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ASX ANNOUNCEMENT (ASX: BRU) 6 March 2012

Corporate and Operational Update

Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to provide the attached corporate and operational update. The attached update illustrates the very active and high value program currently underway on Buru’s acreage in the Canning Superbasin, the highlights of which are set out below.

Ungani Oilfield

- Preparations for the Extended Production Test (“**EPT**”) are underway with start-up of production expected in approximately 6 weeks.
- The EPT will provide data to assist in refining the current range of a potential 5 to 20 million barrels of recoverable oil in the Ungani Oilfield.
- A review by Buru of prospects and leads in the Ungani exploration area has identified Mean Risked Potential Resources for the greater Ungani exploration area of in excess of 300 million barrels of oil on a risked basis (with an average risk weighting of 10%).
- Currently 4 drillable targets identified in the vicinity of the Ungani Oilfield with more than 20 leads and prospects.

Valhalla regional wet gas accumulation

- The Valhalla North-1 well, together with further analysis of existing wells in the Valhalla area, has confirmed the regional extent of the Valhalla Laurel Formation wet gas accumulation.
- The Valhalla North-1 well has confirmed Buru’s estimates of a prospective resource in the immediate Valhalla area of at least 2 TCF of recoverable gas.
- Century Rig#7 is to be mobilised back to the basin after the wet season to drill Paradise Deep, as a further test of the extent of the Valhalla accumulation.
- If the currently interpreted extent of the accumulation is verified by further appraisal drilling, Buru estimates the greater Valhalla area Laurel Formation accumulation has the potential to hold in excess of 20 TCF of recoverable gas and hundreds of millions of barrels of liquids.

Yulleroo

- Appraisal drilling is planned to commence at Yulleroo-3 with Ensign Rig#32 as the next well after Valhalla North-1.
- Yulleroo-3 is an important step to confirm reserves at the Yulleroo accumulation.

Acacia

- Two wells in the Acacia area on large oil targets to be drilled with Century Rig#7 later in 2012.

The attached update provides further details of the Company's activities and should be read in full.

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Corporate Update

March 2012

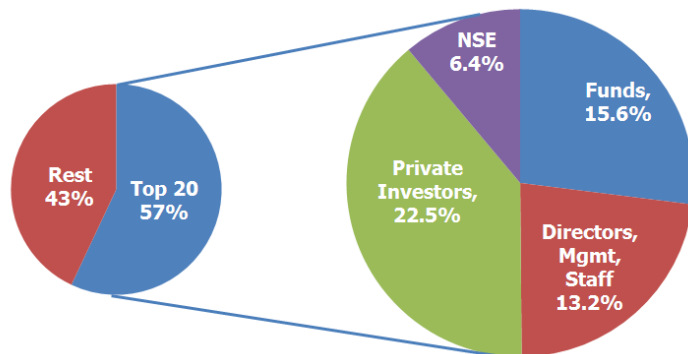


- ✓ **Enormous acreage spread in the most prospective onshore Australian basin**
- ✓ **First mover advantage in the Canning Superbasin from 2006/7 prior to wider recognition of its potential**
- ✓ **Recent major frontier oil discovery with plenty of “running room” for follow-ups**
- ✓ **Multi TCF tight gas resources with high liquids content currently under appraisal**
- ✓ **Aggressive exploration and appraisal drilling program underway**
- ✓ **Well funded with major international partner (Mitsubishi Corp)**
- ✓ **Experienced management and Board with tight focus and “skin in the game”**
- ✓ **“First world” legal and fiscal system**



Buru provides continuing material leverage for investors

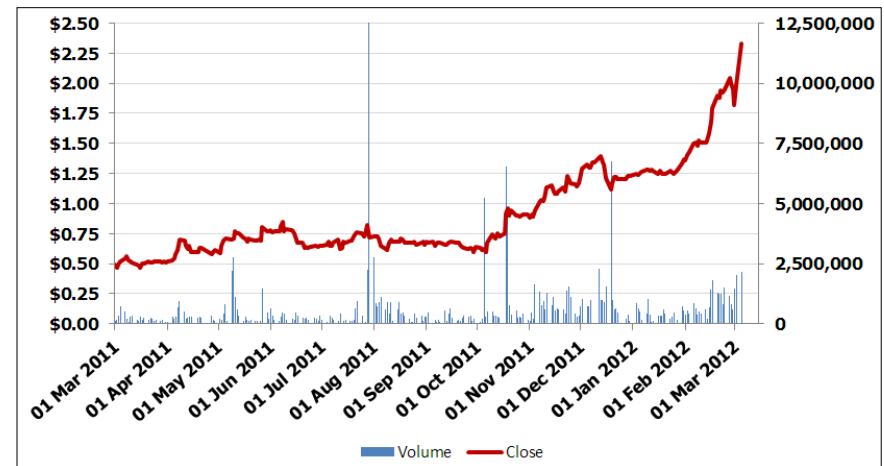
- Listed on Australian Securities Exchange (ticker BRU), included in S&P ASX 300 index effective March 2012
- Tightly held shareholder register transitioning to greater representation by institutional investors
- High permit equities (50% to 100%)
- Experienced and effective local operator
- Well funded with major farm-in partner (Mitsubishi Corp)
 - ~\$28 million in free cash
 - Mitsubishi funding \$40m of first \$50m of unconventional exploration in 2012
 - Additional \$50m carry from Mitsubishi for development
- Experienced and aligned board and management with successful track record of developing Australian E&P companies (Discovery Petroleum, ARC Energy, Adelphi Energy)



