

**Quarter Ended 30 June 2011**

## Introduction

The directors of Buru are pleased to present this report for the quarter ended 30 June 2011. This quarter was a significant one for the Company with a number of milestones achieved, including the commencement of the 2011 exploration program and the quantification of the contingent resources of the Company's Yulleroo wet gas field.

The independent assessment of the Yulleroo wet gas field by RISC has identified a mean contingent resource net to Buru of 36mboe. This independent verification of the contingent resource has transformed the Company from a pure explorer to a company with a recognised resource base and clear pathway to commercialisation. In addition, Buru also received independent evaluations of its unconventional resources and conventional exploration potential during the quarter. NSAI, working with Buru, has identified gross recoverable unconventional resources of 66 TCF of gas and 4 billion barrels of oil. ISIS has also identified unrisks conventional exploration potential of 1.46 billion barrels of oil and 2.4 TCF of gas on a gross basis in over 100 prospects and leads.

As significant as the independent assessment of the Company's resources and exploration potential was the commencement during the quarter of the Company's 2011 exploration program with the spudding of the Valhalla-2 well and the commencement of line clearing for the Yulleroo 3D seismic survey. In total, Buru's 2011 Canning Superbasin exploration program is expected to involve up to ten exploration and appraisal wells and the acquisition of up to 1,250 kilometres of new 2D seismic and 250 square kilometres of new 3D seismic ("**2011 Exploration Program**"), depending on operational and weather constraints. This program is one of the largest continuous onshore exploration and appraisal programs ever undertaken in Western Australia. Mitsubishi Corporation is funding 80% of the costs of the 2011 Exploration Program under the terms of its farm-in agreement with Buru.

## Overview

The key operational activities for the quarter were:

- the commencement of drilling operations at the Valhalla-2 well with Ensign Rig #32, the first well in the 2011 Exploration Program;
- the completion of drill site and access preparations for the Ungani-1 well, the second well to be drilled with Rig #32 in the 2011 Exploration Program;
- the execution of a binding contract for the use of Century Rig #7 to drill up to a further four wells in the 2011 Canning Superbasin field season;
- the substantial completion of drill site and access preparations for the Pictor East-1 well, planned as the first well to be drilled with Rig #7 in the 2011 Exploration Program;
- the substantial completion of line clearing and all other preparations for the acquisition of the Yulleroo 3D seismic survey;
- the installation of a 2 3/8 inch tubing string in the Yulleroo-2 well together with continued flowback testing and further analysis of the results to determine an optimum forward testing program; and
- the completion of workovers of two wells at Buru's Sundown oilfield.

In addition, the Company continued to progress the various regulatory, Traditional Owner and joint venture approvals required for the 2011 Exploration Program.

Subsequent to the end of the quarter:

- Rig #7 was mobilised to the Pictor East-1 well site with drilling operations expected to commence in early August; and
- acquisition of the Yulleroo 3D seismic survey commenced on 17 July 2011.

The key corporate activities for the quarter were:

- the completion of an independent assessment of the Yulleroo field by RISC;
- the completion of an assessment of the Company's unconventional resources by NSAI;
- the completion of an assessment of the Company's conventional exploration potential by ISIS; and
- the announcement by the Company that it had voluntarily given up its rights to explore for oil and gas in Roebuck Bay, ensuring that the Yawuru People (the Traditional Owners of the area) are able to exercise their traditional role as the custodians of Roebuck Bay.

## Financial

The ASX Appendix 5B attached to this report contains the Company's cash flow statement for the quarter. The material elements of the cash flow in the period were:

- exploration expenditure of \$3,749,688 for the quarter (March 2011: \$5,043,472), being payments for exploration costs incurred in preparation for, and on the commencement of, the 2011 field season together with the cost of the installation of the 2 3/8 inch tubing string at the Yulleroo-2 well;
- cash payments of \$11,870,518 were received from MC during the quarter in contribution towards MC's 80% share of the costs of the 2011 Exploration Program;
- development expenditure of \$422,484 for the quarter being payments for the workover program carried out on the Sundown oilfield;
- oil production from the Blina and Sundown oilfields was lower in the quarter as a result of shut-ins of key wells to allow workovers to be carried out. This, together with the payment of annual fees to the DMP, resulted in a net cash outflow for the quarter of \$233,264 (March 2011: net cash outflow of \$61,907), with the full year recording a marginal operating surplus of \$4,603 in line with expectations; and
- administration and other operating costs of \$1,209,356 were incurred, in line with previous quarters (December 2010: \$1,130,717; March 2011: \$1,373,566).

