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ASX ANNOUNCEMENT (ASX: BRU) 2 July 2012

Company Insight

Buru Energy Limited (“**Buru**” or “**Company**”) provides the attached Company Insight interview with Buru’s Executive Director, Eric Streitberg.

This interview and further information on the Company are available on the Buru website at www.buruenergy.com

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Yours faithfully

A handwritten signature in black ink, appearing to read "Eric Streitberg", written in a cursive style.

ERIC STREITBERG
Executive Director



Buru Energy Limited

Date of Lodgement: 2/7/12

Title: “Company Insight – Growth Program after Capital Raising”

Highlights of Interview

- Explains recent \$50m capital raising and the planned use of the funds.
- Outlines the remainder of the 2012 forward program.
- Paradise-1 confirms 21 km extension of the regional Valhalla gas accumulation.
- Discusses the implications of the planned Asgard-1 appraisal well for the size of the Valhalla gas accumulation.
- Ungani Field extended production test progressing well.
- Explains the live oil recovered during the deepening of Paradise-1 and the plans for testing.

Record of interview:

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Buru Energy Limited (ASX code: BRU; market cap of ~\$790m) has just completed a \$50 million placement to institutional investors. Can you provide a bit of background on why you felt you needed to raise more money now?

Executive Director, Eric Streitberg

We were very pleased to be able to complete the capital raising at such a tight discount in what are clearly very uncertain times for financial markets worldwide. The strong level of support from new and existing shareholders was very encouraging and demonstrates their understanding and belief in what we are trying to achieve in the Canning. Naturally, we are very thankful for that support and are working hard to ensure that their investment pays off.

As to why we raised the money now, we have obviously been very active and had considerable success, but we also have a lot of work to do to develop and commercialise our discoveries and also to expand our exploration and appraisal programs to continue to build on that success. To give us the confidence to commit to this work, and also to give us the financial flexibility to quickly develop any new discoveries, we needed additional capital. We looked at a number of different

ways to raise the money we thought we needed and settled on a relatively small placement that we were able to execute quickly to take advantage of any window of opportunity the market presented us and which minimised dilution to existing shareholders.

The raising means we are now fully funded for the remainder of our planned 2012 program and at least a portion of the 2013 program. Specifically, the funds will be used for the conventional exploration program in both the Ungani Trend and on new play types. The commercialisation process of our existing oil and gas discoveries is also extremely important and part of the new funds will be used to continue this process, in particular to continue the appraisal of the Ungani Field and to fund the initial phase of the gas evaluation and commercialisation process for Valhalla and Yulleroo.

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So what will the forward program for the rest of 2012 look like?

Executive Director, Eric Streitberg

The remainder of 2012 will be a mix of exploration and appraisal of our existing discoveries. For the unconventional program, Ensign Rig #32 is currently drilling Yulleroo-3 to quantify the upside potential of the Yulleroo Field. Once Yulleroo-3 is completed, Rig #32 will be mobilised to the Asgard-1 well site to test Buru's current interpretation that the Valhalla accumulation stretches some 35 kilometres to the east and south of the Valhalla wells. We are also planning to drill Cyrene-1 to test a conventional shallow oil play and the Goldwyer Shale in the oil window with Century Rig #7 once it has finished Ungani North.

For the conventional program, Rig #7 is currently mobilising to the Ungani North-1 site to test a large conventional oil prospect with the potential to hold a mean recoverable volume of 30 MMbbls of oil if hydrocarbons are present. Success at this well would conclusively prove the upside potential of the Ungani Trend, as well as bringing us substantial new reserves. What I need to stress though, is that Ungani North is located on an independent closure which is separate to the Ungani Field, and the success or otherwise of this well won't have any bearing on the size or reserves of the Ungani Field.

We are also planning to drill two development wells on the Ungani Field which will be based on the results of the 3D seismic we are conducting this year.

Operational lead times and weather constraints have meant that the Acacia exploration wells won't be drilled this year, however, we will be starting the road construction for these wells this year so that they can be drilled early in the 2013 field season. Although these wells are primarily testing very significant conventional oil targets, they will also be a further test of the unconventional oil potential of the Goldwyer Shale where it lies in the oil window.

