.67% (EP 458 JV) and 10% (EP 476 Apache option)
Mt Rosamund 2D	507	10% (Apache option)
Total 2D surveys	**988**	

Operations Review

For the year ended 31 December 2014

TGS (Laurel Formation Tight Gas Pilot Exploration Program)

During the year, the Company received all regulatory approvals required for the TGS program after undertaking a full and transparent consultation process that included the extensive involvement of independent experts and the sourcing of world class technical expertise. These robust and thorough consultations and approval programs have resulted in transparent and fact based approvals for the program.

The extensive and iterative nature of these approvals also meant that the operational timeframes for undertaking the program were compressed, and it was not possible to commence initial site and preparatory work until the approvals were received. It was therefore necessary to undertake a full review of the planned execution and timing of the program. The review included operational considerations such as the availability of specialised technical equipment, the ability to complete the program prior to the wet season (including completing the flow back and testing program), and the costs of the program (which are affected by timing of the program and the ability to complete it in a way that maximises efficient equipment utilisation).

The results of this review led the joint venture to adopt a three phased program. This phasing will ensure the program is undertaken in the most cost effective way and will also ensure the program meets all regulatory requirements and environmental standards.

The Phase 1 activity for the Laurel Formation Tight Gas Pilot Exploration Program was completed for the Asgard and Valhalla North wells in late 2014. This phase of the program involved:

- Wellsite preparation and civil works: These works included the construction of the water holding and flowback water retention ponds, flare pits, and associated civil works. These civil works are to support the frac program planned for 2015.

- Well conditioning: A coil tubing unit was used to condition the well fluid in the well bore to an operationally appropriate brine solution.
- Cement bond logging: This was undertaken as a condition of the approvals for the program to confirm previously obtained data.
- Conducting of "mini fracs" or Diagnostic Fracture Injection Tests (DFITs): DFITs are routinely conducted as part of frac program design and involve perforating a single zone, injecting brine and then observing the resultant pressure responses. The data from these mini fracs gave increased confidence in the success of the planned fracs and will be used to optimise the design of the main fracs to ensure they provide definitive results at the lowest cost.

The program was carried out with no operational or environmental incidents.

The Yungngnora People at Noonkanbah where these activities took place were very supportive of this program of work and provided assistance with all phases of the activities including:

Cultural inductions: All Buru Energy personnel and contractors working on site attended cultural inductions and a welcome to country from the Yungngnora people

Site activities: Up to 10 Yungngnora people were involved in all operational aspects of the program including site construction, well interventions and data gathering.

Groundwater monitoring: Four Yungngnora environmental cadets assisted with all groundwater monitoring on their country during the program. The cadets graduated with a Certificate II in Conservation and Land Management at Kimberley Training Institute in early December 2014.

TO Rangers: Koolkarriya rangers from Noonkanbah provided access control and coordination onsite during operations at both well sites.

Members of the Yungngnora community will remain actively involved in the program including during the planned main frac program next year. More than 20 community members are participating in ongoing training for a *Certificate II Resources and Infrastructure Work Preparation* and other certifications with the Kimberley Training Institute (KTI).

The completion of the program at Valhalla North and Asgard was later than planned due to the late arrival of contractor equipment and subsequent mechanical and electrical issues with this contractor equipment. This later timing meant the window for utilisation of the coil tubing unit and the wireline logging unit from this particular contractor had the potential to be affected by the onset of the wet season and they were therefore demobilised. Consequently, preparatory works in the Yulleroo area requiring this equipment were deferred to the 2015 dry season.

Phase 2 and Phase 3 are planned for 2015. Phase 2 is a planning, validation and optimisation phase to ensure all operations and logistics are optimised and all contracts are the most cost effective. The design of the fracs will also be reviewed incorporating the results from the DFITs to ensure the highest probability of obtaining definitive results at the lowest cost. Phase 3 will include mobilisation of the frac spread, undertaking the fracs, and then a flow back period of up to three months to ensure the data obtained will allow definitive decline curves to be calculated.

Corporate

Share Placement and Share Purchase Plan

In September the Company raised a total of $31.1 million of which $28.1 million (before costs) was via a placement of 12.5% of its equity capital to a new cornerstone shareholder and existing institutional and sophisticated investors. $20 million of the placement was subscribed by Coogee Chemicals Pty Ltd and its holding company, Chemco Pty Ltd (together Coogee Chemicals), with the balance subscribed by existing Buru Energy eligible sophisticated investors and institutional shareholders. Following completion of the placement, Coogee Chemicals became a substantial shareholder in Buru Energy. The placement was at $0.75 per share which was a discount of 2% to the closing price prior to the trading halt for the capital raising.

An accompanying Share Purchase Plan ("SPP") at the same price of $0.75 per share closed in October with a total of 3,986,550 new shares issued to 376 shareholders raising $3.0 million. The combined share placement and SPP raised a total of $31.1 million before costs.

Acreage Management

During the year, the Company commenced a review and rationalisation of its acreage portfolio in response to the declining sharemarket and oil price environment. This included the application for relinquishment of permits in remote areas with high operating costs (EP 474), and the renegotiation of permit work commitments, where appropriate, to ensure exploration can be carried out in a systematic and orderly manner.

The Company's agreement with Backreef Oil Pty Limited for the acquisition of a 50% interest in EP 487 came to an end on 31 December 2014. The parties originally executed the agreement on 25 September 2012 with a requirement that the transfer proceed by 31 December 2013, a date which was subsequently extended to 31 December 2014. The transfer of the 50% interest in EP 487 did not occur as required and the parties did not agree to further extend the date for transfer, therefore the agreement came to an end.

The removal of this permit from Buru Energy's portfolio has no material effect on its previously stated prospective tight gas resources given their overall size. However, it also reduced the Company's contingent funding obligations by the $3.5 million purchase price, any costs associated with the current litigation, and the costs of early stage exploration activity on this permit.

Apache Acacia Option

In 2013, Apache was granted an option to earn a 40% interest in exploration permits 472, 476 and 477, up to a 40% interest in exploration permit 478 and up to a 50% interest in exploration permit 474 in return for a non-refundable option fee equal to the greater of $7.2 million, and 80% of the costs of various exploration activities on these permits. The option fee was received by the Buru Energy - Mitsubishi JV and was expended on the exploration activity including seismic and aerogravity acquisition.

Buru Energy has been informed by Apache that it does not wish to exercise the option but as a result of the recent suspension and extension of these permits, the joint venture is still discussing the next steps for these permits. The agreement with Apache in the Coastal Blocks is not affected by this decision.

Operations Review

For the year ended 31 December 2014

Yakka Munga Pastoral Lease

During the year the Company was successful in a tender for the Yakka Munga pastoral lease that covers the area of the Ungani oilfield. Settlement took place on 16 January 2015 with a purchase price of $7 million. The Company intends to enter into an arrangement with an experienced local cattle station operator to manage the station and assist in co-ordination of the station's operations and the on-ground activity of the joint venture. It has also been approached by parties interested in participating in the lease and is considering these approaches.

Board Changes

In the period commencing from the appointment of Dr Keiran Wulff as Managing Director on 14 January 2013, Mr Eric Streitberg undertook duties as an Executive Director focused on exploration and business development activity. He subsequently relinquished his executive directorship of the Company on 14 January 2014, and was appointed a Non-executive Director. At that time he also became entitled to a contractual termination payment as part of his service with the Company since its foundation in 2008. On 5 February 2014, Non-executive Director Mr Austin Miller resigned from the Buru Energy Board, for personal reasons. At the Company's 2014 AGM on 23 May 2014, Mr Graham Riley, the then Chairman, advised that he did not wish to stand for re-election as a Director of the Company. Mr Eric Streitberg was appointed as Executive Chairman of the Company subsequent to the meeting. Two Independent Non-executive Directors, Ms Eve Howell and Mr Robert Willes, were subsequently appointed to the Board on 2 July 2014, and the then Managing Director of the Company, Dr Keiran Wulff, entered into an agreement with the Company under which he relinquished his executive position and resigned as a Director of the Company as of 2 July 2014. Upon Dr Wulff's resignation, Mr Eric Streitberg assumed Dr Wulff's duties as Managing Director in his role as Executive Chairman.

The Board of the Company now comprises:

- Mr Eric Streitberg — Executive Chairman
- Hon Peter Jones — Independent Non-executive Director
- Ms Eve Howell — Independent Non-executive Director
- Mr Robert Willes — Independent Non-executive Director

This statement outlines the main corporate governance practices in place during the year. The Company's corporate governance practices comply with the ASX Corporate Governance Principles and Recommendations with 2010 Amendments - 2nd Edition ("ASX Recommendations"), unless otherwise stated.

Board of Directors

The respective roles and responsibilities of both the Board and management are set out in the Board Charter which can be viewed in the corporate governance section of the Company's website www.buruenergy.com.

Roles and Responsibilities of the Board and Senior Executives (ASX's Recommendation 1.1, 1.2 & 1.3)

The Board is collectively responsible for the governance of the Company and for promoting its success. The Board's primary purpose is to govern the Company on behalf of all shareholders. The Board's specific job outputs are to maintain a link between the Company's shareholders and its operations and to create and maintain governance policies that address the broadest levels of all decisions and situations. The Board retains the responsibility for setting the Company's strategic direction and objectives and for setting limitations on the means by which management may achieve those objectives. Limitations on management are primarily imposed by approved corporate strategy and expenditure limits. The Board delegates to management the responsibility for developing the capability to achieve Buru Energy's aims and objectives and employing that capability within the limitations set by the Board. The Board monitors and maintains this delegation by requiring regular reporting by management to the Board.

The Board delegates a portion of its authority through management limitations, policies and holding the Chairman accountable. It also recognises in its policies, strategic direction and setting of objectives for management, its accountability to legal and ethical obligations and its broader responsibility to non-equity stakeholders and the community.

The mandate to lead Buru Energy is placed by shareholders in the hands of the entire Board. The principles endorsed by the Board are as follows:

- No person within Buru Energy, whether a Board member or a member of management, can have any authority unless the Board grants that authority.
- All Board members are accountable individually and as a whole for any lapses of performance or behaviour by Buru Energy.
- The Board possesses authority only as a group. The Chairman and individual Directors have no power unless specifically given it by the Board collectively.

A Director or other officer of Buru Energy who makes a business judgment will have met the requirements as a Director of Buru Energy and their equivalent duties at common law and in equity, if they:

- make the judgment in good faith for a proper purpose;
- do not have a material personal interest in the subject matter of the judgment;
- inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- rationally believe that the judgment is in the best interests of Buru Energy.

The Director's or officer's belief that the judgment is in the best interests of Buru Energy is a rational one unless the belief is one that no reasonable person in their position would hold.

Mr Eric Streitberg is a major shareholder of the Company and undertakes full time executive duties with the Company. Consequently his role as the Executive Chairman of the Company does not comply with ASX Recommendation 2.2 which states that the Chairman of the Board should be an Independent Director. This is an interim arrangement following the restructure of the Buru Energy Board in 2014. The Company anticipates appointing a further Independent Director as it continues to restructure the Board and the plan is for the Chairman role to be undertaken by an Independent Director at an appropriate time.

Senior executives are responsible for supporting the Executive Chairman and assisting him with the management of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds to the Executive Chairman.

Board Processes (ASX's Recommendation 2.4, 4.1 & 8.1)

Full Board meetings are conducted in accordance with the Company's constitution at least nine times a year, but generally monthly, at venues, dates and times agreed, where practical, in advance. In accordance with the constitution, a Chairman has been appointed and the quorum for a meeting is two Directors. To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee. Further details on both Committees are included in this Corporate Governance Statement.

The agenda for each Board meeting is developed by the Company Secretary in consultation with the Executive Chairman. Board papers are distributed to Directors at least three business days before the meeting, unless the meeting has been called urgently. Board papers contain the information required for the Directors to make informed decisions in the efficient discharge of their responsibilities. The minutes of Board meetings are circulated, approved and signed by the Chairman within fourteen days of the date of the meeting.

Urgent matters that cannot wait until the next scheduled Board meeting and for which an impromptu Board meeting cannot be arranged are dealt with by a circular resolution in accordance with Buru Energy's Constitution (Article 11.22). Circular resolutions are normally preceded by telephone or email correspondence if practical, and are approved by the Executive Chairman before being circulated. The resolution is passed when it is signed by the last of the Directors. Signed circular resolutions are entered into the minute book.

The Board meets informally as required to discuss matters and to ensure members are fully informed of the Company's operations. Directors are also provided with a weekly report setting out material matters that have occurred.

Director Education

The terms and conditions of the appointment and retirement of Non-executive Directors are set out in a letter of appointment, including expectations of attendance and preparation for all Board meetings, minimum hourly commitment, appointments to other Boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice. Each new Director will undergo a formal induction at the earliest opportunity to enable them to gain an understanding of the Company's financial, strategic, operational and risk management position and to participate fully and actively in Board decision-making. Directors also have the opportunity to visit Company facilities and meet with management to gain a better understanding of business operations and both Mr Willes and Ms Howell did so during the year. Directors are also given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each Director has the right to access all relevant Company information and to speak to and have access to management. Subject to prior consultation with and approval by the Chairman, each Director may seek independent professional advice in respect of the Company and the Board's affairs from a suitably qualified adviser at the Group's expense. A copy of the advice received by a Director in these circumstances will, subject to the Chairman's discretion, be made available to all other members of the Board.

Composition of the Board & Director Independence (ASX's Recommendation 2.1, 2.2, 2.3 & 2.6)

The names of the Directors of the Company in office at the date of this report, specifying which are independent, are set out in the Directors' Report on pages 21 to 23.