The Company recorded a net cash inflow of \$0.7 million (before exchange rate adjustments) for the quarter (March 2011: net cash outflow \$5.2 million). The key contributors to the cash inflow are payments received from MC as part of its commitment under the farm-in agreement with Buru to fund 80% of the costs of the 2011 Exploration Program.

At the end of the quarter the Company had net cash reserves of \$25.8 million available for exploration and development of the Canning Superbasin (March 2011: \$25.1 million). These cash reserves, in conjunction with MC's contribution to the 2011 Exploration Program, provide the Company with sufficient financial resources to fund its planned and committed exploration activities.

The Company is forecasting the following cash flows in the September 2011 quarter:

- **Exploration** - \$5.0 million of costs are expected to be payable in the September 2011 quarter reflecting the costs of the 2011 Exploration Program.
- **Production** – Cash inflows from production in the September 2011 quarter will depend on the success of the workover program carried out on the Sundown oilfield during this quarter, the results of which continue to be evaluated. It is expected that \$0.5 million will be payable in the September 2011 quarter, being costs of production and transport of crude oil and shire rates for the Sundown and Blina oilfields.
- **Administration** - \$1.3 million in administration costs are expected to be payable in the September 2011 quarter, consistent with this quarter.

## Production and Development

### Blina and Sundown Oilfields

Sales from the Company's Blina and Sundown oilfields, in the L6 and L8 production licences, averaged approximately 27 bopd for the quarter. Sales during the quarter were significantly lower than the previous quarter (March 2011: approximately 47 bopd) due to shut-ins of key wells for the workover program and the timing delay of crude oil trucked to the point of sale from the oilfields.

The workover program on the Sundown oilfield was completed during the June 2011 quarter with the wells currently on test to determine the optimum production levels achievable. Preliminary tests indicate an increase in production from the Sundown oilfield of approximately 35%.

Oil production generated cash receipts during the quarter of \$319,937 (December 2010: \$582,677; March 2011: \$373,986). The fields produced a net cash outflow of \$233,264 for the quarter, a deterioration from previous quarters (December 2010: net cash inflow of \$302,520; March 2011: net cash outflow of \$61,907), mainly due to annual DMP fees for the production licences being paid during the quarter. The fields were marginally cash flow positive for the year to 30 June 2011.

### Yulleroo-2 Well Test

During the quarter the Yulleroo-2 testing program continued. To assist with achieving a stabilised clean up flow a 2 3/8 inch tubing string was successfully installed during the quarter using the Company's Fairway Rig. This tubing size provides increased lift efficiency in the well, assisting in the ongoing clean-up process. As part of the clean-up process and subsequent to the end of the quarter, a nitrogen lifting operation was undertaken to assist with removing stimulation fluid from the well.

The well has continued to flow back stimulation fluid together with gas and condensate. However, a stabilised flow rate was not established during the quarter and has not since been established. Further analysis of the Yulleroo-2 reservoir stimulation operation and the subsequent well performance by both RISC and the other parties involved in the project has indicated that the results are what could be expected from the existing well completion and stimulation program. RISC have also indicated that in their opinion the results from Yulleroo-2 to date have removed a number of the uncertainties regarding the quantification of the resources in the field and that further flow testing and fluid recovery is not a critical part of the ongoing development of the field.

During the quarter RISC, who performed the independent resource classification of the Yulleroo wet gas field, were engaged to prepare an appraisal and conceptual development program for the field. Further details of the proposed appraisal and development program will be made available once they are finalised.