In addition to the drilling, we are about to commence a significant seismic program, starting with the Ungani 3D which will help define the extent of the Ungani Field. This will be followed up by a program of 2D seismic to ensure that we continue to generate and refine drillable prospects for future drilling seasons.

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Mitsubishi Corp. is funding part of this exploration program. Can you explain how much it has spent so far and the amount that remains to be spent under the current agreement? What percentage in your permits will Mitsubishi have on completion of this program?

Executive Director, Eric Streitberg

The joint venture's total budget in 2012 is in the order of \$100 million, split evenly between conventional and unconventional work. As part of its farm-in commitment Mitsubishi is funding \$40 million of the \$50 million unconventional work program. We're about a third of the way through this program now. On the conventional program we are splitting the costs equally as Mitsubishi has already paid their carry amount for the conventional wells. We will also be splitting

the costs of any unconventional work we do above the \$50 million budget 50/50.

By the end of the 2012 program Mitsubishi will have carried Buru for some \$100 million of in ground costs as well as meeting their own share of exploration costs. They also have an ongoing obligation to meet \$50 million of Buru's development costs. In exchange for this commitment, Mitsubishi have earned a 50% interest in most of Buru's permits, although we retain all of our new permits on a 100% basis.

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Cyrene-1 is a relatively new addition to the program. Can you provide a bit more background on this well and why you have decided to drill it now?

Executive Director, Eric Streitberg

Cyrene-1 has been on the radar for a few years but given the multitude of prospects we have had to drill and the appraisal work we have undertaken on our recent discoveries, we have not had the rig slot to drill it. That being said, it is a very exciting prospect with both conventional and unconventional targets.

The conventional target is an oil play with the potential to hold a mean recoverable volume of 5 MMbbls of oil if hydrocarbons are present. The good thing about a conventional oil discovery at Cyrene is that it could be quickly commercialised in parallel with the Ungani Field. On the unconventional side we will also be drilling through the Goldwyer Shale, which is in the oil window at this location. The Goldwyer is 135 metres thick here, and we intend to comprehensively core it. When we put this information together with the historical well data and the extensive regional analysis we have undertaken, it should give us a very comprehensive and modern data set to help evaluate the oil potential of what could be another regional unconventional play.

Given that the majority of our work to date has focused on the Laurel Formation unconventional play, the testing of the unconventional potential of the Goldwyer is clearly very exciting, and success will allow us to plan more wells and potentially include it in the proposed hydraulic stimulation program for 2013 which would form part of Buru's broader unconventional evaluation program.

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Speaking of the unconventional plays, you have just finished the deepening of the Paradise-1 well to test the Laurel Formation, but you stopped drilling before you reached your original target depth. Does that say anything about the results of this well?

Executive Director, Eric Streitberg

The results of Paradise-1 were exactly as we predicted. The well encountered a gas charged Upper and Lower Laurel Formation with the same characteristics that we saw in the Valhalla-2 and Valhalla North-1 wells. The reason we had to stop drilling before we reached our target depth was due to the high pressures and gas influxes we were experiencing, which basically means there was too much over-pressured gas to allow us to continue drilling safely. Geologically this was a great result, and given we had never set the well up to be a producer we were very happy to stop drilling once we had proved the existence of the regional gas accumulation.

While we are still analysing the results of the well, they confirm that the regional Valhalla gas accumulation in the Laurel Formation extends 21 kms west from the immediate Valhalla area over to the Paradise area. We are therefore very confident that we have a multi TCF unconventional wet gas play which extends over a large area. This means we are a step closer to achieving the unrisksed upside case identified by the McDaniel Report of up to 33 TCF of recoverable gas and 1 billion barrels of recoverable oil. This result could also lead to an increase in the McDaniel risksed recoverable volumes of 6.5 TCF and 187 million barrels of liquids.

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You have mentioned that you will be drilling the Asgard-1 well in this year's program to test the Laurel Formation. In light of the results from Paradise, what are you expecting to see in Asgard?