The composition of the Board is determined using the following principles:

- a minimum of three and no more than eight Directors, with extensive knowledge relevant to the conduct of the Company's business;
- a majority of independent Non-executive Directors;
- a Non-executive independent Director as Chairman (however this is not currently complied with as set out above); and
- all Directors are subject to re-election every three years, except for the Managing Director (currently the functional role of the Executive Chairman).

The Board should, collectively, have the appropriate level of personal qualities, skills, experience and time commitment to properly fulfil its responsibilities or have ready access to such skills where they are not available.

The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential Directors' skills to ensure they have appropriate capabilities, experiences, skills and ability to add value to the Company's business as a whole. The composition of the Board is also assessed having regard to the Company's Diversity Policy, which is designed to promote and achieve diversity at all levels of Buru Energy's business, including the Board.

The Board assesses the independence of each Director annually in light of the interests declared by them. Directors will be considered independent if they meet the definition of an 'Independent Director' in accordance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

Board Committees

Remuneration and Nomination Committee (ASX's Recommendation 2.4, 2.5, 2.6, 8.1, 8,2, 8.3 & 8.4)

The Remuneration and Nomination Committee oversees the appointment and induction process for Directors and Committee Members, and the selection, appointment and succession planning processes for the Company's Managing Director (currently the Executive Chairman), executives and senior management. The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a Board vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary. The Committee identifies potential Board candidates with advice from external consultants. The Board then appoints the most suitable candidate. Board candidates appointed through this process must stand for election at the next general meeting of shareholders following their appointment.

Approximately every three years, or more frequently if appropriate, the Remuneration and Nomination Committee uses an external facilitator to undertake an evaluation of the performance of the Board, its Committees, individual Directors, and senior executives. The other Directors have an opportunity to contribute to the review process. The reviews generate recommendations to the Board, which votes on them. The Committee's nomination of existing Directors for reappointment is not automatic and depends on, amongst other things, the outcome of the review process.

The Remuneration and Nomination Committee also conducts an annual review of the performance of the Managing Director (currently the Executive Chairman) and the senior executives reporting directly to him and the results are discussed at a Board meeting. The Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and Directors of the Company and of other Group executives for the Group. It is also responsible for short and long term incentive performance packages, superannuation entitlements and retirement and termination entitlements.

The composition of the Remuneration and Nomination Committee is a minimum of three members and is comprised of only Non-executive Directors. The members of the Remuneration and Nomination Committee during the period were:

- The Hon. Peter Jones AM (Chairman) – Independent Non-executive
- Ms Eve Howell – Independent Non-executive (appointed 29 July 2014)
- Mr Robert Willes – Independent Non-executive (appointed 29 July 2014)
- Mr Eric Streitberg – (appointed 5 February 2014 and resigned 29 July 2014)
- Mr Graham Riley – Independent Non-executive (resigned 23 May 2014)
- Mr Austin Miller – Independent Non-executive (resigned 5 February 2014)

The Executive Director, Company Secretary and General Manager Commercial are invited to Committee meetings, as required but they do not attend meetings involving matters pertaining to themselves.

The Remuneration and Nomination Committee will meet at least two times a year and as often as required as determined by the Chairman of the Committee. The Committee met four times during the year ended 31 December 2014. The number of meetings attended by each Committee member is set out in the Directors' Report. Any Committee member may convene a meeting of the Committee and two members constitute a quorum. The Committee has the right to access management and may engage independent professional advisers as it requires, to assist it to discharge its purpose and responsibilities. The Company Secretary is the Secretary of the Remuneration and Nomination Committee. The minutes of meetings are circulated, approved and signed by the Chairman within twenty one days of the date of the meeting.

Further details on the Remuneration and Nomination Committee, including its charter, the Board Renewal and Performance Evaluation Policy and the Diversity Policy can be viewed in the corporate governance section of the Company's website www.buruenergy.com.

Audit and Risk Committee (ASX's Recommendation 4,1, 4.2, 4.3, 4.4 ,7.1, 7.2, 7.3, & 7.4)
The Audit and Risk Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The Audit and Risk Committee is responsible for oversight and review of:

- the annual and half yearly statutory financial statements;
- procedures and issues that could have a significant impact on financial results (for example impairment testing);
- Buru Energy's internal controls including accounting controls;
- external auditor's independence and monitoring the audit process in accordance with the international auditing standards and any other applicable regulations;
- the appropriateness of the external auditor's provision of non-audit services;
- the need for and, if required, the scope and conduct of internal audit;
- the establishment and implementation of a risk management process to identify, assess, monitor and control risk;
- management's periodic risk assessments and recommendations;
- the adequacy of Buru Energy's insurances;
- compliance with appropriate regulations (including environmental and safety); and
- reporting on reserves in accordance with the appropriate regulations and guidelines.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and will meet with them during the year to:

- discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and full year financial reports prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Audit and Risk Committee oversees the establishment, implementation, and annual review of the Group's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing all risks, including material business risks, for the Group (including sustainability risk). The Executive Chairman and the Head of Finance have provided assurance, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

Management provide the risk profile on a quarterly basis to the Audit and Risk Committee that outlines the material business risks to the Group. Risk reporting includes the status of risks through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed.

The Audit and Risk Committee reports the status of material business risks to the Board on a quarterly basis. Further details of the Group's risk management policy and internal compliance and control system are available on the Company's website.

The risks involved with oil and gas exploration generally and the specific risks associated with Buru Energy's activities in particular are regularly monitored and all exploration and investment proposals reviewed by the Committee include a conscious consideration of the issues and risks of each proposal. The Company's executive and senior management have extensive experience in the industry and manage and monitor potential exposures facing Buru Energy.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. Comprehensive practices have been established to ensure:

- capital expenditure and commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, further details of the Group's policies relating to interest rate management, forward exchange rate management and credit risk management are included in Note 6 to the financial statements;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management.

The Executive Chairman and the Head of Finance have provided assurance in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its oil and gas exploration and production activities. The Group is committed to achieving a high standard of environmental performance and continuous improvement. It has established a Group-wide Environmental Policy together with operation and activity specific environmental management plans to manage this area of the Company's activities.

Compliance with the requirements of environmental regulations and with specific requirements of site environmental approvals was substantially achieved across all operations with no instances of material, non-compliance in relation to approval requirements noted.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the period covered by this report.

Given the size and scale of Buru Energy, it does not have a separate internal audit function.

The composition of the Audit and Risk Committee is a minimum of three members and is comprised of only Non-executive Directors. The members of the Audit and Risk Committee during the period were:

- Mr Robert Willes (Chairman) – Independent Non-executive (appointed 29 July 2014)
- The Hon. Peter Jones AM – Independent Non-executive
- Ms Eve Howell – Independent Non-executive (appointed 29 July 2014)
- Mr Eric Streitberg – (appointed 5 February 2014 and resigned 29 July 2014)
- Mr Graham Riley – Independent Non-executive (resigned 23 May 2014)
- Mr Austin Miller – Independent Non-executive (resigned 5 February 2014)

The external auditors, the Executive Chairman and the Head of Finance, are invited to Audit and Risk Committee meetings at the discretion of the Committee. The Executive Chairman and the Head of Finance declared in writing to the Board:

- that the financial records of the Company for the financial year have been properly maintained; and
- the Group's financial reports for the year ended 31 December 2014 comply with accounting standards and present a true and fair view of the Group's financial condition and operational results.

This statement is required annually.

The Audit and Risk Committee will meet at least three times a year and as often as required as determined by the Chairman of the Committee. The Committee met three times during the year. The number of meetings attended by each Committee member is set out in the Directors' Report. Any Committee member may convene a meeting of the Committee and two members constitute a quorum. The Committee has the right to access management and may engage independent professional advisers as it requires, assisting to discharge its purpose and responsibilities. The Company Secretary is the Secretary of the Audit and Risk Committee. The minutes of meetings are circulated, approved and signed by the Chairman within twenty one days of the date of the meeting. The external auditor met with the Audit and Risk Committee twice during the year.

Further details on the Audit and Risk Committee including its charter can be viewed in the corporate governance section of the Company's website www.buruenergy.com.

Ethical standards

Code of conduct (ASX's Recommendations 3.1 & 3.5)

Buru Energy has established a Code of Conduct. The Code of Conduct applies to all Directors, senior executives, employees and contractors working on Buru Energy sites. It sets out the practices necessary to maintain confidence in the Company's honesty and integrity and the practices necessary to take into account the legal obligations and the expectations of the Company's stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct sets out the procedure to be followed if there is, or may be, a conflict between the personal or other interests of a Director and the business of the Company including the notification of an interest to the Board and a withdrawal from a meeting in which the material matter is discussed.

There have been no reports of a departure from the Code of Conduct.

Diversity (ASX's Recommendations 3.2, 3.3 and 3.4)

The Board is committed to having an appropriate level of diversity on the Board and in all areas of the Group's business. The Board has established a policy regarding gender, age, ethnic and cultural diversity. Details of the policy are available on the Company's website.

The key elements of the Group's diversity policy are as follows:

- Disclose the Group's commitment to attracting and retaining a diverse range of talented people to work in all levels of its business, from entry positions to Board members.
- Annual assessment of gender diversity on the Board and in all areas of the Group's business and reporting against the gender diversity objectives approved by the Board.

The Group's gender diversity as at the end of the reporting period was as follows:

Period	31 December 2014				31 December 2013			
Gender	Males		Females		Males		Females	
Level	Number	%	Number	%	Number	%	Number	%
Directors	3	75	1	25	5	100	0	0
Senior Executives	5	100	-	-	5	71	2	29
All Other Employees	35	78	10	22	44	60	29	40
TOTAL	**43**	**80**	**11**	**20**	**54**	**64**	**31**	**36**

During the year ended 31 December 2014, the outcomes of the Company's diversity objectives were as follows:

Diversity Objective	Outcome
Continue to grow and develop our Aboriginal workforce	Achieved. In addition to direct employees, Buru Energy employed 20 people on site during the TGS Phase 1 program. To develop its workforce, the Company continues to support the training of Aboriginal employees through work readiness programs implemented in communities through the Kimberley Training Institute.
Increase our partnering with local Kimberley Aboriginal businesses to provide services	Achieved. The Company has increased participation of Kimberley Aboriginal businesses for on ground services. This has included providing services across the following areas: road maintenance, transport, environmental monitoring, access control and coordination, operations assistance, site remediation and rehabilitation.
Implement a mentoring program for women	Due to the organisational restructure during the year, the Company did not meet this objective.
Develop and implement leadership training that includes a Diversity module	Due to the organisational restructure during the year, the Company did not meet this objective.

The Board has set the following diversity objectives for 2015:

- Continue to grow and develop the Company's Aboriginal workforce
- Continue to increase partnering with local Kimberley Aboriginal businesses to provide services
- Continue to provide mentoring and support to female employees

Trading in Company securities by Directors and employees

The key elements of the Company's share trading policy for Directors and employees are:

- Identification of those restricted from trading – Directors and senior executives may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - in respect of a well drilling program in which Buru Energy has an interest, from the date on which the casing string above the first objective is set (or such earlier time or event as may be notified to staff by the Executive Chairman) until the close of trading on the day that the drilling rig has been released from the relevant location;
  - two weeks prior to the release of Buru Energy's half-year and annual reports;
  - whilst in possession of price sensitive information not yet released to the market;
- to raise the awareness of legal prohibitions including transactions with colleagues and external advisers;

- to raise awareness that the Group prohibits entering into transactions that limit economic risks related to unvested share-based payments;
- to raise awareness that the Group prohibits those restricted from trading in Company shares as described above from entering into transactions such as margin loans that could trigger a trade during a prohibited period;
- to require details to be provided of intended trading in the Company's shares;
- to require details to be provided of the subsequent confirmation of the trade; and
- the identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

The policy also details the insider trading provisions of the Corporations Act 2001 and is reproduced in full on the Company's website.

Communication with shareholders

Timely and Balanced Disclosure (ASX's Recommendations 5.1, 5.2, 6.1 and 6.2)

The Board provides shareholders with information using a comprehensive Continuous Disclosure and Market Communications Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure and Market Communications Policy operates as follows:

- the Executive Chairman and Company Secretary are responsible for interpreting the Group's policy and where necessary informing and seeking approval from the Board. The Executive Chairman and Company Secretary are primarily responsible for all external communications including releases made on ASX;
- the full annual report is made available to all shareholders via the Company's website. A physical copy will be sent to any shareholder that specifically requests it. The full annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- the half-yearly report is made available to all shareholders via the Company's website. A physical copy will be sent to any shareholder that requests it. The half-yearly report contains summarised financial information and a review of the operations of the Group during the period;
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to ASX, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- the external auditor attends the annual general meeting to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Group and the independence of the auditor in relation to the conduct of the audit.

All of the above information, dating back to the listing of the Company, is made available on the Company's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration report and changes to the Constitution and all other matters requiring shareholder approval. A copy of the Constitution is available to any shareholder who requests it.

Directors Report

The Directors present their report together with the consolidated financial statements of the Group comprising Buru Energy Limited ("Buru Energy" or "Group") and its subsidiaries for the year ended 31 December 2014, and the auditor's report thereon. The remuneration report for the year ended 31 December 2014 on pages 28 to 39 forms part of the Directors' report.