## Drilling

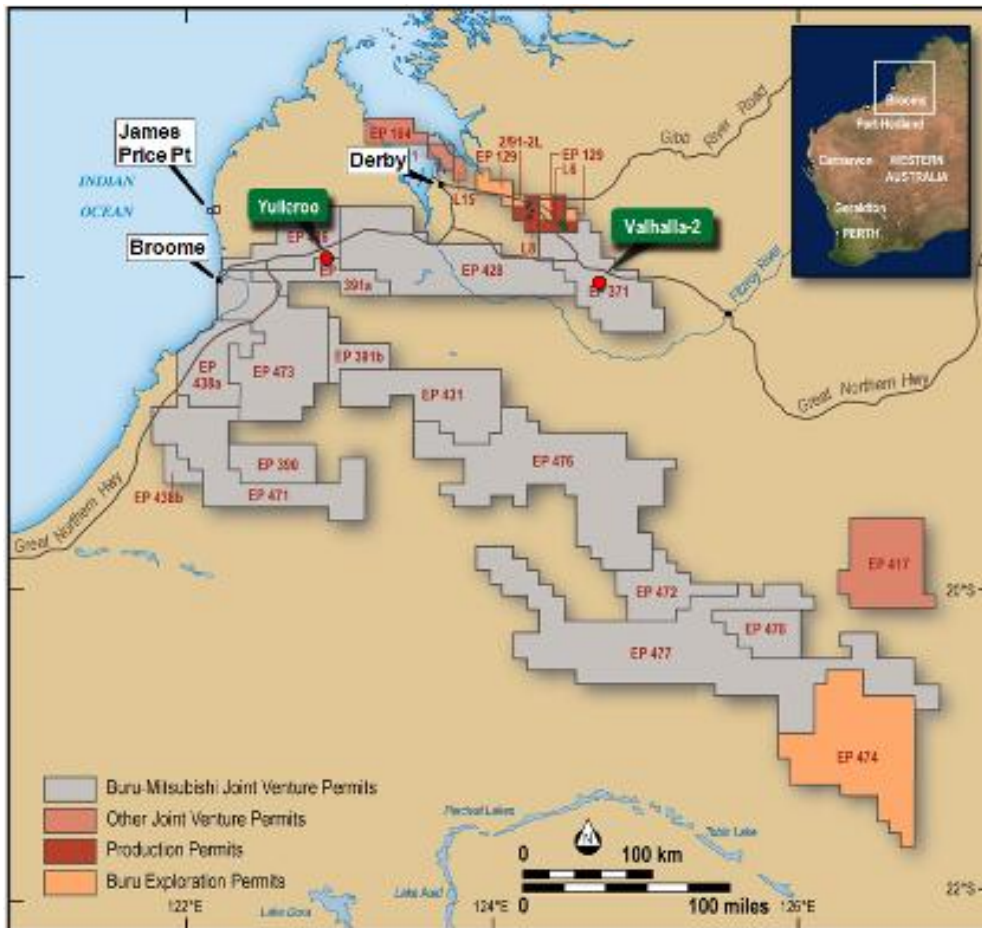
During the quarter the Company commenced drilling operations at the Valhalla-2 well, the first well in the 2011 Exploration Program.

Other than the commencement of drilling operations at the Valhalla-2 well, the main activities undertaken in the quarter were:

- the execution of a binding contract for the use of Century Rig #7 to drill up to a further four wells in the 2011 Canning Superbasin field season; and
- the completion of drill site and access preparations for the Ungani-1 well, the second well to be drilled using Rig #32, and the substantial completion of drill site and access preparations for the Pictor East-1 well, the first well to be drilled using Rig #7.

### Valhalla-2

Valhalla-2 was the first well to be drilled in the 2011 Exploration Program. The well is located in exploration permit EP 371, as shown on the map below. Buru and MC each have a 50% interest in this well and in EP 371, with MC contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.



Drilling operations on Valhalla-2 commenced on 6 June 2011 using Rig #32. Minor mechanical issues initially slowed drilling and at the end of the quarter the well had been drilled to a depth of 2,008m (TD 3,367mRT). Subsequent to the end of the quarter the Company completed the drilling of the Valhalla-2 well reaching a total depth of 3,390m.

An open hole drill stem test (“DST”) was undertaken over the section from 2,002m to 2,200m to ascertain the flow potential of the Upper Laurel gas sands. The DST resulted in only minor gas influxes. Following the DST, continuous high levels of background gas with good to excellent gas shows were observed as the well was drilled ahead to the second primary objective in the Lower Laurel gas sands. Wet gas influxes were continuously encountered while drilling the well down to total depth, resulting in a number of drilling interruptions to allow gas to be flared.