Executive Director, Eric Streitberg

Our plan is to use Rig #32 to drill Asgard-1 after we finish drilling Yulleroo-3. Asgard-1 is about 35 kms to the southeast of Valhalla-2 in the opposite direction to the Paradise-1 site. The well is a step out designed to test Buru's current interpretation that the Valhalla accumulation stretches across a northwest – southeast axis of some 55 kms. This interpretation is supported by the extensive suite of logs and sidewall core samples and the comprehensive tight rock analysis we undertook of the existing wells in the area drilled by both Buru and previous holders of the acreage and also as confirmed by the McDaniel report. If this well has the same characteristics as the other Valhalla wells we will have identified a world class basin centred tight gas accumulation.

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Up until now, Buru has concentrated on the Laurel Formation unconventional play, but you have identified three other unconventional play types in the Canning Superbasin. When will you get a chance to test the Goldwyer Shale, Gogo Formation and Noonkanbah Formation?

Executive Director, Eric Streitberg

As I mentioned earlier in the interview, we will be getting a significant amount of data on the unconventional potential of the Goldwyer Shale when we drill the Cyrene-1 well later this year. This will be the first targeted and deliberate test of the Goldwyer Shale unconventional potential in the oil window, so should provide us with vital information for this play. The Acacia exploration wells that we are planning to drill next year will also test the Goldwyer Shale in addition to large conventional oil targets. We are also currently examining options to test both the Noonkanbah Formation which has excellent organic rich shales, and the Gogo Formation which is the source for the Blina crude either this year or next.

We are in the envious but somewhat awkward position of almost having too many prospects to drill. We really need to strike the right balance between continuing to expand our exploration program and developing the plays we have already identified. Clearly, working towards the monetization of the conventional and unconventional plays we have already proven up will always have to take some precedence, although we will not be neglecting the other areas of high prospectivity.

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You've recently provided the first monthly update on the extended production test at the Ungani Field. Can you provide us with some colour on how the test is going and when you will have an idea of the reserves at the Field?

Executive Director, Eric Streitberg

As we set out in the monthly update, we are making great progress. The wells are performing exceptionally well with excellent pressure response and flow rates. We delivered our first load of Ungani crude to the BP Refinery at Kwinana on June 7 which was a huge milestone for us.

We are also working hard to identify the optimal export route for full production from the field and put in place all of the approvals needed to get this in place as soon as possible. We are well underway to obtaining a production licence over the Field with our applications submitted to the DMP and formal negotiations with Traditional Owners to commence shortly. We aim to have the licence granted by early 2013.

In terms of reserves, the 3D data together with the results of the EPT and subsequent drilling program will allow a more definitive estimate of the reserves of the Field to be made and we will be looking to book initial reserves in late 2012 or early 2013.

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You also recently advised the market that you had recovered live oil to surface at the Paradise-1 well. This well was focussed on the unconventional Laurel Formation, so is this a conventional oil discovery and does it have any implications for the development of Ungani?

Executive Director, Eric Streitberg

This is clearly conventional oil, although it is too early to say whether it is a commercial discovery or not. However, the recovery of live oil from this well validates the regional conventional oil play in the broader Paradise area. We have already identified a number of follow-ups and other opportunities in this play and see many interesting prospects. We are currently evaluating a suitable test program and will be working through this with the joint venture as soon as we can. This is a great result as it is a completely different geological play type to Ungani and gives us a whole new oil province to explore.

This is a very significant development and once again highlights the huge potential of the Canning Superbasin which, as we have said many times before, is only just starting to be realised.

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Buru has been very successful over the last 12 months or so and its growth options are multiplying. How are you managing this growth?

Executive Director, Eric Streitberg

The whole Buru team has been working extremely hard so much of the success we have achieved is attributable to them. We are very conscious, however, of the need to be properly resourced, and as a result we have significantly increased our drilling capability this year with the addition of a number of senior people. This is in addition to a number of senior staff we employed on the production and development fronts earlier this year.

We are now also an ASX 200 company and are actively looking to strengthen and broaden our senior management team and the technical expertise we have available to us. Having come so far in such a short period of time, we are committed to keep ensuring the development of our assets is our first and only priority and want to make sure we have the people with the right skills to do it.

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Thank you Eric.

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