Directors

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

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Eric Streitberg, BSc (App Geoph) Executive Chairman	Mr Streitberg has more than 40 years of experience in petroleum geology and geophysics, oil and gas exploration and oil and gas company management. He was a founding shareholder and held the position of Managing Director of ARC Energy Limited from 1997 until August 2008, during which time ARC Energy Limited was transformed from a junior oil and gas exploration company into a mid-size Australian oil and gas producer. He was also the founding shareholder and Managing Director of Discovery Petroleum which was a key participant in the renaissance of the Perth Basin as a significant gas producer until the takeover of that company in 1996. Prior to that he held various senior international exploration roles with Occidental Petroleum and BP. He was a founding shareholder and Non-executive Director of Adelphi Energy Limited from 2005 until its takeover in 2010. He is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists. Mr Streitberg is a Director and past Chair of the Australian Petroleum Production and Exploration Association and has also chaired the APPEA Exploration and Environment Committees. He is the immediate past Chair of the Marine Parks and Reserves Authority of Western Australia. Mr Streitberg is a Certified Petroleum Geologist and Geophysicist and holds a Bachelor of Science (App. Geoph.) from the University of Queensland. Mr Streitberg has been a Director since October 2008 and was a Non-executive Director of Buru Energy during the period 14 January 2014 to 23 May 2014. Mr Streitberg has been the Executive Chairman since 23 May 2014.
The Hon. Peter Jones AM Independent Non-executive Director	The Hon. Mr Jones was a member of the Western Australian Parliament from 1974 to 1986 during which time he served as the Minister for Resources Development, Mines, Fuel and Energy. He was the founding Chairman of ARC Energy Limited and Chairman of AMMTEC Limited. He previously served as the Chairman of Defence Housing Australia and the Water Corporation of Western Australia. The Hon. Mr Jones is the Chairman of the Remuneration and Nomination Committee, a member of the Audit and Risk Committee and has been a Director since October 2009.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Ms Eve Howell Independent Non-executive Director (Appointed 2 July 2014)	Ms Howell has over 40 years of experience in the oil and gas industry in a number of technical and managerial roles, primarily with Amoco Corporation, Apache Energy Ltd and Woodside Energy Ltd. She is a Director of ASX-listed Downer EDI Limited and Mermaid Marine Australia Ltd. In the private sector, Ms Howell is Non-executive Chairman of EMR Resources Pty Ltd and on the Senior Advisory Panel of Miro Advisors Ltd. She has previously served on a number of boards including Tangiers Petroleum (as Executive Chairman), the Fremantle Port Authority, the Australian Petroleum Production and Exploration Association, and as a board member and President of the Australian Mines and Metals Association. She is a Graduate of the Australian Institute of Company Directors. Ms Howell began her exploration career in the UK and since 1981 has worked for several Australian based companies including Apache during a time when the company developed significant oil production from the Carnarvon Basin and became the second largest domestic gas supplier. She held various senior positions in Apache in Australia including Business Development Manager and Managing Director. Between 2006 and 2011, Ms Howell was a Woodside Executive Committee member, with her positions including Executive Vice President of the North West Shelf. Ms Howell holds a Bachelor of Science (with Honours in Geology and Mathematics) from the University of London and an MBA from Edinburgh Business School. Ms Howell is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee and has been a Director since July 2014.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Robert Willes Independent Non-executive Director (Appointed 2 July 2014)	Mr Willes has over 25 years of extensive international experience in the oil and gas and energy industries. He is the Managing Director of Challenger Energy Ltd and has previously served on a number of boards including the Australian Petroleum Production and Exploration Association (APPEA), North West Shelf Gas Pty Ltd, North West Shelf Liaison Co. Pty Ltd, North West Shelf Australia LNG Pty Ltd, North West Shelf Shipping Services Co. Pty Ltd, Carbon Reduction Ventures Pty Ltd and Perth Centre for Photography. His early career with BP involved several positions in petroleum product supply, trading and marketing, and as a lead negotiator for numerous gas transactions in Europe. He subsequently joined BP's Group Mergers and Acquisitions team, where he led the divestments of Burmah Castrol's Chemicals Division and Great Yarmouth Power Ltd, and advised the Corporation on a number of acquisition opportunities. In Australia, Robert was BP's General Manager of the North West Shelf LNG Project. Robert also had overall accountability for BP's interests in the Browse LNG and Greater Gorgon LNG Projects, and for Business Development activities in Asia Pacific. More recently, Robert was CEO of Eureka Energy Limited, and was instrumental in managing the recommended A$107million on-market takeover by Aurora Oil and Gas Limited. He is currently Managing Director of Challenger Energy Ltd, an ASX-listed oil and gas explorer with exposure to the emerging world-scale shale gas province in South Africa's Karoo Basin. Robert is a Graduate of the Australian Institute of Company Directors and member of the Association of International Petroleum Negotiators. He holds an Honours Degree in Geography from Durham University in the UK, and has completed Executive Education Programmes at Harvard Business School in the USA and Cambridge University in the UK. Mr Willes is the Chairman of the Audit and Risk Committee, a member of the Remuneration and Nomination Committee and has been a Director since July 2014.
Dr Keiran Wulff, PhD (October 2012 to 2 July 2014)	Dr Wulff was a Director from October 2012 and Managing Director from January 2013 until his resignation in July 2014.
Mr Graham Riley, BJur LLB (May 2008 to May 2014)	Mr Riley was an Independent Non-executive Director from May 2008 and Chairman from March 2009 until May 2014. He was a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.
Mr Austin Miller (November 2012 to 5 February 2014)	Mr Miller was an Independent Non-executive Director from November 2012 until his resignation in February 2014. He was the Chairman of the Audit and Risk Committee and was a member of the Remuneration and Nomination Committee.

Company Secretary

Mr Shane McDermott, CA, AGIA, BComm (Accounting and Finance) has an accounting and auditing background having worked at a large international accounting practice for five years at its Perth office before joining Buru Energy in 2009. He is a member of the Institute of Chartered Accountants Australia and an Associate of the Governance Institute of Australia. Mr McDermott was appointed Company Secretary on 11 July 2014. He previously acted as Buru Energy's Joint Company Secretary from 1 December 2011 to 1 November 2012.

Mr Chris Bath was the previous Company Secretary from 1 November 2012 to 11 July 2014.

Board and Committee Meetings

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

Meeting	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Eric Streitberg	16	16	1	1	1	1
Peter Jones	16	16	3	3	4	4
Eve Howell	8	8	2	1	3	3
Robert Willes	8	7	2	2	3	3
Keiran Wulff	8	7	-	-	-	-
Graham Riley	6	6	1	1	1	1
Austin Miller	1	1	-	-	-	-

Principal Activities

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

Operations Review

The Operations Review for the year ended 31 December 2014 is set out on pages 7 to 12 and forms part of this Directors' Report.

Operating Results

The consolidated loss of the Group after providing for income tax for the year ended 31 December 2014 was $31,643,000 (six months ended 31 December 2013: loss of $14,981,000).

Financial Position

The net assets of the Group totalled $129,966,000 as at 31 December 2014 (31 December 2013: $131,392,000).

Dividends

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

Significant Changes in the State of Affairs

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

After Balance Date Events

No significant events have occurred subsequent to balance date other than those already disclosed in the Operations Review.

Likely Developments

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

Environmental Regulations

The Group is subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its oil and gas exploration and production activities, particularly with the DMP and the Western Australian Department of Environment Regulation ("DER"). The Directors actively monitor compliance with these regulations. As at the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

Directors' Interests

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

Directors	Ordinary Shares	Unlisted Options	Share Appreciation Rights
Eric Streitberg	28,720,566	-	-
Peter Jones	248,277	-	-
Eve Howell	65,000	-	-
Robert Willes	-	-	-
Total	**29,033,843**	**-**	**-**

Share Options

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

Date of Expiry	Exercise Price	Number of shares under Option
31 December 2016	$1.12	6,400,000
Total		**6,400,000**

All unissued shares are ordinary shares in the Company. All options expire on the earlier of their expiry date or within 30 days from termination of the employee's employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details about options granted to Directors or senior executives during the financial year are included in the Remuneration Report on pages 28 to 39. No options have been granted since the end of the reporting period. During or since the end of the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Share Appreciation Rights

Details of the Share Appreciation Rights ("SARs") outstanding as at the date of this report are as follows:

Number of SARs granted	Grant date	Vesting date	Exercise price per SAR ($)	Expiry date	% of SARs vested	% of SARs forfeited	Year in which grant vests
200,000	3 Jan 13	31 Dec 13	4.00	30 Jun 16	100%	0%	2013
250,000	3 Jan 13	31 Dec 14	4.25	30 Jun 16	100%	0%	2014
300,000	3 Jan 13	31 Dec 15	4.50	30 Jun 16	0%	0%	2015
2,736,547	3 Jan 14	31 Oct 16*	1.63	3 Jan 18	0%	0%	2016
3,486,547							

* This is the service period vesting date. The Vesting is also subject to various performance hurdles relating to Relative Total Shareholder Return

Further details about SARs granted to Directors or senior executives during the financial year are included in the Remuneration Report on pages 28 to 39.

Indemnification and Insurance of Officers

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

During the year, the Company has paid insurance premiums of $62,172 (2013: $62,800) in respect of Directors' and officers' liability. The premiums cover current and former Directors and officers, including senior executives of the Company and Directors and secretaries of its controlled entities. The insurance premiums relate to:

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

Proceedings on Behalf of Company

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

Non-audit Services

During the period, the Company's auditor did not perform any other services in addition to their statutory audit, half year review and joint venture audits. During the year ended 31 December 2014, the amount paid or payable to the Group's auditor (KPMG Australia) for statutory and other audit and review services totalled to $87,425 (six months ended 31 December 2013: $70,250 and year ended 30 June 2013: $94,250).

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 40 and forms part of the Directors' Report for the year ended 31 December 2014.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Mr Eric Streitberg
Executive Chairman
Perth
25 March 2015

Ms Eve Howell
Non-executive Director
Perth
25 March 2015

Remuneration Report - Audited

For the year ended 31 December 2014

Principles of compensation - Audited

The Directors present their Remuneration Report for Buru Energy for the year ended 31 December 2014. This remuneration report outlines the remuneration arrangements of the Company's Directors and other key management personnel ("KMP") in accordance with the requirements of the *Corporations Act 2001* and its Regulations. In accordance with section 308(3C) of the *Corporations Act 2001*, the Remuneration Report has been audited and forms part of the Directors' Report. Remuneration is also referred to as compensation throughout this report.

The Group notes the greater than 25% vote against the adoption of the 2013 Remuneration Report at the Annual General meeting on 23 May 2014. In response, during the 2014 year the Company underwent a process of significant organisational restructuring to achieve long term cost saving initiatives. Redundancies were an important and necessary part of this process. To illustrate the significant reduction in KMP remuneration, the Remuneration Report has been presented in a manner to show current Directors and other KMP separately from former Directors and KMP. This provides a more transparent summary of the Company's Director and KMP current remuneration levels. The Group continues to strive for best practice remuneration practices and schemes and has had ongoing communications with large shareholders to ensure alignment of expectations.

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

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

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

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

Fixed compensation

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

Performance linked compensation

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

Short-term incentive bonuses

The payments of bonuses are linked to the fulfilment of key performance indicators ("KPIs"). The KPIs are designed to promote shareholder value creation and include financial and non-financial measures. The individual's reward under the STI bonus scheme is directly aligned to the creation of shareholder value through the achievement of the Company's strategic and performance goals. All STI bonuses are subject to Board approval.

The financial and non-financial measures vary with position and responsibility and include measures such as achieving operational outcomes and ensuring high levels of safety and environmental performance.

Long-term incentive bonuses

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

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

During the financial period the Group issued SARs to certain KMP. Each SAR represents a right to an award equivalent to the positive difference between the notional share price set at the date of grant and the share price at the date of exercise, subject to satisfaction of any vesting conditions and exercise conditions. At the Board's discretion, the award may be settled in ordinary shares of an equivalent value or as a cash payment.

Consequences of performance on shareholder wealth

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

Reporting Period	31 Dec 2008	31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014
Share Price	$0.16	$0.23	$0.44	$1.23	$2.40	$1.75	$0.44

Service contracts

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

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

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

Services from remuneration consultants

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

Non-executive Directors

Total fixed compensation for all Non-executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed $600,000 per annum. The Non-executive Directors' base fee is $92,000 plus statutory superannuation per annum and the Chairman's base fee is $150,000 plus statutory superannuation per annum. Mr Streitberg is not eligible for this remuneration. An additional fee of $7,000 plus statutory superannuation per annum is payable for Non-executive Directors being a member of a Committee and the fee for chairing a Committee is $14,000 plus statutory superannuation.

Key Management Personnel Compensation - Audited

During the 2014 year, the Company underwent a process of significant organisational restructuring to achieve long term cost saving initiatives. Redundancies were an important and necessary part of this process. This Remuneration Report has therefore been presented in a manner to show current Directors and other KMP separately from former Directors and KMP. This provides a more transparent summary of the Company's Director and KMP current remuneration levels.