The results of the DST have now been interpreted as resulting from reservoir damage while drilling, with this section now considered a prime target for reservoir stimulation. A new conventional play type has also been identified in the Laurel Carbonates with a number of potentially productive conventional reservoir zones being interpreted. In addition, extensive shale zones have been identified in the Upper and Lower Laurel sections and these are interpreted to be gas charged based on gas shows and influxes while drilling. These sections have been comprehensively sampled to allow further detailed, specialised analysis of the potential of the Laurel Formation for unconventional gas and liquids.

A forward program of drilling and reservoir stimulation to test the Valhalla accumulation itself will be developed for consideration for inclusion in the 2012 drilling program.

### **Execution of a Drilling Contract for Rig #7**

During the quarter the Company executed a binding contract with Century for the use of Rig #7 to drill up to four additional wells in the 2011 Canning Superbasin exploration program. Rig#7 will drill the Pictor East-1 well first. It is then planned to use Rig #7 for the deepening of the Lawford-1 well in EP 417 (in which Buru holds a 35% interest, with New Standard Energy and Greenrock Energy holding the balance of the interests in the permit). The next well to be drilled by Rig #7, if any, will depend on the outcome and timing of the other wells to be drilled in the 2011 Exploration Program.

Subsequent to the end of the quarter Rig #7 commenced mobilisation to the Pictor East-1 well site and it is expected that drilling operations will commence in early August.

## **Exploration**

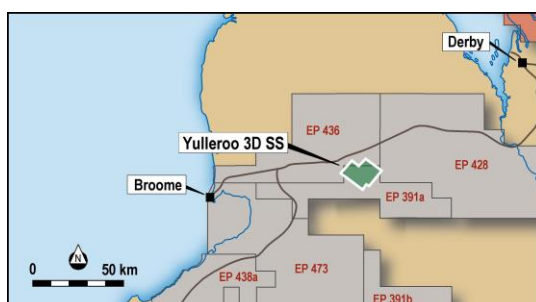
The Company’s other exploration activities during the quarter focused on:

- the substantial completion of line clearing and all other preparations for the acquisition of the Yulleroo-2 3D seismic survey; and
- progressing the regulatory, Traditional Owner and joint venture approvals process for the 2011 Exploration Program.

### **Commencement of the Yulleroo 3D seismic survey**

During the quarter planning and preparation for the Yulleroo 3D seismic survey was substantially completed. Acquisition of the survey commenced on 17 July 2011, subsequent to the end of the quarter.

The Yulleroo 3D seismic survey consists of approximately 185 square kilometres of new 3D seismic over the Yulleroo wet gas field, as shown on the map below. It is designed to define the detailed structural configuration of the Yulleroo structure. This will assist in both siting future appraisal wells and quantifying the total rock volumes in the accumulation. Acquisition is being conducted by Terrex Seismic, who successfully acquired the Yulleroo and Pijalinga 2D seismic surveys for Buru in 2010 and the Bunda 3D seismic survey for Buru in 2009.



Under the terms of the farm-in agreement between Buru and MC, MC is required to fund 80% of the costs of this seismic survey.

## Approvals Process

During the quarter the Company continued the regulatory approval processes required for the 2011 Exploration Program. Detailed operational, environmental and health and safety management plans have been prepared and are under assessment by the DMP. Drilling programs for the wells in the program continued to be submitted to the DMP for approval during the quarter.

Discussions have continued with Traditional Owners on whose lands the 2011 Exploration Program is being conducted. At the end of the quarter approvals had been received for the majority of the wells likely to be drilled in the 2011 Exploration Program. Subsequent to the end of the quarter the approvals process has focused on the seismic surveys proposed for the 2011 Exploration Program with good progress being made in respect of these approvals.

## Corporate

The key corporate activities for the quarter were:

- the completion of an independent assessment of the Yulleroo field by RISC;
- the completion of an assessment of the Company's unconventional resources by NSAI;
- the completion of an assessment of the Company's conventional exploration potential by ISIS; and
- the announcement by the Company that it had voluntarily given up its rights to explore for oil and gas in Roebuck Bay near Broome, ensuring that the Yawuru People (the Traditional Owners of the area) are able to exercise their traditional role as the custodians of Roebuck Bay.