Shareholder spread

Quick Facts

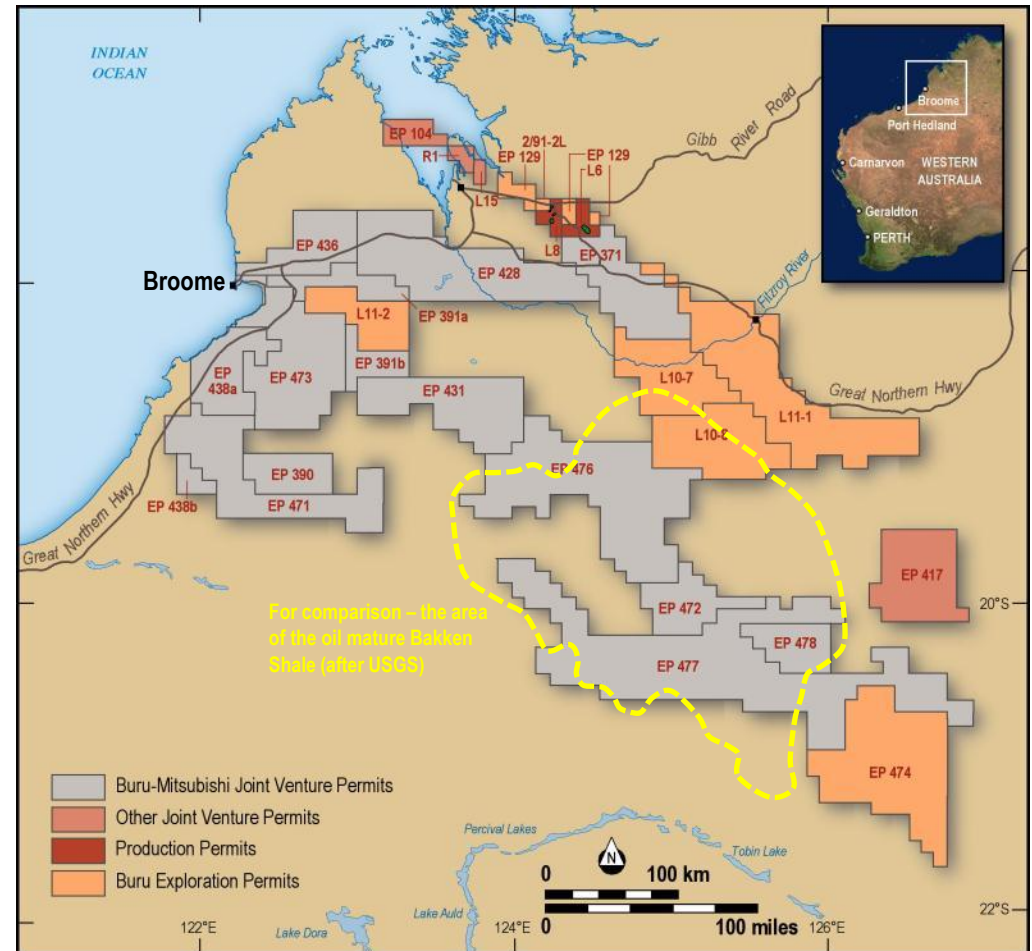
Share price (5 March 2012)	\$2.33
Shares	234,204,477
Staff options (warrants) unlisted	13,866,000
Market cap	\$547 million
Available Cash (31 Dec 2011)	\$28 million
Debt	Nil
Average daily volume (3 month)	775,000



12 month price and volume

Large and expanding acreage position in Australia's most prospective onshore basin

- Net equity acreage position of ~14 million acres (~58,000 sq km) with high permit equities
- Acquired four new permits in last six months via work program bids
- Acreage position allows a systematic regional long term exploration program to be carried out to ensure long term success
- Unique proprietary digital database has enabled high grading and flexible exploration programs, and quick and effective evaluation of unconventional resources
- Two rig drilling program with annual 2D and 3D seismic acquisition
- Drilling program is currently sufficient to satisfy Government commitments on the permits
- Recent interest in the Superbasin has seen entry of significant international E&P companies