Details of the nature and amount of each major element of compensation of each current Director of the Company and other KMP for the 12 months ended 31 December 2014 and six months ended 31 December 2013, in AUD are as follows:

		Short-term				Post-employment			Share-based payments			
		Salary & Fees	STI cash bonus (E)	Non-monetary benefits (G)	Total	Superannuation benefits	Other long term	Termination benefits (F)	ESOP (A) / SARs (B)	Total	s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
Non-executive Directors												
The Hon. P Jones AM, NED	Dec 2014	116,937	-	-	116,937	10,817	-	-	-	127,754	0.00%	0.00%
	Dec 2013	56,500	-	-	56,500	5,226	-	-	-	61,726	0.00%	0.00%
Ms E Howell, NED (Appointed Jul 2014)	Dec 2014	44,167	-	-	44,167	4,085	-	-	-	48,252	0.00%	0.00%
	Dec 2013	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Mr R Willes, NED (Appointed Jul 2014)	Dec 2014	47,083	-	-	47,083	4,355	-	-	-	51,438	0.00%	0.00%
	Dec 2013	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Total Non-executive Directors' Remuneration	**Dec 2014**	**208,187**	**-**	**-**	**208,187**	**19,257**	**-**	**-**	**-**	**227,444**	**0.00%**	**0.00%**
	Dec 2013	56,500	-	-	56,500	5,226	-	-	-	61,726	0.00%	0.00%
Executive Directors												
Mr E Streitberg, Exec Director (Executive Chairman since May 2014)	Dec 2014	513,309	-	14,634	527,943	95,991	-	524,400(C)	-	1,148,334	0.00%	0.00%
	Dec 2013	248,162	-	9,184	257,346	22,955	-	-	-	280,301	0.00%	0.00%
Total Current Directors' Remuneration	**Dec 2014**	**721,496**	**-**	**14,634**	**736,130**	**115,248**	**-**	**524,400(C)**	**-**	**1,375,778**		
	Dec 2013	304,662	-	9,184	313,846	28,181	-	-	-	342,027		

Remuneration Report - Audited

For the year ended 31 December 2014

		Short-term				Post-employment			Share-based payments			
		Salary & Fees	STI cash bonus (E)	Non-monetary benefits (G)	Total	Superannuation benefits	Other long term	Termination benefits (F)	ESOP (A) / SARs (B)	Total	s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
Current Executives as at 31 December 2014												
Mr P Milford, Chief Operating Officer (Commenced Nov 2013, ceased employment 31 Jan 2015)	Dec 2014	550,000	-	7,080	557,080	51,563	-	-	277,312	885,955	31.30%	31.30%
	Dec 2013	72,628	-	-	72,628	6,718	-	-	-	79,346	0.00%	0.00%
Mr N Rohr, General Counsel (Commenced Feb 2014)	Dec 2014	356,522	-	9,452	365,974	25,416	-	-	93,747	485,137	19.32%	19.32%
	Dec 2013	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Mr R Aden, General Manager - Commercial (Commenced Nov 2014)	Dec 2014	48,654	-	590	49,244	4,622	-	-	41,416	95,282	43.47%	43.47%
	Dec 2013	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Mr S McDermott, Head of Finance & Company Secretary (D)	Dec 2014	207,160	-	9,871	217,031	19,464	-	-	57,362	293,857	19.52%	19.52%
	Dec 2013	-	-	-	-	-	-	-	-	-	0.00%	0.00%
Total Current Executive Officer Remuneration	**Dec 2014**	**1,162,336**	**-**	**26,993**	**1,189,329**	**101,065**	**-**	**-**	**469,837**	**1,760,232**		
	Dec 2013	72,628	-	-	72,628	6,718	-	-	-	79,346		
Total Current Directors and Executive Officer Remuneration	**Dec 2014**	**1,883,832**	**-**	**41,627**	**1,925,459**	**216,313**	**-**	**524,400[(C)]**	**469,837**	**3,136,010**		
	Dec 2013	377,290	-	9,184	386,474	34,899	-	-	-	421,373		

Details of the nature and amount of each major element of compensation of each former Director of the Company and former KMPs for the 12 months ended 31 December 2014 and six months ended 31 December 2013, in AUD are as follows:

		Short-term				Post-employment			Share-based payments			
		Salary & Fees	STI cash bonus (E)	Non-monetary benefits (G)	Total	Superannuation benefits	Other long term	Termination benefits (F)	ESOP (A) / SARs (B)	Total	s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
Former Directors as at 31 December 2014												
Mr G Riley, NED Chairman (Ceased May 2014)	Dec 2014	64,917	-	-	**64,917**	6,005	-	-	-	**70,922**	0.00%	0.00%
	Dec 2013	82,000	-	-	**82,000**	7,585	-	-	-	**89,585**	0.00%	0.00%
Mr A Miller, NED (Ceased Feb 2014)	Dec 2014	11,771	-	-	**11,771**	1,089	-	-	-	**12,860**	0.00%	0.00%
	Dec 2013	56,500	-	-	**56,500**	5,226	-	-	-	**61,726**	0.00%	0.00%
Dr K Wulff, Managing Director (Ceased employment Jul 2014)	Dec 2014	338,898	250,000	7,682	**596,580**	70,917	-	206,666	-	**874,163**	28.59%	0.00%
	Dec 2013	310,000	-	4,957	**314,957**	28,675	-	-	110,584	**454,216**	24.35%	24.35%
Total Former Directors Remuneration	**Dec 2014**	**415,586**	**250,000**	**7,682**	**673,268**	**78,011**	**-**	**206,666**	**-**	**957,945**		
	Dec 2013	**448,500**	**-**	**4,957**	**453,457**	**41,486**	**-**	**-**	**110,584**	**605,527**		
Total Directors Remuneration	**Dec 2014**	**1,137,082**	**250,000**	**22,316**	**1,409,398**	**193,259**	**-**	**731,066**	**-**	**2,333,723**		
	Dec 2013	**753,162**	**-**	**14,141**	**767,303**	**69,667**	**-**	**-**	**110,584**	**947,554**		

Remuneration Report - Audited

For the year ended 31 December 2014

		Short-term				Post-employment			Share-based payments			
		Salary & Fees	STI cash bonus (E)	Non-monetary benefits (G)	Total	Superannuation benefits	Other long term	Termination benefits (F)	ESOP (A) / SARs (B)	Total	s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
Former Executives as at 31 December 2014												
Mr C Bath, CFO and Company Secretary (Ceased employment Jul 2014)	Dec 2014	250,447	-	7,682	**258,129**	46,520	-	398,520	-	**703,169**	0.00%	0.00%
	Dec 2013	184,395	45,767	4,593	**234,755**	21,300	-	-	-	**256,055**	17.88%	0.00%
Mr B Williams GM Commercial (Ceased employment Dec 2014)	Dec 2014	601,200	-	7,080	**608,280**	-	-	-	-	**608,280**	0.00%	0.00%
	Dec 2013	270,600	-	3,540	**274,140**	-	-	-	218,162	**492,302**	44.31%	44.64%
Ms L Dawson GM Corporate Affairs (Ceased employment Jul 2014)	Dec 2014	196,874	-	3,540	**200,414**	8,094	-	175,000	-	**383,508**	0.00%	0.00%
	Dec 2013	166,424	-	-	**166,424**	15,394	-	-	-	**181,818**	0.00%	0.00%
Mr J Ford GM Community Relations (Ceased employment Aug 2014)	Dec 2014	228,574	-	3,552	**232,126**	20,503	-	100,000	-	**352,629**	0.00%	0.00%
	Dec 2013	156,250	-	3,540	**159,790**	14,453	-	-	-	**174,243**	0.00%	0.00%
Ms L West General Counsel (Ceased employment Apr 2014)	Dec 2014	60,360	-	-	**60,360**	3,375	-	-	-	**63,735**	0.00%	0.00%
	Dec 2013	120,450	-	1,405	**121,855**	11,146	-	-	-	**133,001**	0.00%	0.00%
Mr T Streitberg, Head of Strategy (Ceased employment Jul 2013)	Dec 2014	-	-	-	**-**	-	-	-	-	**-**	0.00%	0.00%
	Dec 2013	38,808	-	-	**38,808**	-	-	330,000	-	**368,808**	0.00%	0.00%
Total Former Executive Officer Remuneration	**Dec 2014**	**1,337,455**	**-**	**21,854**	**1,359,309**	**78,492**	**-**	**673,520**	**-**	**2,111,321**		
	Dec 2013	**936,927**	**45,767**	**13,078**	**995,772**	**62,293**	**-**	**330,000**	**218,162**	**1,606,227**		
Total Executive Officer Remuneration	**Dec 2014**	**2,499,791**	**-**	**48,847**	**2,548,638**	**179.557**	**-**	**673,520**	**469,837**	**3,871,552**		
	Dec 2013	**1,009,555**	**45,767**	**13,078**	**1,068,400**	**69,011**	**-**	**330,000**	**218,162**	**1,685,573**		
Total Directors and Executive Officer Remuneration	**Dec 2014**	**3,636,873**	**250,000**	**71,163**	**3,958,036**	**372,816**	**-**	**1,404,586**	**469,837**	**6,205,275**		
	Dec 2013	**1,762,717**	**45,767**	**27,219**	**1,835,703**	**138,678**	**-**	**330,000**	**328,746**	**2,633,127**		

Notes in relation to the table of KMP remuneration

A. The fair value of the options issued under the ESOP is calculated at the date of grant using the Black & Scholes option-pricing model and expensed at grant date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

B. The fair value of the SARs is calculated at the date of grant using the Black & Scholes option-pricing model and expensed over the vesting period. The value disclosed is the portion of the fair value of the SARs recognised in this reporting period.

C. On 14 January 2014, Mr E Streitberg assumed the role of Non-executive Director of Buru Energy and ceased to act in an executive capacity for the Company. Under Mr Streitberg's previous executive contract, he was entitled to a termination benefit of 12 months' salary in recognition of his service since the foundation of the Company in 2008. Following Mr Riley's resignation as Chairman on 23 May 2014, Mr Streitberg was reappointed by the Board in an executive capacity as Executive Chairman and was engaged at a day rate of $1,600 per day. On 2 July 2014, Dr Wulff entered into an agreement with the Company under which he relinquished his executive position and resigned as a Director of the Company. Mr Streitberg assumed Dr Wulff's duties and Mr Streitberg's remuneration was set at $620,000 per annum excluding superannuation. This was equivalent to Dr Wulff's salary prior to his cessation of employment.

D. Mr McDermott was a KMP from July 2014 following Mr Bath's cessation of employment. $87,000 salary and $8,019 superannuation from the period January 2014 to June 2014 is included in the above table.

E. Dr Wulff received a Short Term Incentive cash bonus during the period of $250,000. In the previous period, Mr Bath received a Short Term Incentive cash bonus of $45,767 in accordance with his employment contract on completion of 12 months' service. All bonuses were approved by the Board and have fully vested. No bonuses were forfeited during the period.

F. Dr Wulff was provided with a termination benefit of 4 months' salary based on an annual salary of $620,000. Mr Bath was provided with a termination benefit of 12 months' salary based on an annual salary of $398,520. Ms Dawson was provided with a termination benefit of 6 months' salary based on an annual salary of $350,000. Mr Ford was provided with a termination benefit of $100,000, this amount was agreed between the Company and Mr Ford. In the prior period, Mr Tom Streitberg was provided with a termination benefit of 10 months' salary based on an annual salary of $396,000.

G. Non-monetary benefits to KMP in 2014 relate to the provision of car parking, life insurance and salary continuance insurance.

Loans to Key Management Personnel

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

Shares held by Key Management Personnel

KMP	Held at 1 Jan 14	Commenced as KMP / Ceased as KMP	Exercise of options	Purchased	Sold	Held at 31 Dec 14
Mr E Streitberg	28,700,566	-	-	20,000	-	28,720,566
Mr G Riley	1,500,000	(1,500,000)	-	-	-	-
Mr A Miller	1,625,132	(1,625,132)	-	-	-	-
The Hon P Jones	248,277	-	-	-	-	248,277
Ms E Howell	-	-	-	65,000	-	65,000
Mr S McDermott	-	70,000	-	-	-	70,000

Analysis of share based payments - ESOP

Details of the options issued under the ESOP to each KMP during the reporting period and details of vesting profiles of options that vested during the reporting period are as follows:

KMP	Number of options granted	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	% of options vested	% of options forfeited	Financial years in which grant vests
Mr P Milford (A)	300,000	22 Oct 14	0.14	1.12	31 Dec 16	100%	0%	2014
Mr N Rohr	300,000	22 Oct 14	0.14	1.12	31 Dec 16	100%	0%	2014
Mr R Aden	300,000	22 Oct 14	0.14	1.12	31 Dec 16	100%	0%	2014
Mr S McDermott	300,000	22 Oct 14	0.14	1.12	31 Dec 16	100%	0%	2014

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

KMP	Granted during the period $(A)	Value of options exercised $(A)	Value of options lapsed $(A)	Recognised as an expense during the period $(A)
Mr P Milford (A)	41,416	-	-	41,416
Mr N Rohr	41,416	-	-	41,416
Mr R Aden	41,416	-	-	41,416
Mr S McDermott	41,416	-	-	41,416

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

KMP	Held at 1 Jan 14	Granted as compensation	Exercised	Lapsed	Held at 31 Dec 14	Vested during the year	Vested and exercisable
Mr P Milford [A]	-	300,000	-	-	300,000	300,000	300,000
Mr N Rohr	-	300,000	-	-	300,000	300,000	300,000
Mr R Aden	-	300,000	-	-	300,000	300,000	300,000
Mr S McDermott	-	300,000	-	-	300,000	300,000	300,000

A. Mr P Milford ceased employment with the Company subsequent to the end of the year. All of the options granted under the ESOP to Mr P Milford have now been forfeited.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients. All options expire on the earlier of their expiry date or 30 days after the termination of the individual's employment. The options vested immediately and are exercisable from grant date. No terms of options granted as compensation to a KMP have been altered or modified by the issuing entity during the reporting period or the prior period. During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

Analysis of share based payments - SARs

Details of the Share Appreciation Rights ("SARs") granted to KMP during the reporting period and details of the vesting profiles of the SARs granted to KMP that were outstanding at the end of the reporting period are as follows:

	Number of SARs outstanding	Grant date	Vesting date	Fair value per SAR at grant date ($)	Vesting Condition	Exercise price per SAR ($)	Expiry date	% of SARs vested	% of SARs forfeited	Financial years in which grant vests
Executives										
Mr P Milford [(A)]	125,000	3 Jan 14	31 Oct 16	0.61	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	125,000	3 Jan 14	31 Oct 16	0.59	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	125,000	3 Jan 14	31 Oct 16	0.68	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	125,000	3 Jan 14	31 Oct 16	0.68	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	250,000	3 Jan 14	31 Oct 16	0.71	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	250,000	3 Jan 14	31 Oct 16	0.71	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
Mr N Rohr	27,729	3 Jan 14	31 Oct 16	0.61	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	27,729	3 Jan 14	31 Oct 16	0.59	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	27,729	3 Jan 14	31 Oct 16	0.68	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	27,730	3 Jan 14	31 Oct 16	0.68	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	55,461	3 Jan 14	31 Oct 16	0.71	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	55,461	3 Jan 14	31 Oct 16	0.71	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
Mr S McDermott	8,449	3 Jan 14	31 Oct 16	0.61	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	8,449	3 Jan 14	31 Oct 16	0.59	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	8,450	3 Jan 14	31 Oct 16	0.68	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	8,450	3 Jan 14	31 Oct 16	0.68	TSR ASX200	1.63	3 Jan 18	0%	0%	2016
	16,899	3 Jan 14	31 Oct 16	0.71	TSR Peers	1.63	3 Jan 18	0%	0%	2016
	16,899	3 Jan 14	31 Oct 16	0.71	TSR ASX200	1.63	3 Jan 18	0%	0%	2016

The movement by value of SARs issued to KMP during the period is detailed below.