## Independent Resource Reporting

During the quarter the Company completed a formal, independent, third party review process for the Yulleroo accumulation, the Company's identified unconventional resources and the Company's conventional exploration potential.

### *Independent Yulleroo Field Resource Assessment*

RISC completed its independent assessment of the Yulleroo wet gas field within exploration permit EP391 during the quarter. Buru holds a 50% interest in EP391 and the Yulleroo wet gas field.

RISC estimated a mean resource<sup>1</sup> in the Yulleroo wet gas field of 352 PJ of ultimately recoverable sales gas based on gross Contingent Resources in the Yulleroo wet gas field of 53 PJ, 205 PJ and 846 PJ on a 1C, 2C and 3C basis respectively. RISC estimated a mean resource in the Yulleroo wet gas field of a further 13.4 mmboe of associated liquids (condensate and LPG) based on gross Contingent Resources in the Yulleroo field of 1.9 mmboe, 7.8 mmboe and 32.3 mmboe on 1C, 2C and 3C basis respectively.

Buru's net share of the mean resources as estimated by RISC is 36 mmboe. RISC estimated significant upside of 3C (P10) Contingent Resources of 86.7 mmboe net to Buru. The results of RISC's independent assessment are consistent with Buru's assessment of the potential of the Yulleroo wet gas field.

As part of this review RISC also identified a forward program for appraisal of the Yulleroo wet gas field which, if successful, would allow reserves to be booked leading to the subsequent development of the Yulleroo wet gas field. As noted above, RISC have been engaged to develop an appraisal and conceptual field development program for the Yulleroo wet gas field as a basis for proceeding to book reserves and commit to a commercialisation plan for the field.

<sup>1</sup> The mean is the average of the probabilistic resource distribution.

### *Unconventional Resource Assessment*

Buru's unconventional resource assessment of its Canning Superbasin permits was completed during the quarter and identified significant unconventional oil and gas potential in four of the key unconventional plays across Buru's acreage. Independent consultants, NSAI, completed an independent hydrocarbon in-place evaluation and preliminary prospective resources assessment of two of these unconventional plays, the Laurel Formation and Noonkanbah Formation. Buru undertook an analysis of the remaining two plays, the Frasnian and the Nita Goldwyer during the quarter.

The four key unconventional plays identified have combined mid-range unrisks gross in-place volumes of 362 TCF of gas and 50 billion barrels of oil. The four key plays have mid-range gross prospective recoverable resources of 66 TCF of gas and 4 billion barrels of oil.

The most prospective play identified is the Laurel Formation tight gas play that has a mid-range gross prospective recoverable resource of 50 TCF of gas. Based on results from the Yulleroo-2 flow back, Valhalla-2 preliminary results and regional indications, the Company considers this play will also have a high level of associated liquids, which has the potential to add significant value to the play.

The Laurel Formation play will be evaluated as part of the 2011 Exploration Program in at least the Valhalla-2, Paradise Deepening, Ungani and Lawford-1 wells. The assessment undertaken by Buru and NSAI confirmed the conclusions by the United States Energy Information Agency in its April 2011 report that the Canning Superbasin is Australia's most prospective area for unconventional hydrocarbons.

Buru currently has a 100% interest in the unconventional resources in its Canning Superbasin exploration permits. MC may earn a 50% interest in these unconventional resources by funding 80% of a \$50 million unconventional exploration program in 2012. MC must commit to the 2012 unconventional exploration program by 30 November 2011.

### *Conventional Exploration Assessment*

ISIS completed its independent assessment of the Company's conventional exploration potential during the quarter. This assessment looked at the Company's inventory of over 100 prospects and leads across a wide variety of play types throughout the Canning Superbasin. Based on this review ISIS has identified gross unrisks potential across the Company's Canning Superbasin permits of:

- 1.46 billion barrels of oil; and
- 2.4 TCF of gas.

ISIS has attributed a 17% probability of success to these prospects.

