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**Company Insight
Explains Significance of Valhalla North-1 Results**

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



ERIC STREITBERG
Executive Director



Buru Energy Limited

Date of Lodgement: 19/3/12

Title: “Company Insight – Significance of Valhalla North-1 Well Results”

Highlights of Interview

- Explains the results of the Valhalla North-1 well.
- Discusses the potential size of the Valhalla accumulation.
- Explains the implications of Valhalla North for the Canning Superbasin’s prospectivity.
- Outlines Buru’s plans for further appraisal and development of the Valhalla accumulation.
- Discusses newly awarded acreage and growing interest in Buru’s acreage.

Record of interview:

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Buru Energy Limited (ASX code: BRU; market cap of ~\$690m) has just finished drilling the Valhalla North-1 well. What were your pre-drill expectations for the well and were the results in line with those expectations?

Executive Director, Eric Streitberg

We drilled the Valhalla North-1 well to confirm our interpretation that the Laurel Formation unconventional wet gas play that we identified with the Valhalla-2 well in mid-2011 is a potentially very widespread regional, or “resource”, accumulation. We drilled Valhalla North “off structure” from Valhalla-2 to provide definitive proof that the gas we saw in Valhalla-2 was not confined to a structural trap, but rather is part of a geographically widespread unconventional “resource” accumulation. This test was successful and has proven that the Valhalla accumulation has very considerable geographic extent with an upside of many TCF’s of gas.

What we were specifically looking for was similar gas shows over a similar vertical extent to those we saw in Valhalla-2, and this was just what we saw. High levels of background gas consistent with Valhalla-2 were present through the whole of the Laurel Formation over at least 1300 metres of section. We also acquired pressure data and a full suite of logs, and while we are still working through this data, what it is telling us is clear. That is, that the immediate area around the Valhalla wells holds a substantial unconventional gas accumulation with potentially high liquids content and there is a good chance the accumulation could extend over a much larger area.

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What does the assessment of the results from the Valhalla North-1 well, in conjunction with the results from the previous Valhalla wells, mean for the potential size of the Valhalla accumulation?

Executive Director, Eric Streitberg

Looking at the results of Valhalla-2 and Valhalla North-1, we are now increasingly confident that the immediate Valhalla area could contain at least 2 TCF of recoverable gas and tens of millions of barrels of associated liquids, if we can make the economics work. We have also been looking very hard at the old wells in the surrounding area and these are telling us that the accumulation almost certainly extends beyond the immediate Valhalla area and could cover up to 6,000 sq kms or 1.5 million acres of Buru's acreage.

We are planning to confirm this by testing the Laurel Formation outside the immediate Valhalla area, initially with the deepening of the Paradise well, which is about 21 kilometers to the west nor-west of Valhalla-2 and the drilling of another well to the east of the current Valhalla wells. If the accumulation is present across this area as we have interpreted it to be, our view is that the greater Laurel Formation accumulation has the potential to hold in excess of 20 TCF of recoverable gas and hundreds of millions of barrels of liquids.

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Can you explain the implications of the Valhalla North well for the prospectivity of the Canning Superbasin more generally?

Executive Director, Eric Streitberg

The Superbasin contains several petroleum systems that we have been having success with. The Laurel Formation tight gas system is only one of these, but it has huge potential and in general terms is basinwide, with the Laurel Formation also being the main reservoir in the Yulleroo Field where we already have an independently verified gross contingent resource of 352PJ of gas and 13 million barrels of liquids.

In addition to the Laurel Formation there are several other major plays in the Superbasin that we are working on. The fairly spectacular success we had at Ungani last year with a major oil discovery has opened up another large trend for us with over 20 prospects to pursue. There are also other unconventional plays we haven't advanced as far as the Laurel Formation simply because we have so many other interesting things to do. Just two of these, the Goldwyer Formation and the Gogo Shale, have the potential to be major accumulations in their own right. In particular, the Goldwyer Formation that New Standard and ConocoPhillips are chasing just to the south of us extends onto our acreage where it is squarely in the oil window, so we are very much looking forward to the results of their drilling later this year.

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How will you progress the appraisal of the Valhalla accumulation from here? What is a very approximate timeframe in which you could book first Resources/Reserves?

Executive Director, Eric Streitberg

Our initial aim with the Valhalla accumulation is to drill enough wells and acquire enough data to be able to put some boundaries on the accumulation. This will then allow us to book prospective and then contingent resources over at least a portion of the accumulation during 2012. Once we have a firmer idea of the scale of the resource we will look at undertaking further work to book reserves before committing to the full field development of the Valhalla accumulation.