KMP	Value of SARs granted $(A)	Value of SARs exercised $(A)	Value of SARs lapsed $(A)	Recognised as an expense during the period $(A)
Mr P Milford [(A)]	672,500	-	-	235,896
Mr N Rohr	149,187	-	-	52,331
Mr S McDermott	45,458	-	-	15,946
Mr C Bath	600,273	-	(600,273)	-
Ms L Dawson	468,873	-	(468,873)	-
Mr J Ford	374,726	-	(374,726)	-

The movement during the period by number of SARs granted to KMP during the period is detailed below.

KMP	Held at 1 Jan 14	Granted as compensation	Exercised	Lapsed	Held at	% of options vested	% of options forfeited
Mr K Wulff	2,500,000	-	-	(2,500,000)	-	-	-
Mr P Milford [(A)]	-	1,000,000	-	-	1,000,000	-	-
Mr N Rohr	-	221,839	-	-	221,839	-	-
Mr S McDermott	-	67,596	-	-	67,596	-	-
Mr C Bath	-	791,298	-	(791,298)	-	-	-
Mr B Williams	750,000	-	-	(750,000)	-	-	-
Ms L Dawson	-	626,298	-	(626,298)	-	-	-
Mr J Ford	-	506,563	-	(506,563)	-	-	-

A. Mr P Milford ceased employment with the Company subsequent to the end of the year. All of the SARs granted to Mr P Milford have now been forfeited.

No expense was recognised during the period for the above SARs that were granted during the period but forfeited prior to vesting before the end of the period. No SARs have been granted since the end of the financial year. The SARs were provided at no cost to the recipients. All SARs expire on the earlier of their expiry date or on the termination of the individual's employment. The SARs are subject to service conditions and performance hurdles before they vest. The service condition is continued employment with the Company from 1 November 2013 to 31 October 2016. The performance hurdles are measured against Total Shareholder Return (TSR) against a custom peer group of companies and the ASX 200 over three separate tranches with the third tranche concluding 31 October 2016. No SARs vest until completion of the service condition on 31 October 2016. No terms of SARs granted as compensation to a KMP been altered or modified by the issuing entity during the reporting period or the prior period. During the reporting period, no shares were issued on the exercise of SARs previously granted as compensation.

Independent Auditors' Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Buru Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 there have been:

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

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

KPMG

KPMG

Graham Hogg
Partner

Perth

25 March 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Financial Position

As at 31 December 2014

in thousands of AUD	Note	31 December 2014	31 December 2013
CURRENT ASSETS			
Cash and cash equivalents	19a	59,893	60,252
Trade and other receivables	17	5,328	7,394
Inventories	18	6,400	5,724
Investments	15	15,367	-
Total Current Assets		**86,988**	**73,370**
NON-CURRENT ASSETS			
Property, plant and equipment	12	7,585	7,974
Exploration and evaluation expenditure	13	64,930	64,618
Oil and gas assets	14	14,666	11,922
Investments	15	7,311	30,028
Total Non-Current Assets		**94,492**	**114,542**
TOTAL ASSETS		**181,480**	**187,912**
CURRENT LIABILITIES			
Trade and other payables	22	3,713	8,681
Provisions	23	1,208	1,274
Total Current Liabilities		**4,921**	**9,955**
NON-CURRENT LIABILITIES			
Trade and other payables	22	40,000	40,000
Provisions	23	6,593	6,565
Total Non-Current Liabilities		**46,593**	**46,565**
TOTAL LIABILITIES		**51,514**	**56,520**
NET ASSETS		**129,966**	**131,392**
EQUITY			
Contributed equity		258,211	228,149
Reserves		2,316	3,761
Accumulated losses		(130,561)	(100,518)
TOTAL EQUITY		**129,966**	**131,392**

The notes on pages 45 to 82 are an integral part of these consolidated financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

in thousands of AUD	Note	31 Dec 2014	6 Months to 31 Dec 2013
Revenue	7	15,141	-
Operating costs		(11,119)	-
Gross profit		4,022	-
Other income	8	1,831	119
Exploration and evaluation expenditure		(13,560)	(8,964)
Impairment of exploration expenditure		(10,183)	-
Impairment of loan provided to suppliers	15	(1,681)	-
Corporate and administrative expenditure	9	(13,281)	(7,034)
Share-based payment expenses	24	(1,133)	(729)
Results from operating activities		**(33,985)**	**(16,608)**
Financial income	10	2,342	1,627
Net finance income		**2,342**	**1,627**
Loss for the period before tax		**(31,643)**	**(14,981)**
Income tax (expense)/benefit	11	-	-
Loss for the period		**(31,643)**	**(14,981)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets net of tax		(978)	-
Other comprehensive income for the period, net of income tax		**(978)**	**-**
Total comprehensive loss for the period		**(32,621)**	**(14,981)**
Loss per share (cents)	21	(10.24)	(5.09)
Diluted Loss per share (cents)	21	(10.24)	(5.09)

The notes on pages 45 to 82 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

in thousands of AUD	Share capital $	Share based payment reserve $	Financial asset revaluation reserve $	Retained losses $	Total equity $
Balance as at 1 July 2013 (Restated)	**189,311**	**2,168**	**1,303**	**(85,976)**	**106,806**
Comprehensive income for the period					
Loss for the period	-	-	-	(14,981)	**(14,981)**
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	**(14,981)**	**(14,981)**
Transactions with owners recorded directly in equity					
Issue of ordinary shares, net of transaction costs	38,838	-	-	-	**38,838**
Share based payment transactions	-	729	-	-	**729**
Share options exercised/forfeited	-	(439)	-	439	**-**
Total transaction with owners recorded directly in equity	**38,838**	**290**	**-**	**439**	**39,567**
Balance as at 31 December 2013	**228,149**	**2,458**	**1,303**	**(100,518)**	**131,392**
Balance as at 1 January 2014	**228,149**	**2,458**	**1,303**	**(100,518)**	**131,392**
Comprehensive income for the period					
Loss for the period	-	-	-	(31,643)	**(31,643)**
Net change in fair value of available-for-sale financial assets	-	-	(978)	-	**(978)**
Total comprehensive loss for the period	**-**	**-**	**(978)**	**(31,643)**	**(32,621)**
Transactions with owners recorded directly in equity					
Issue of ordinary shares, net of transaction costs	30,062	-	-	-	**30,062**
Share based payment transactions	-	1,133	-	-	**1,133**
Share options/ share appreciation rights exercised/forfeited	-	(1,600)	-	1,600	**-**
Total transaction with owners recorded directly in equity	**30,062**	**(467)**	**-**	**1,600**	**31,195**
Balance as at 31 December 2014	**258,211**	**1,991**	**325**	**(130,561)**	**129,966**

The notes on pages 45 to 82 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

in thousands of AUD		31 December 2014	6 months to 31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		15,732	253
Payments to suppliers and employees		(21,535)	(7,330)
Payments for exploration and evaluation expenditure		(19,846)	(5,563)
Net cash outflow from operating activities	19b	**(25,649)**	**(12,640)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,301	1,632
Payments for purchase of plant and equipment		(955)	(498)
Payments for exploration and evaluation expenditure		(12,499)	(3,831)
Research and development tax concession received		4,221	-
Payments for oil and gas development assets expenditure		(2,813)	(6,049)
Loan provided to suppliers		-	(2,000)
Receipts of loan repayment from suppliers		319	-
Transfer to long-term cash held in escrow (**)		(850)	(632)
Withdrawal of cash held in escrow (**)		4,633	-
Proceeds from sale of financial assets		750	-
Net cash outflow from investing activities		**(4,893)**	**(11,378)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of share capital (net of transaction costs)		30,062	38,838
Net cash inflow from financing activities		**30,062**	**38,838**
Net increase / (decrease) in cash and cash equivalents		(480)	14,820
Cash and cash equivalents at the beginning of the period		60,252	45,437
Effect of exchange rate changes on cash and cash equivalents		121	(5)
Cash and cash equivalents at end of the period	19a	**59,893**	**60,252**

The notes on pages 45 to 82 are an integral part of these consolidated financial statements

*** Funds held in escrow on behalf of Alcoa of Australia Limited (Note 15(ii))*

1. Reporting Entity

Buru Energy Limited ("Buru Energy" or the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2, 88 William Street, Perth, Western Australia 6000. The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The Group is primarily involved in oil and gas exploration and production in the Canning Superbasin in the Kimberley region of northwest Western Australia.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). The financial statements were approved by the Board of Directors on 25 March 2015.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Available-for-sale-financial assets are measured at fair value; and
- Share based payments are measured at fair value.

The methods used to measure fair value are discussed further in note 4.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is each of the Group entities' functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1988 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 13 – Exploration and evaluation expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised requires estimates and judgements as to future events and circumstances, in particular, whether successful development and commercial exploitation or sale of the respective area of interest is likely. Critical to this assessment are estimates and assumptions as to the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement.

Note 16 – Recognition of tax losses

In accordance with the group's accounting policies for deferred taxes (refer note 3(o)), a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about oil and gas prices, reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets. The carrying amount of deferred tax assets are set out in note 16.

Note 23 – Provisions

The site restoration provision is in respect of the Group's obligation to rectify environmental liabilities relating to exploration and production in the Canning Superbasin in accordance with the requirements of the Department of Environmental Regulation and the Department of Mines and Petroleum. Significant estimates and assumptions are made in determining the provision for site rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the timing, extent and costs of rehabilitation activities, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability.

Note 24 – Measurement of share-based payments

The fair value of share-based payment expenses is measured using the Black & Scholes valuation model that requires the use of estimates and assumptions for measurement inputs, including expected volatility of the underlying share and weighted average expected life of the instrument.

(e) Changes in Accounting Policies

Except for the changes listed below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

a) AASB 136 Impairment of Assets

The nature and effects of the changes are explained below.

(i) Subsidiaries

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of AASB 10 (2011), the Group reassessed the control conclusion for its investees (refer note 25) at 1 July 2013 and concluded that the application of AASB 10 (2011) does not have any impact on the amounts recognised in the financial statements.

(ii) Joint arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements (note 27) and has reclassified the investments from jointly controlled assets to joint operations. Notwithstanding the reclassification, the Group continues to recognise its share of assets, liabilities and transactions, including its share of those incurred jointly, in its consolidated financial statements. The application of AASB 11 therefore does not have any impact on the recognised assets, liabilities and comprehensive income of the Group.

(iii) Disclosure of interests in other entities

As a result of AASB 12, the Group has expanded its disclosures about its interests in joint arrangements (see note 27).

(iv) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Group has included additional disclosures in this regard (see Note 15).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(v) Employee benefits

In the current period, the Group adopted AASB 119 (2011) which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. The application of AASB 119 (2011) does not have a significant impact on the amounts recognised in these financial statements.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists only when decisions about the relevant activities - i.e. those that significantly affect the returns of the arrangement - require the unanimous consent of the parties sharing control of the arrangement. Buru Energy has numerous arrangements which meet this definition for its oil and gas activities in different exploration permits.

In accordance with AASB 11, the arrangements have been classified as joint operations (whereby the jointly controlling parties have rights to the assets and obligations for the liabilities relating to the arrangement) as opposed to a joint venture because separate vehicles have not been established through which activities are conducted. The Group therefore recognises its assets, liabilities and transactions, including its share of those incurred jointly, in its consolidated financial statements.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency

Transactions in foreign currencies are translated to Australian Dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(c) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

• plant & equipment	10 – 30 years
• office equipment	3 – 20 years
• fixtures and fittings	6 – 20 years
• intangibles	5 years
• heritage and cultural assets	not depreciated

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

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well.

An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field.

Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

a) such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or

b) the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets.

Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date to determine whether any of the following indicators of impairment exists:

a) tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or

b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is not budgeted or planned; or

c) exploration for and evaluation of resources in the specific area has not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or

d) sufficient data exist to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made and any resultant impairment loss is recognised in the income statement. (Refer note 3c(i) - (ii)).

When a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil and gas assets – assets in development.

(e) Oil and Gas Assets

Assets in development

The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings.