### **Roebuck Bay**

On 24 May the Company announced that it had voluntarily given up its rights to explore for oil and gas in Roebuck Bay near Broome. This arrangement ensures that the Yawuru People are able to exercise their traditional role as the custodians of Roebuck Bay without intrusion from oil and gas exploration. This reflects Buru's commitment to working with local communities in the Kimberley in a socially and environmentally responsible way.

Under an Indigenous Land Use Agreement signed in August 2010, the Western Australia State Government and the Yawuru People will work together to put in place a Conservation Estate covering the waters of Roebuck Bay in a marine park and the surrounding mudflats and wetlands in a terrestrial reserve to be jointly managed by the Department of Environment and Conservation and the Yawuru People. The Conservation Estate falls within Buru's exploration permit EP 473, which gives Buru the right to explore for oil and gas in the area, subject to the conditions of the Conservation Estate.

In recognition of the cultural and environmental significance of the Roebuck Bay area, Buru has, in consultation with the DMP and the Yawuru People, agreed to put in place an arrangement to ensure that the Conservation Estate is free of the influence of oil and gas exploration and production. Under this arrangement, the DMP has placed conditions on EP 473 preventing exploration for oil and gas in Roebuck Bay and the surrounding wetlands for the duration of the EP 473 permit, irrespective of who holds the permit.

The protection of Roebuck Bay is a natural extension of Buru's strong working relationship with the Yawuru People and demonstrates Buru's ongoing commitment to the Yawuru People and the Kimberley community more generally.

## Executive Director's Comments

*"This quarter has seen the culmination of the Company's hard work over the last six months with the spudding of Valhalla-2 marking the commencement of the Buru – Mitsubishi Corporation 2011 exploration program. The very positive result at Valhalla-2 is a tremendous way to start the exploration program. While there is work to be done to quantify the potential, it is clear that the Valhalla area is a very significant hydrocarbon accumulation and we will be looking at appraisal and commercialisation options very closely.*

*Booking a contingent resource of 36 mmbob at Yulleroo is also a very significant milestone for the Company. It transforms us from a pure explorer to a company with a recognised resource base and clear pathway to commercialisation. The importance of this should not be understated. From contingent resources to reserves is not too big a step, and booking reserves will lead to the building of the Great Northern Pipeline and the commencement of the commercial development of the Canning Superbasin. In conjunction with the very significant unconventional resources identified by NSAI, which Valhalla-2 has gone a long way to validate, the Canning Superbasin is finally beginning to realise what we have always seen as its massive potential.*

*The next quarter will be extremely busy. We have a very full program of wells coming up, all of which have the potential to be company makers. We will also be into the full swing of the seismic acquisition program in preparation for exploration and appraisal drilling in 2012. Altogether it promises to be an extremely exciting few months. We will be keeping shareholders and the market updated on a regular basis as we progress these activities over the next quarter."*

Eric Streitberg  
Executive Director



## Glossary

2D	Two dimensional seismic survey
3D	Three dimensional seismic survey
Bopd	Barrels of oil per day
Buru or the Company	Buru Energy Limited (ASX code: BRU)
DMP	Western Australian Department of Mines and Petroleum
Ensign	Ensign Australia Pty Ltd
ILUA	Indigenous land use agreement
ISIS	ISIS Petroleum Consultants Pty Ltd
LPG	Liquefied petroleum gas
MC	Mitsubishi Corporation
mmboe	Millions of barrels of oil equivalent. LPG converted at 1.46 barrels to 1 barrel of oil. Condensate converted at 1 barrel to 1 barrel of oil. Sales gas converted at 0.006TJ to 1 barrel of oil.
New Standard	New Standard Energy Limited (ASX code: NSE)
NSAI	Netherland Sewell and Associates Inc.
Rig #32	Ensign Rig #32
Rig #7	Century Rig #7
RISC	RISC Pty Ltd
TCF	Trillion cubic feet of gas
TJ	Terajoule of sales gas

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**BURU ENERGY LIMITED**

ABN

71 130 651 437

Quarter ended ("current quarter")