Depending on the interpretation of the results of the wells we drill in 2012, we may undertake a program of hydraulic stimulation or "fracking" to further evaluate the reservoir properties of the Valhalla accumulation either later this year or immediately after the wet season in 2013, depending on the availability of equipment and the timing of environmental approvals.

In regard to fracing, the Western Australian Environmental Protection Authority has recently stated that proposals for small scale, proof-of-concept activities involving hydraulic stimulation are unlikely to have a significant impact on the environment and as a result should continue to be assessed and managed by the Department of Mines and Petroleum rather than by the EPA. This was a sensible and very welcome outcome for Western Australian operators. We are also very much of the view that there is no credible scientific evidence to substantiate some of the more extreme claims being made about the impacts of fracing, but nevertheless we will be taking every precaution to ensure anything we do has no material adverse environmental effects. In that regard I should also point out that we undertook a small scale experimental frac of the Yulleroo-2 well in late 2010 with absolutely no observable adverse environmental impacts.

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How might you develop the Valhalla accumulation?

Executive Director, Eric Streitberg

Our business plan is solely focused on taking the gas to the domestic markets to the south of the Kimberley. We have an existing contract with Alcoa to supply their Alumina refineries around Perth and have also been approached by numerous customers in the Pilbara and the mid-west wanting gas. So any development we do will be low key and the gas will be piped south.

A key element of that development is the construction of the pipeline to transport the gas to market. Our plan has been to build the Great Northern Pipeline to connect the Yulleroo Field to the Dampier to Bunbury Natural Gas Pipeline in the Pilbara and we are well advanced on that planning process with detailed engineering, operational, financial and regulatory studies underway. However, the potential scale of the resource at Valhalla is causing us to rethink the timing and sequencing of the pipeline. Although we still have more work to do, a scenario would be to delay construction of the Great Northern Pipeline for a year or two until we confirm the resource in the Valhalla area so that we get the sizing and route of the pipeline right to be able to simultaneously develop Valhalla and Yulleroo.

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Away from Valhalla, what will be the next well drilled in the 2012 appraisal and exploration program?

Executive Director, Eric Streitberg

Tropical Cyclone Lua has caused a lot of rain in our operating area over the last few days, and this is causing us to look at the well we drill next with Ensign Rig #32. There are a couple of alternatives we are considering depending on the weather. We may drill an appraisal well on the Yulleroo Field or deepen the Paradise well to further evaluate the Laurel Formation in the Valhalla area. Irrespective of the well we choose we are looking to spud in 3 to 4 weeks' time.

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You were also recently awarded some additional acreage in the Canning Basin. Can you provide an overview of the prospectivity of this new acreage?

Executive Director, Eric Streitberg

The award of permits L11-1 and L11-2 to Buru in a highly competitive bid round was a fantastic result for us.

The new permits increase our net acreage position to just over 14 million acres and complement the two new permits awarded to Buru in September 2011. The new acreage covers areas with very significant prospectivity and extends the Company's acreage position over the proven Ungani oil play and the Valhalla wet gas play as well as over the Goldwyer Shale where it is interpreted to lie in the oil window.

L11-2 lies immediately adjacent to the south and west of Buru's recent Ungani oil discovery, and provides additional exposure to this exciting new oil play, as well as containing a significant additional area of prospectivity for the Goldwyer. L11-1 contains a potentially important extension of the Valhalla accumulation together with a number of other exploration plays that have been developed by Buru.

These permits confirm and enhance our dominant acreage position in the most prospective parts of the Canning Superbasin, which is very exciting in light of our recent success at Valhalla and Ungani.

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When are you likely to commence exploration on this acreage? Will Buru require any additional funding in 2012 for exploration commitments on these permits?

Executive Director, Eric Streitberg

Final award of the permits is subject to completion of negotiations with Traditional Owners and until final award has been made, we won't be in a position to conduct any exploration on these new permits. While we have extremely good working relationships with the Traditional Owners in the Kimberley, we expect that this process will take between 12 and 18 months to complete so it won't really impact on our short term funding requirements.

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We spoke briefly about potential farm-out opportunities after you were awarded the first two permits in September last year. In light of Buru's success at Ungani and Valhalla, the spotlight on the Canning Basin seems to be increasing every day. What interest are you seeing in your acreage?

Executive Director, Eric Streitberg

The more success we have the more prospective and valuable our acreage becomes, which in turn increases the interest in and focus on both ourselves and the Canning Superbasin as a whole. In the past 18 months three major companies have also entered the Superbasin, being Mitsubishi, ConocoPhillips and now Hess, and so it is no surprise that other companies are also expressing interest in our acreage.

We have previously mentioned that we have been approached by a number of major companies expressing an interest to enter into joint ventures with Buru and with the results of Valhalla North being so positive it is probable this interest will increase.

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Thank you Eric.

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