When the committed development expenditure programs are completed and production commences, these costs are subject to amortisation. Once the required statutory documentation for a Production Licence is received the accumulated costs are transferred to oil and gas assets – producing assets.

(f) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and cash equivalents, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less and are used by the Group in the management of its short-term commitments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any attributable transaction costs. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(i)(i)), and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables.

Trade and Other Payables

Trade payables are non-interest bearing and are normally settled on 30 day terms.

Unearned income includes payments received relating to revenue in subsequent years. Revenue will only be recognised when Buru Energy delivers the goods or services to the customer.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(g) Inventories

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

a) Materials and consumables, which include drilling and maintenance stocks, are valued at the cost of acquisition which includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition; and

b) petroleum products, comprising extracted crude oil stored in tanks and pipeline systems, are valued using the full absorption cost method.

Inventories are accounted for on a FIFO basis.

(h) Leased Assets

Leases in terms of which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. The leased assets are not recognised in the Group's statement of financial position.

(i) Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or users in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment at both a specific asset and collective level. In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into a cash-generating unit ("CGU"). A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee Benefits

(i) Long-term employee benefits

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

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(k) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and that the obligation can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(i) Site restoration

Provisions are made for the estimated cost of an oil and gas field's site rehabilitation, decommissioning and restoration. Provisions include reclamation, plant closure, waste site closure and monitoring activities. The amount recognised as a liability represents the estimated future costs discounted to present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Uncertainty exists as to the amount of restoration obligations which will be incurred due to the following factors:

- uncertainty as to the remaining life of existing operating sites; and
- the impact of changes in legislation.

At each reporting date the site restoration provision is re-measured to reflect any changes in discount rates and timing or amounts of the costs to be incurred. Such changes in estimates are dealt with on a prospective basis from the date of the changes and are added to, or deducted from, the related asset where it is probable that future economic benefits will flow to the entity.

(l) Revenue

Revenue from the sale of oil, gas and condensate in the course of ordinary activities is recognised in the income statement at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and the amount of revenue can be estimated reliably.

(m) Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset and the arrangement conveys the right to use the asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(n) Finance Income and Expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise unwinding of the discount on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Income Tax

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

Deferred tax is not provided for: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

PRRT
Petroleum Resource Rent Tax (PRRT) is considered for accounting purposes to be a tax on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

Tax consolidation
The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Buru Energy Limited.

(p) Goods and Services Tax

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

(q) Segment Reporting

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

(r) Earnings Per Share

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

(s) Government Grants

Government grants related to assets are recognised initially as a deduction in the carrying amount of the asset when there is reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant. The grants are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(t) New Standards and Interpretations Not Yet Adopted

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)
AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The impact of the adoption of these standards is not expected to have a material impact on the financial statements of the Group.

4. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 – Share-based payment arrangements;
- Note 15 – Investments.

5. Segment Information

The Group continues to have only one reportable geographical segment being the Canning Superbasin in North West Western Australia and three reportable operating segments being the Group's three strategic business units: oil, gas and exploration. For each of the strategic business units, the Group's Executive Chairman and Head of Finance review internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable operating segments:

- Oil: Primarily includes the development and production of the Ungani conventional oilfield. The currently shut in Blina and Sundown oilfields are also included in this segment.
- Gas: Exploration and appraisal of gas is currently concentrated in the Valhalla and Yulleroo areas where gas has been intersected in the Laurel Formation.
- Exploration: The exploration program is focused on prospects in the Ungani oil trend and evaluation of the other areas in the Company's portfolio, including the Acacia area and the Goldwyer Shale in the southern part of the basin.

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

Profit or loss		**Oil**		**Gas**		**Exploration**		**Corporate***		**Total**
in thousands of AUD	**Dec 14**	**Dec 13**	**Dec 14**	**Dec 13**	**Dec 14**	**Dec 13**	**Dec 14**	**Dec 13**	**Dec 14**	**Dec 13**
External revenues	15,141	-	-	-	-	-	-	-	15,141	-
Operating costs	(11,119)	-	-	-	-	-	-	-	(11,119)	-
Gross Profit	**4,022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,022**	**-**
Other income	-	-	-	-	-	-	1,670	119	1,670	119
Exploration and evaluation expenditure	(6)	-	(3,816)	(726)	(9,738)	(8,238)	-	-	(13,560)	(8,964)
Impairment of exploration expenditure	-	-	-	-	(10,183)	-	-	-	(10,183)	-
Impairment of loan	-	-	-	-	-	-	(1,681)	-	(1,681)	-
Corporate and administrative expenditure, including depreciation	-	-	-	-	-	-	(13,281)	(7,034)	(13,281)	(7,034)
Share based payment expenses	-	-	-	-	-	-	(1,133)	(729)	(1,133)	(729)
Profit on sale of financial assets	-	-	-	-	-	-	161	-	161	-
EBIT	**4,016**	**-**	**(3,816)**	**(726)**	**(19,922)**	**(8,238)**	**(14,263)**	**(7,644)**	**(33,985)**	**(16,608)**
Interest income	-	-	-	-	-	-	2,342	1,627	2,342	1,627
Reportable segment profit / (loss) before tax	**4,016**	**-**	**(3,816)**	**(726)**	**(19,922)**	**(8,238)**	**(11,921)**	**(6,017)**	**(31,643)**	**(14,981)**
Income tax expense / (benefit)	-	-	-	-	-	-	-	-	-	-
Net profit / (loss) after tax	**4,016**	**-**	**(3,816)**	**(726)**	**(19,922)**	**(8,238)**	**(11,921)**	**(6,017)**	**(31,643)**	**(14,981)**

*Corporate represents reconciliation of reportable segments to IFRS measures

Total Assets	Oil		Gas		Exploration		Corporate*		Total	
in thousands of AUD	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13	Dec 14	Dec 13
Current assets	1,084	-	-	-	-	-	85,904	73,370	86,988	73,370
Property, plant and equipment	-	-	-	-	-	-	7,585	7,974	7,585	7,974
Exploration and evaluation assets	-	-	19,748	17,435	45,182	47,183	-	-	64,930	64,618
Oil and gas assets – development	14,666	11,922	-	-	-	-	-	-	14,666	11,922
Investments	-	-	-	-	-	-	7,311	30,028	7,311	30,028
Total Assets	**15,750**	**11,922**	**19,748**	**17,435**	**45,182**	**47,183**	**100,800**	**111,372**	**181,480**	**187,912**

*Corporate represents reconciliation of reportable segments to IFRS measures

6. Financial Risk Management

Fair value vs carrying amounts

The carrying value of financial assets and liabilities in the statement of financial position are materially equal to their fair values.

Credit risk of trade and other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group does not require collateral in respect of trade and other receivables.

The Group does not have an allowance for impairment on trade and other receivables. To date the Group have always received full consideration for trade and other receivables in a timely manner and as such there is no reason to believe that this will not continue going forward.

Financial instruments carried at fair value

Fair value measurements for financial instruments are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability

The Group's available for sale financial assets are classed as Level 1. The Group has no other financial instruments.

Exposure to credit risk

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

in thousands of AUD	**Note**	**Carrying amount** **31 December 2014**	**31 December 2013**
Trade and other receivables (excluding prepayments)	17	4,328	6,921
Cash and cash equivalents	19a	59,893	60,252
Available-for-sale financial assets	15	601	2,167
Other loans, due after 1 year	15	-	2,000
Cash held in escrow	15	22,077	25,861
		86,899	97,201

Trade and other receivables include accrued interest receivable from Australian accredited banks of $108,000 (31 Dec 2013: $187,000), and tax amounts receivable of $486,000 (31 Dec 2013: $4,615,000) from the Australian Taxation Office (refer note 17).

Impairment losses

During the period, the Group recorded an impairment expense of $1.681 million against the loan provided to suppliers. None of the Group's other financial instruments were impaired at year end.

Cash and cash equivalents

The Group held cash and cash equivalents of $59,893,000 at 31 December 2014 (31 Dec 2013: $60,252,000) and cash held in escrow of $22,077,000 (31 Dec 2013: $25,861,000) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated at least AA-, based on rating agency Fitch Ratings.

Liquidity risk

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

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

	Carrying amount	
in thousands of AUD	**31 December 2014**	**31 December 2013**
Less than 1 year	3,713	8,681
1 – 5 years (i)	40,000	40,000
	43,713	48,681

(i) This profile assumes that gas is not delivered to Alcoa of Australia Limited under the GSA (Note 22(i)).

Market risk

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

Currency risk

The companies in the Group are exposed to currency risk on sales that are denominated in a currency other than the functional currency of the companies in the Group (AUD). All sales of crude oil are denominated in US dollars. The Group does not consider it necessary to hedge its foreign currency exposure due to the relatively low amounts of USD income/expenditure and USD cash held.

Exposure to currency risk

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

	31 December 2014		31 December 2013	
in thousands	**AUD**	**USD**	**AUD**	**USD**
Cash and cash equivalents	514	421	372	333
Trade receivables	1,084	968	-	-
Gross balance sheet exposure	1,598	1,389	372	333

The average exchange rate from AUD to USD during the period was AUD 0.9029 / USD 1.0000 (Dec 2013: AUD 0.9225 / USD 1.0000). The reporting date spot rate was AUD 0.8202 / USD 1.000 (Dec 2013: AUD 0.8948 / USD 1.000).

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the USD over the period would have increased the loss after tax for the financial period by $1,376,454 (Dec 2013: nil as the revenue for the 6 months to Dec 13 was nil). A 10 percent weakening of the Australian dollar against the USD over the period would have decreased the loss after tax for the financial period by $1,682,334 (Dec 2013: nil as the revenue for the 6 months to Dec 13 was nil). This analysis assumes that all other variables remain constant.

Interest rate risk

At balance date the Group's exposure to market risk for changes in interest rates relate primarily to the Group's short term cash deposits. The interest rate risk is only applicable to interest revenue as the Group does not have any short or long term borrowings. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of the terms of existing deposits. Fixed rate instruments are term deposits held for less than 3 months, therefore the fair value approximates the carrying amount.

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

in thousands of AUD	**Carrying amount 31 December 2014**	**Carrying amount 31 December 2013**
Fixed rate instruments		
Cash and cash equivalents	41,513	49,840
Cash held in escrow	22,077	25,861
Total fixed interest bearing financial assets	63,590	75,701

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

in thousands of AUD	**Carrying amount 31 December 2014**	**Carrying amount 31 December 2013**
Variable rate instruments		
Cash and cash equivalents	18,380	10,412
Total variable interest bearing financial assets	18,380	10,412

Other market price risk

Equity price risk arises from available-for-sale equity securities held in other listed exploration companies. The Group monitors its available for sale equity instruments on a regular basis including regular monitoring of ASX listed prices and ASX releases. The Group does not enter into commodity derivative contracts.

Sensitivity analysis – equity price risk

The Group's equity investments are listed on the Australian Securities Exchange. For such investments classified as available for sale, a 10 percent increase in the value of the shares at the current and comparative reporting dates would have decreased the Group's other comprehensive income of $60,100; an equal change in the opposite direction would have increased the Group's other comprehensive income for the period by $60,100.

Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so as to maintain future exploration and development of its projects. Capital consists of share capital of the Group. In order to maintain or adjust its capital structure, Buru Energy may in the future return capital to shareholders, issue new shares, borrow funds from financiers or sell assets. Buru Energy's focus has been to maintain sufficient funds to fund exploration and evaluation activities. There are no external borrowings as at 31 December 2014, however Buru Energy has a potential obligation to repay a $40 million Gas Supply Agreement prepayment (see note 22). There were no changes in the Group's approach to capital management during the period. None of the Group's entities are subject to externally imposed capital requirements.

7. Revenue

in thousands of AUD	**31 December 2014**	**6 months ended 31 December 2013**
Sales of crude oil	15,141	-
	15,141	-

8. Other Income

in thousands of AUD	**31 December 2014**	**6 months ended 31 December 2013**
Equipment rental	975	31
Fuel tax credits	654	45
Other revenue	202	43
	1,831	119

9. Administrative Expenditure

in thousands of AUD	**31 December 2014**	**6 months ended 31 December 2013**
Wages and salaries	9,481	4,353
Contract employment services	1,364	524
Other associated personnel expenses	1,374	434
Office and other administration expenses	1,062	1,723
	13,281	7,034

The above expense excludes share based payments disclosed at note 24.