30 June 2011

### Consolidated statement of cash flows

	Current quarter \$A	Year to date (12 months) \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	319,937	1,831,131
1.2 Payments for (a) exploration & evaluation	(3,749,688)	(16,208,194)
(b) development	(422,484)	(475,807)
(c) production	(553,201)	(1,826,528)
(d) administration	(1,209,356)	(4,894,652)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	114,227	3,068,999
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Payments for restoration to existing producing assets	-	-
1.8 Joint venture partner's share of technical and administrative expenditure	6,270,000	6,270,000
<b>Net operating cash flows</b>	<b>769,435</b>	<b>(12,235,051)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) fixed assets	(55,360)	(617,000)
1.9 Proceeds from sale of:		
(a) fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Investments)	-	(624,650)
<b>Net investing cash flows</b>	<b>(55,360)</b>	<b>(1,241,650)</b>
1.13 Total operating and investing cash flows (carried forward)	714,075	(13,476,701)

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	714,075	(13,476,701)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	28,800	38,892
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Loan pursuant to the employee share acquisition scheme	-	-
<b>Net financing cash flows</b>		<b>28,800</b>	<b>38,892</b>
<b>Net increase (decrease) in cash held</b>		<b>742,875</b>	<b>(13,437,809)</b>
1.20	Cash at beginning of quarter/year to date	47,690,306	62,340,717
1.21	Exchange rate adjustments to item 1.20	(42,581)	(512,308)
<b>Cash at end of quarter including cash held in escrow</b>		<b>48,390,600</b>	<b>48,390,600</b>
Less cash held in escrow		(22,568,719)	(22,568,719)
1.22	<b>Cash at end of quarter</b>	<b>25,821,881</b>	<b>25,821,881</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	120,500
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
N/A		

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
<p>Buru Energy Ltd ("Buru") and Alcoa of Australia Ltd ("Alcoa") have agreed to escrow \$20,000,000 and interest thereon in partial satisfaction of Buru's obligations to repay a \$40,000,000 gas prepayment made by Alcoa to ARC Energy Limited prior to the demerger of Buru. These financial obligations crystallise if Buru does not deliver gas under the gas sales agreement between Alcoa and Buru from gas supplied from the Canning Basin or elsewhere, with repayment obligations being in three equal annual instalments commencing in 2013. This cash balance in escrow has received interest totalling \$2,568,719 taking the total escrowed cash balance to \$22,568,719.</p>	

2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	N/A

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

### **Estimated cash outflows for next quarter**

		\$A
4.1	Exploration and evaluation	5,038,000
4.2	Development	-
4.3	Production	513,000
4.4	Administration	1,300,000
	<b>Total</b>	<b>6,851,000</b>

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	10,821,881	10,121,587
5.2 Deposits at call	15,000,000	15,000,000
5.3 Bank overdraft	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>25,821,881</b>	<b>25,121,587</b>
Cash held in escrow	22,568,719	22,568,719
<b>Total: cash at end of quarter including cash held in escrow</b>	<b>48,390,600</b>	<b>47,690,306</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EP 442	On 28 April 2011 the DMP* advised of the extinguishment of exploration permit EP 442, replacing the permit with two new permits EP 477 and EP 478 covering the same area as the former EP 442.	50%	Nil
6.2 Interests in mining tenements acquired or increased	EP 477 EP 478	As above. Mitsubishi Corporation will earn an interest equal to Buru in EP 478 on completion of the documentation of a Joint Operating Agreement with Trident Energy Limited.	Nil	100%

\* Government of Western Australia – Department of Mines and Petroleum

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference <sup>+</sup>securities</b> <i>(description)</i>	N/A	N/A	N/A	N/A
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	182,840,549	182,840,549	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues				
Options exercised	60,000	60,000	\$0.48	\$0.48
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	N/A	N/A	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<b>Exercise price</b>	<b>Expiry date</b>
	5,000,000	-	\$0.25	31 Dec 2011
	10,241,000	-	\$0.30	31 Dec 2011
	5,000,000	-	\$0.35	31 Dec 2011
	3,720,000	-	\$0.48	31 Dec 2012
	<u>290,000</u>	-	\$0.75	31 Dec 2012
	24,251,000			
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	60,000	-	\$0.48	31 Dec 2012
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A	N/A		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	N/A	N/A		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Eric Streitberg  
Executive Director

..... Date: 29 July 2011

## Notes:

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities; the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.