10. Finance Income and Expenses

in thousands of AUD	**31 December 2014**	**6 months ended 31 December 2013**
Interest income on bank deposits	2,221	1,632
Net foreign exchange gain / (loss)	121	(5)
Net finance income recognised in profit or loss	2,342	1,627

11. Income Tax Expense

in thousands of AUD	31 December 2014	6 months ended 31 December 2013
Current income tax		
Current income tax charge	-	-
Adjustments in respect of previous current income tax	-	84
	-	84
Deferred income tax		
Deferred tax recognised on movement in financial asset revaluation reserve	-	-
Benefit relating to origination and reversal of temporary differences	-	(84)
	-	-
Total income tax expense / (benefit) reported in the income statement	-	-

Numerical reconciliation between tax expense and pre-tax accounting profit		
Accounting loss before tax	(31,643)	(14,981)
Income tax benefit using the domestic corporation tax rate of 30%	9,493	4,494
Increase in income tax due to:		
- Non-deductible expenses	(917)	(251)
- Non-assessable income	49	-
- Deferred tax recognised on movement in financial asset revaluation reserve	-	-
- Temporary differences and tax losses not brought to account as a DTA	(8,625)	(4,243)
Income tax benefit / (expense) on pre-tax loss	-	-

Tax recognised directly in equity

	12 months ended 31 December 2014			6 months ended 31 December 2013		
in thousands of AUD	Before Tax	Tax (Expense) Benefit	Net of tax	Before Tax	Tax (Expense) Benefit	Net of tax
Financial Assets	-	-	-	-	-	-

Tax consolidation

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

Tax effect accounting by members of the Consolidated Group

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

12. Property, Plant and Equipment

in thousands of AUD	Plant and equipment	Office equipment	Fixtures and fittings	Heritage and cultural assets	Intangible Assets	Total
Cost or deemed cost						
Carrying amount at 1 July 2013	4,750	1,106	1,661	868	858	9,243
Additions	179	188	120	9	5	501
Disposals	(4)	-	-	-	-	(4)
Transfers	-	-	-	-	-	-
Balance at 31 December 2013	4,925	1,294	1,781	877	863	9,740
Carrying amount at 1 January 2014	4,925	1,294	1,781	877	863	9,740
Additions	574	340	20	-	34	968
Disposals	-	(10)	(1)	-	-	(11)
Balance at 31 December 2014	5,499	1,624	1,800	877	897	10,697
Depreciation						
Carrying amount 1 July 2013	(502)	(498)	(165)	-	(57)	(1,222)
Depreciation for the period	(192)	(122)	(146)	-	(87)	(547)
Disposals	3	-	-	-	-	3
Balance at 31 December 2013	(691)	(620)	(311)	-	(144)	(1,766)
Carrying amount 1 January 2014	(691)	(620)	(311)	-	(144)	(1,766)
Depreciation for the period	(495)	(370)	(307)	-	(179)	(1,350)
Disposal	-	5	-	-	-	5
Balance at 31 December 2014	(1,186)	(985)	(618)	-	(323)	(3,111)
Carrying amounts						
At 30 June 2013	4,248	608	1,496	868	801	8,021
At 31 December 2013	4,234	674	1,470	877	719	7,974
At 31 December 2014	4,313	639	1,182	877	574	7,585

13. Exploration and Evaluation Expenditure Capitalised

in thousands of AUD	31 December 2014	31 December 2013
Carrying amount at beginning of the period	64,618	63,828
Exploration expenditure capitalised	11,161	4,345
Exploration expenditure written off during the period	(10,183)	-
Research and development tax concession	(666)	(3,555)
Carrying amount at the end of the period	64,930	64,618

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells and the costs of acquiring interests in new exploration assets, which are capitalised as intangible exploration and evaluation. The costs of wells are initially capitalised pending the results of the well.

Based on a review of exploration and evaluation expenditure capitalised to each area of interest, $10,183,000 of exploration and evaluation expenditure has been written off in current reporting period in relation to areas where no further exploration or evaluation of hydrocarbon resources are currently budgeted or planned.

14. Oil and Gas Assets

in thousands of AUD

Assets in Development	31 December 2014	31 December 2013
Carrying amount at beginning of the period	11,922	5,009
Expenditure incurred	4,147	6,913
Amortisation expensed	(1,403)	-
Carrying amount at the end of the period	14,666	11,922

15. Investments

in thousands of AUD **Current**	31 December 2014	31 December 2013
Cash held in escrow (ii)	15,367	-
	15,367	-

Non-Current	31 December 2014	31 December 2013
Available-for-sale financial assets (i)	601	2,167
Cash held in escrow (ii)	6,710	25,861
Loan provided to suppliers (iii)	-	2,000
	7,311	30,028

(i) Investments

The Group's available-for-sale financial assets are categorised as Level 1 within the fair value hierarchy (refer note 4) and are measured at fair value based on quoted market prices at the reporting date, without any deduction for transaction costs. There were no transfers between levels during the period.

(ii) Buru Energy and Alcoa of Australia Limited have agreed to escrow these funds in partial satisfaction of Buru Energy's potential obligations to repay $40 million to Alcoa of Australia Limited if Buru Energy does not deliver gas (Note 22). The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 6. Buru Energy and Alcoa have entered into an agreement for up to $20 million of the escrowed funds to be applied to fund the next phase of the appraisal program for the Laurel Wet Gas accumulation and these funds will therefore be released from escrow when required for the appraisal program, subject to the terms of agreement. The remaining funds will be retained in the escrow account. $4.633 million has been released from escrow during the period. The classification between current and non-current reflects expectations around when the timing of funds will be released from escrow.

(iii) During the period, the Group recorded an impairment expense of $1.681 million against the loan provided to suppliers.

16. Tax Assets and Liabilities

Unrecognised net deferred tax assets

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

in thousands of AUD

Deferred tax assets	31 December 2013	31 December 2013	Net Movement
Business related costs	797	380	417
Capital loss on bad debts	526	-	526
Accruals	107	106	1
Provisions	2,340	2,352	(12)
Development expenditure	794	372	422
Tax losses	40,452	30,511	9,941
PRRT	45,925	36,197	9,728
Other	4	-	4
	90,945	69,918	21,027
Deferred tax liabilities			
Exploration expenditure	(19,479)	(14,903)	(4,576)
Property, plant and equipment	(1,695)	(1,689)	(6)
Investments in listed entities	(200)	(200)	-
Other	(30)	-	(30)
	(21,404)	(16,792)	(4,612)
Net deferred tax assets not brought to account	69,541	53,126	16,415

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

17. Trade and Other Receivables

in thousands of AUD	**31 December 2014**	**31 December 2013**
Trade receivables	1,084	3
Interest receivable	108	187
Joint venture receivables	2,644	2,094
Prepayments	1,000	473
GST receivable	486	1,060
Research and development tax concession	-	3,555
Other receivables	6	22
	5,328	7,394

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 6.

18. Inventories

in thousands of AUD	**31 December 2014**	**31 December 2013**
Materials and consumables – at cost	5,943	5,118
Petroleum products – at cost	457	606
	6,400	5,724

19. (a) Cash and Cash Equivalents

in thousands of AUD	**31 December 2014**	**31 December 2013**
Bank balances	18,380	10,412
Term deposits maturing within 3 months	41,513	49,840
Cash and cash equivalents in the statement of cash flows	59,893	60,252

The Group's exposure to interest rate risk and sensitivity analysis for financial assets is disclosed in note 6.

(b) Reconciliation of Cash Flows from Operating Activities

in thousands of AUD	Note	31 December 2014	31 December 2013
Cash flows from operating activities			
Loss for the period		(31,643)	(14,981)
Adjustments for:			
Income tax expense	11	-	-
Depreciation	12	1,350	547
Impairment losses on exploration expenditure	13	10,183	
Amortisation on development expenditure	14	1,403	-
Profit from sale of available-for-sale-financial assets		(162)	29
Share based payment expenses	24	1,133	729
Impairment of loan to suppliers	15	1,681	-
Net finance income	10	(2,342)	(1,627)
Operating loss before changes in working capital and provisions		(18,397)	(15,303)
Changes in working capital, net of acquisitions			
Change in trade and other receivables		(1,574)	(1,151)
Change in trade and other payables		(4,949)	4,199
Change in inventories		(676)	(527)
Change in provisions		(54)	142
Cash received from / (used in) operating activities		(7,252)	2,663
Net cash outflow from operating activities		(25,649)	(12,640)

20. Capital and Reserves

Share capital

	Ordinary Shares 31 December 2014 No.	Ordinary Shares 31 December 2013 No.
On issue at the beginning of the period	298,505,530	274,036,429
Issued under Institutional Placement on 15 August 2013	-	21,300,000
Issued under Share Purchase Plan on 13 September 2013	-	3,029,278
Issued under Institutional Placement on 26 September 2014 (i)	37,504,998	-
Issued under Share Purchase Plan on 24 October 2014 (i)	3,986,550	-
Unlisted options exercised during the period	-	139,823
On issue at the end of the period – fully paid	339,997,078	298,505,530

(i) During the period, the Company successfully raised a total of $31.1 million (before fees of $1.0 million) through the placement of new shares to institutional investors and a share purchase plan (SPP) for existing shareholders. 37.5 million new shares were issued under the Institutional Placement (IP), representing approximately 12.5% of the Company's existing issued capital. The Company also provided its existing shareholders with an opportunity to gain further exposure to Buru Energy through the SPP, allowing shareholders to purchase shares at the same price as the IP.

The Company has also issued share options (see note 24). The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share-based Payments Reserve

The share-based payments reserve represents the fair value of equity-based compensation to the Group's Directors and employees.

Financial Asset Revaluation Reserve

The Financial Asset Revaluation Reserve relates to the revaluation of the Group's available for sale financial assets.

21. Loss Per Share

Basic loss per share

in thousands of AUD	31 December 2014	31 December 2013
Loss attributable to ordinary shareholders	31,643	14,981

Weighted average number of ordinary shares

	31 December 2014 No.	31 December 2013 No.
Issued ordinary shares at beginning of the period	298,505,530	274,036,429
Effect of shares issued	10,607,028	20,173,327
Weighted average number of ordinary shares at the end of the period	309,112,558	294,209,756

Diluted earnings per share

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

22. Trade and Other Payables

in thousands of AUD	31 December 2014	31 December 2013
Trade payables	1,194	4,554
Non-trade payables and accrued expenses	2,519	4,127
Unearned income (i)	40,000	40,000
	43,713	48,681

in thousands of AUD	31 December 2014	31 December 2013
Current	3,713	8,681
Non-current	40,000	40,000
	43,713	48,681

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 6.

(i) Unearned income consists of Buru Energy's potential obligation to repay a $40 million Gas Supply Agreement ("GSA"). The GSA provides for the delivery to Alcoa of Australia Limited of up to 500 PJ of gas from gas discoveries made by Buru Energy on Buru Energy's Canning Basin permits. Alcoa of Australia Limited now has the right to extend the gas sales contract final investment decision date on an annual basis until 1 January 2018. Buru Energy will be obliged to repay the $40 million prepayment in three equal annual instalments concluding on 30 June 2018 if, prior to 1 July 2015, Buru Energy has not made a final investment decision to proceed with a gas development that would allow the supply of sufficient gas to meet its delivery obligations under the GSA (unless the FID Date is extended in accordance with the abovementioned right in which case repayments will commence on 31 December 2018, 31 December 2019 or 31 December 2020 respectively). If Buru Energy is required to repay the $40 million, there is no interest obligation.

Buru Energy and Alcoa of Australia Limited subsequently entered into an agreement for up to $20 million of the escrowed funds to be applied to fund the next phase of the appraisal program for the Laurel Wet Gas accumulation. The remaining funds will be retained in the escrow account.

Revenue will only be recognised when Buru Energy delivers gas under the GSA. At balance date, no gas has been delivered to Alcoa of Australia Limited and therefore the balance is presented as a non-current payable in the balance sheet.

23. Provisions

in thousands of AUD	31 December 2014	31 December 2013
Current		
Provision for annual leave	494	560
Provision for site restoration (i)	714	714
	1,208	1,274
Non-Current		
Provision for long-service leave	128	100
Provision for site restoration (i)	6,465	6,465
	6,593	6,565

(i) Site restoration provision

in thousands of AUD	31 December 2014	31 December 2013
Opening balance	7,179	7,179
Provisions made during the period	-	-
Balance at the end of the period	7,179	7,179

The site restoration provision is in respect of the Group's obligation to rectify environmental liabilities relating to exploration and production in the Canning Basin in accordance with the requirements of the DER and the DMP. The provision is derived from an external independent review of the liabilities by Parsons Brinckerhoff which was undertaken in June 2013. Due to the long-term nature of the liability, there is significant uncertainty in estimating the costs that will be incurred at a future date. The rehabilitation is expected to occur progressively.

24. Share-based Payments

Description of share-based arrangements

During the year ended 31 December 2014 the following share-based payments were made:

Fair value expensed in thousands of AUD	**31 December 2014**	**6 months ended 31 December 2013**
Share appreciation rights	803	729
Employee share options	883	-
Share appreciation rights and employee share options forfeited prior to vesting	(553)	-
	1,133	729

The fair value of share based payment arrangements are measured using the Black & Scholes valuation model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information) weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Share Appreciation Rights (SARs)

During the financial year the Group issued SARs to certain employees. Each SAR represents a right to an award equivalent to the positive difference between the notional share price set at the date of grant and the share price at the date of exercise, subject to satisfaction of any vesting conditions and exercise conditions. At the Board's discretion, the award may be settled in ordinary shares of an equivalent value or as a cash payment. It is the Board's intention to preserve cash and settle the award in ordinary shares. The SARs lapse at the earlier of the expiry date and the date of cessation of employment.

The fair value of all share appreciation rights granted during the year was measured using the Black & Scholes model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the equity settled share based payment plans were as follows:

Grant Date	Number SARs granted	Share Price at Grant Date	Exercise Price	Volatility	Expected Dividends	Risk free interest rate	Vesting Date	Expiry Date	Fair Value
Share Appreciation Rights issued to KMPs:									
3 Jan 14	264,199	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.61
3 Jan 14	264,199	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.59
3 Jan 14	264,199	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.68
3 Jan 14	264,199	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.66
3 Jan 14	528,399	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.71
3 Jan 14	528,399	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.71
7 Feb 14	137,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.77
7 Feb 14	137,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.74
7 Feb 14	137,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.81
7 Feb 14	137,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.79
7 Feb 14	275,000	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.84
7 Feb 14	275,000	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.84
	3,213,594								
Share Appreciation Rights issued to employees:									
3 Jan 14	319,693	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.61
3 Jan 14	319,693	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.59
3 Jan 14	319,693	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.68
3 Jan 14	319,693	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.66
3 Jan 14	639,386	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.71
3 Jan 14	639,386	$1.77	$1.63	55%	Nil	3.0%	31 Oct 16	3 Jan 18	$0.71
7 Feb 14	31,250	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.77
7 Feb 14	31,250	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.74
7 Feb 14	31,250	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.81
7 Feb 14	31,250	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.79
7 Feb 14	62,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.84
7 Feb 14	62,500	$1.95	$1.63	55%	Nil	2.9%	31 Oct 16	7 Feb 18	$0.84
	2,807,544								

The total number of SARs issued during the period was 6,021,138. The movement during the reporting period in the number of share appreciation rights is as follows:

	Number of SARs
SARs on issue as at 1 January 2014	5,000,000
Granted during the period ended 31 December 2014	6,021,138
Forfeited during the period ended 31 December 2014*	(7,534,591)
Outstanding as at 31 December 2014	3,486,547

* 6,834,591 SARs forfeited during the period prior to vesting with the expense being reversed in the statement of profit or loss.

The vesting profile of the SARs outstanding as at 31 December 2014 are as follows:

	Number of SARs
Vested and exercisable as at 31 December 2014	450,000
Vesting 31 December 2015	300,000
Vesting 31 October 2016	2,736,547
Outstanding as at 31 December 2014	3,486,547

Employee Share Option Plan (ESOP)

At the 2012 Annual General Meeting, shareholders reapproved the Company's ESOP for a further three years. Options are issued for no consideration and vested immediately. All options refer to options over ordinary shares of Buru Energy Limited which are exercisable on a one for one basis. The fair value of all share options granted during the year was measured using the Black and Scholes model. Expected volatility is estimated by considering the historic share price volatility. The inputs used in the measurement of the fair values at grant date of the equity settled share based payment plans were as follows:

Number ESOP options granted	Share Price at Grant Date	Exercise Price	Volatility	Expected Dividends	Risk free interest rate	Expiry Date	Fair Value
6,400,000	$0.75	$1.12	51%	Nil	2.5%	31 Dec 16	$0.14
6,400,000							

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

	Weighted average exercise price ($)	Number of options
Outstanding unlisted options as at 1 January 2014	4.04	1,339,800
Granted 22 Oct 2014	1.12	6,400,000
Forfeited during the period ended 31 December 2014	4.04	(1,339,800)
Outstanding as at 31 December 2014	1.12	6,400,000

The unlisted share options outstanding as at 31 December 2014 have an exercise price of $1.12 (December 2013: $4.04), and a weighted average contractual life of 2.0 years (December 2013: 1 year). All options outstanding fully vested in previous reporting periods.

25. Group Entities

Parent entity	Country of incorporation	Ownership interest	Ownership interest
Buru Energy Limited (i)	Australia		
Subsidiaries		**31 December 2014**	**31 December 2013**
Terratek Drilling Tools Pty Limited	Australia	100%	100%
Royalty Holding Company Pty Limited	Australia	100%	100%
Buru Energy (Acacia) Pty Limited	Australia	100%	100%
Buru Operations Pty Limited	Australia	100%	100%
Yakka Munga Pastoral Company Pty Limited	Australia	100%	100%
Buru Fitzroy Pty Limited	Australia	100%	100%

(i) Buru Energy Limited is the head entity of the tax consolidated group. All subsidiaries are members of the tax consolidated group.

26. Parent Entity Disclosures

As at, and throughout the year ended 31 December 2014 the parent company of the Group was Buru Energy Limited.

in thousands of AUD	Company 12 months ended 31 December 2014	Company 6 months ended 31 December 2013
Result of the parent entity		
Loss for the period	(25,238)	(12,648)
Other comprehensive income / (expense)	(978)	-
Total comprehensive loss for the period	(26,216)	(12,648)
Financial position of the parent entity at year end		
Current assets	88,912	77,806
Total assets	192,271	192,293
Current liabilities	4,921	9,952
Total liabilities	51,514	56,517
Total equity of the parent entity at year end		
Share capital	258,211	228,149
Reserves	2,316	3,761
Retained earnings	(119,770)	(96,134)
Total equity	140,757	135,776

27. Joint Operations

The consolidated entity has an interest in the following joint operations as at 31 December 2014 whose principal activities were oil and gas exploration and development.

Permit/Joint Operation	December 2014 Beneficial Interest	December 2013 Beneficial Interest	Operator	Country
EP 371	50.00%	50.00%	Buru Energy Ltd	Australia
EP 390	25.00%	50.00%	Buru Energy Ltd	Australia
EP 391	50.00%	50.00%	Buru Energy Ltd	Australia
EP 428	50.00%	50.00%	Buru Energy Ltd	Australia
EP 431	50.00%	50.00%	Buru Energy Ltd	Australia
EP 436	50.00%	50.00%	Buru Energy Ltd	Australia
EP 438	25.00%	37.50%	Buru Energy Ltd	Australia
EP 457	37.50%	37.50%	Buru Fitzroy Pty Ltd	Australia
EP 458	37.50%	37.50%	Buru Fitzroy Pty Ltd	Australia
EP 471	25.00%	50.00%	Buru Energy Ltd	Australia
EP 472	50.00%	50.00%	Buru Energy (Acacia) Pty Ltd	Australia
EP 473	25.00%	50.00%	Buru Energy Ltd	Australia
EP 476	50.00%	50.00%	Buru Energy Ltd	Australia
EP 477	50.00%	50.00%	Buru Energy (Acacia) Pty Ltd	Australia
EP 478*	100.00%	100.00%	Buru Energy (Acacia) Pty Ltd	Australia

* Subject to Trident Energy farm-in right to earn a 17.5% interest. Upon satisfaction or expiration of this right, Buru Energy must transfer half of its remaining interest to Mitsubishi.

The Group's interests in assets/liabilities and income/expenditure employed in the above joint operations are detailed below. The amounts are included in the financial statements under their respective asset categories.

in thousands of AUD	12 months ended 31 December 2014	6 months ended 31 December 2013
Income	2	1
Expenditure	(32,449)	(4,690)
	(32,447)	**(4,689)**
Current assets		
Cash and cash equivalents	1	113
Trade and other receivables	248	867
Inventory	483	490
Total current assets	**732**	**1,470**
Non-current assets		
Exploration expenditure	50,652	44,288
Development expenditure	16,107	11,708
Total non-current assets	**66,759**	**55,996**
Current Liabilities		
Trade and other payables	3,809	6,742
Total current Liabilities	**3,809**	**6,742**
Share of net assets of joint venture operations	**63,681**	**50,724**

28. Operating Leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

in thousands of AUD	31 December 2014	31 December 2013
Less than one year	1,208	1,229
Between one and five years	2,154	3,382
More than five years	-	-
	3,362	4,611

The Group leases a corporate office in Perth and an office/warehouse facility in Broome. The leases expire in October 2017 and November 2015 respectively. Both have options to renew the lease after the expiry dates.

The Group also maintains operating leases for production vehicles and accommodation for employees required to travel for work purposes.

The total operating lease amount recognised as an expense during the period was $1,435,000 (6 months ended 31 December 2013: $691,000).

29. Capital and Other Commitments

in thousands of AUD	**31 December 2014**	**31 December 2013**
Exploration expenditure commitments		
Contracted but not yet provided for and payable:		
Within one year	14,125	26,150
One year later and no later than five years	36,131	24,075
Later than five years	-	-
	50,256	50,225

The commitments are required in order to maintain the petroleum exploration permits in which the Group has interests in good standing with the Department of Mines & Petroleum ("DMP"). These obligations may be varied from time to time, subject to approval by the DMP. Included in the above are the commitments during the term of the State Agreement, under which Buru Energy and Mitsubishi have committed to the continued exploration, appraisal and, if technically viable, development of the gas resources of the permits with the objective of delivering gas into the Western Australian domestic gas market.

30. Contingencies

There were no material contingent liabilities or contingent assets for the Group as at 31 December 2014 (30 June 2014: nil).

31. Related Parties

Key management personnel compensation

The key management personnel compensation comprised:

in AUD	**31 December 2014**	**6 months ended 31 December 2013**
Short-term employee benefits	3,958,036	1,835,703
Post-employment benefits	372,816	138,678
Termination benefits	1,404,586	330,000
Share-based payments	469,839	328,746
	6,205,275	2,633,127

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' report on pages 28 to 39.

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

Other related party transactions

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

32. Subsequent Events

During the year the Company was successful in a tender for the Yakka Munga pastoral lease that covers the area of the Ungani facility. Settlement took place subsequent to end of the year on 16 January 2015 with payment of the purchase price of $7,000,000.

33. Auditors' Remuneration

	31 December 2014	6 months ended 31 December 2013
Audit services		
KPMG Australia: Audit and review of financial reports	87,425	70,250

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

Directors' Declaration

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

(a) the consolidated financial statements and notes that are contained on pages 41 to 82 and the Remuneration report in the Directors' report, set out on pages 28 to 39, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance, for the financial period ended on that date; and

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

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

2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Executive Chairman and Head of Finance, for the year ended 31 December 2014.

3 The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Mr Eric Streitberg
Executive Chairman
Perth
25 March 2015

Ms Eve Howell
Non-executive Director
Perth
25 March 2015

Independent auditor's report to the members of Buru Energy Limited

Report on the financial report

We have audited the accompanying financial report of Buru Energy Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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KPMG

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) The financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the year ended on that date; and

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

(b) The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Buru Energy Limited for the year ended 31 December 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

25 March 2015

Additional ASX Information

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

The distribution of ordinary shares ranked according to size as at 28 February 2015 was as follows:

Category	Ordinary shares	%	No. of holders	%
100,001 and Over	242,276,422	71.26	340	3.76
10,001 to 100,000	75,082,372	22.08	2,511	27.75
5,001 to 10,000	12,387,216	3.64	1,588	17.55
1,001 to 5,000	9,508,409	2.80	3,204	35.40
1 to 1,000	742,659	0.22	1,407	15.55
Total	**339,997,078**	**100.00**	**9,050**	**100.00**
Unmarketable Parcels	1,032,111	0.30	1,651	18.24

The 20 largest ordinary shareholders of the ordinary shares as at 28 February 2015 were as follows:

Rank	Name	No. of ordinary shares	%
1	BIRKDALE ENTERPRISES PTY LTD	29,213,557	8.59
2	COOGEE RESOURCES PTY LTD	26,666,666	7.84
3	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	12,486,317	3.67
4	MR ERIC CHARLES STREITBERG	10,568,133	3.11
5	FLEXIPLAN MANAGEMENT PTY LTD	8,517,469	2.51
6	CITICORP NOMINEES PTY LIMITED	8,370,277	2.46
7	NATIONAL NOMINEES LIMITED	8,268,409	2.43
8	CVC LIMITED	6,049,151	1.78
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,842,952	1.72
10	MAXIGOLD HOLDINGS PTY LTD	5,052,043	1.49
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,765,124	1.40
12	MS NICOLA MARIE YEOMANS	4,722,400	1.39
13	TROJAN OSF PTY LTD	3,706,000	1.09
14	CHARRINGTON PTY LTD	2,700,000	0.79
15	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,500,000	0.74
16	PGP PTY LTD	2,080,000	0.61
17	WHITTINGHAM SECURITIES PTY LIMITED	2,000,000	0.59
18	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	1,860,995	0.55
19	CHARRINGTON PTY LTD	1,720,000	0.51
20	ROCKET SCIENCE PTY LTD	1,520,000	0.45
	Total twenty largest shareholders	**148,609,493**	**43.71**
	Balance of register	**191,387,585**	**56.29**
	Total register	**339,997,078**	**100.00**

The following interests were registered on the Company's register of Substantial Shareholders as at 28 February 2015:

Shareholder	Number of ordinary shares	%
Birkdale Enterprises Pty Ltd	29,213,557	8.59
Eric Streitberg and his associates	28,720,566	8.45
Coogee Resources Pty Ltd	26,666,666	7.84

Voting rights

Ordinary shares

At a general meeting of shareholders:

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

Unlisted Options

There are no voting rights attached to the unlisted options:

Other information

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

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

The Company and its controlled entities schedule of interests in permits as at 28 February 2015 were as follows:

Permit	Type	Ownership	Operator
EP129**	Exploration permit	100.00%	Buru Energy Ltd
EP371	Exploration permit	50.00%	Buru Energy Ltd
EP390	Exploration permit	25.00%	Buru Energy Ltd
EP391	Exploration permit	50.00%	Buru Energy Ltd
EP428	Exploration permit	50.00%	Buru Energy Ltd
EP431	Exploration permit	50.00%	Buru Energy Ltd
EP436	Exploration permit	50.00%	Buru Energy Ltd
EP438	Exploration permit	25.00%	Buru Energy Ltd
EP457	Exploration permit	37.50%	Buru Fitzroy Pty Ltd
EP458	Exploration permit	37.50%	Buru Fitzroy Pty Ltd
EP471	Exploration permit	25.00%	Buru Energy Ltd
EP472#	Exploration permit	50.00%	Buru Energy (Acacia) Pty Ltd
EP473	Exploration permit	25.00%	Buru Energy Ltd
EP476#	Exploration permit	50.00%	Buru Energy Ltd
EP477#	Exploration permit	50.00%	Buru Energy (Acacia) Pty Ltd
EP478*#	Exploration permit	100.00%	Buru Energy (Acacia) Pty Ltd
L6	Production license	100.00%	Buru Energy Ltd
L8	Production license	100.00%	Buru Energy Ltd
L17	Production license	100.00%	Buru Energy Ltd
PL7	Onshore pipeline license	100.00%	Buru Energy Ltd

* Subject to Trident Energy farm-in right to earn a 17.5% interest. Mitsubishi is entitled to an interest equal to Buru's interest.

** Excluding Backreef Area

Subject to Apache option as announced on 4 November 2013.

www.buruenergy.com