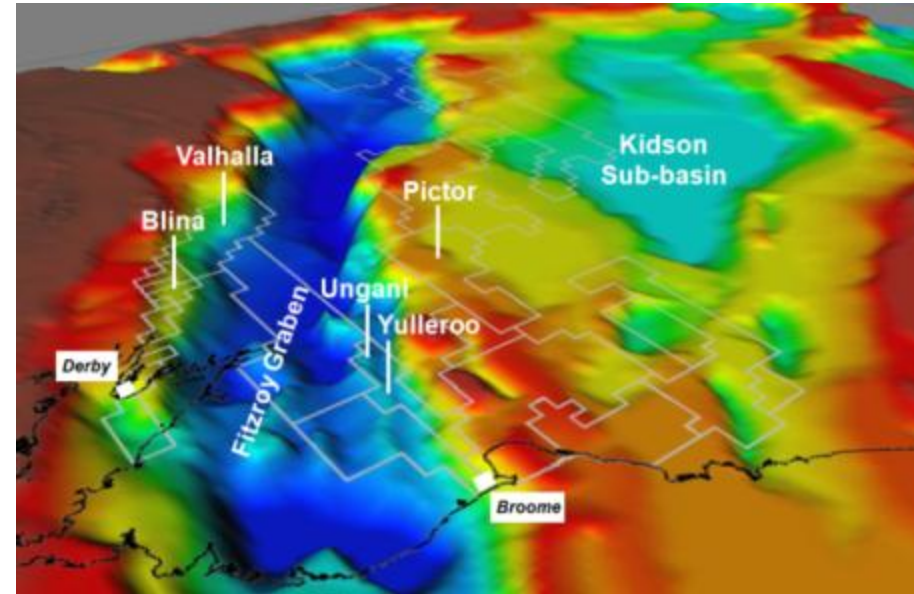


Buru Canning Superbasin permits

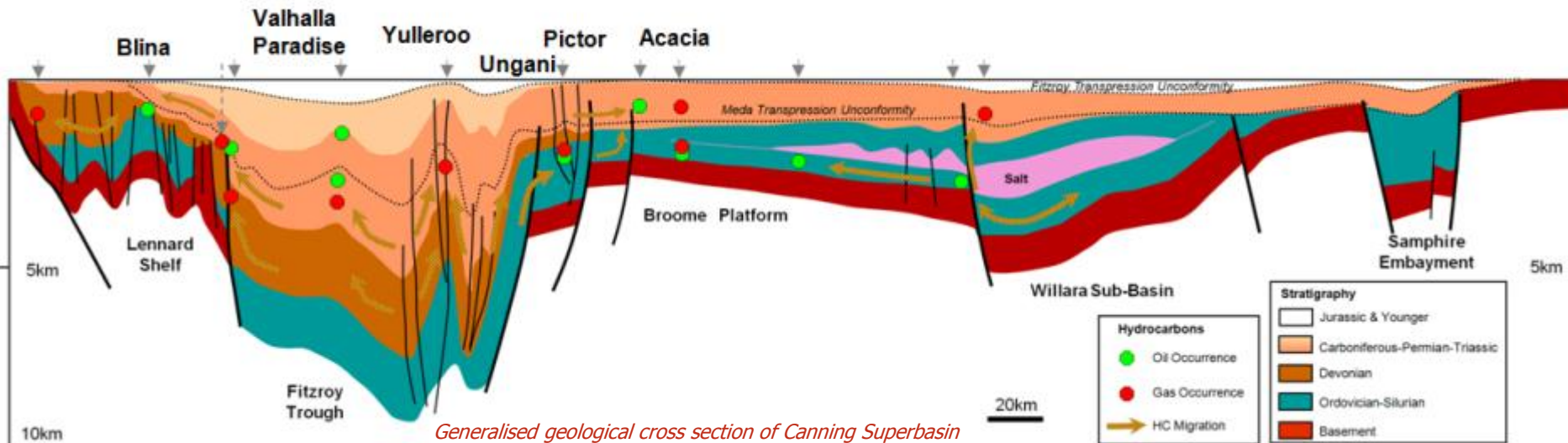
Huge underexplored Palaeozoic Superbasin

(a Superbasin is a composite basin made up of a number of smaller basins)

- Significant conventional and unconventional potential
- Many historic small gas and oil discoveries
- Historic gas discoveries not followed up due to infrastructure limitations and historic low prices
- Recent major frontier oil discovery (Ungani) has defined new play type with regional exploration implications
- Buru has undertaken an aggressive and technically driven exploration program
- High success rate on technically driven targets
- Credible and successful local operator



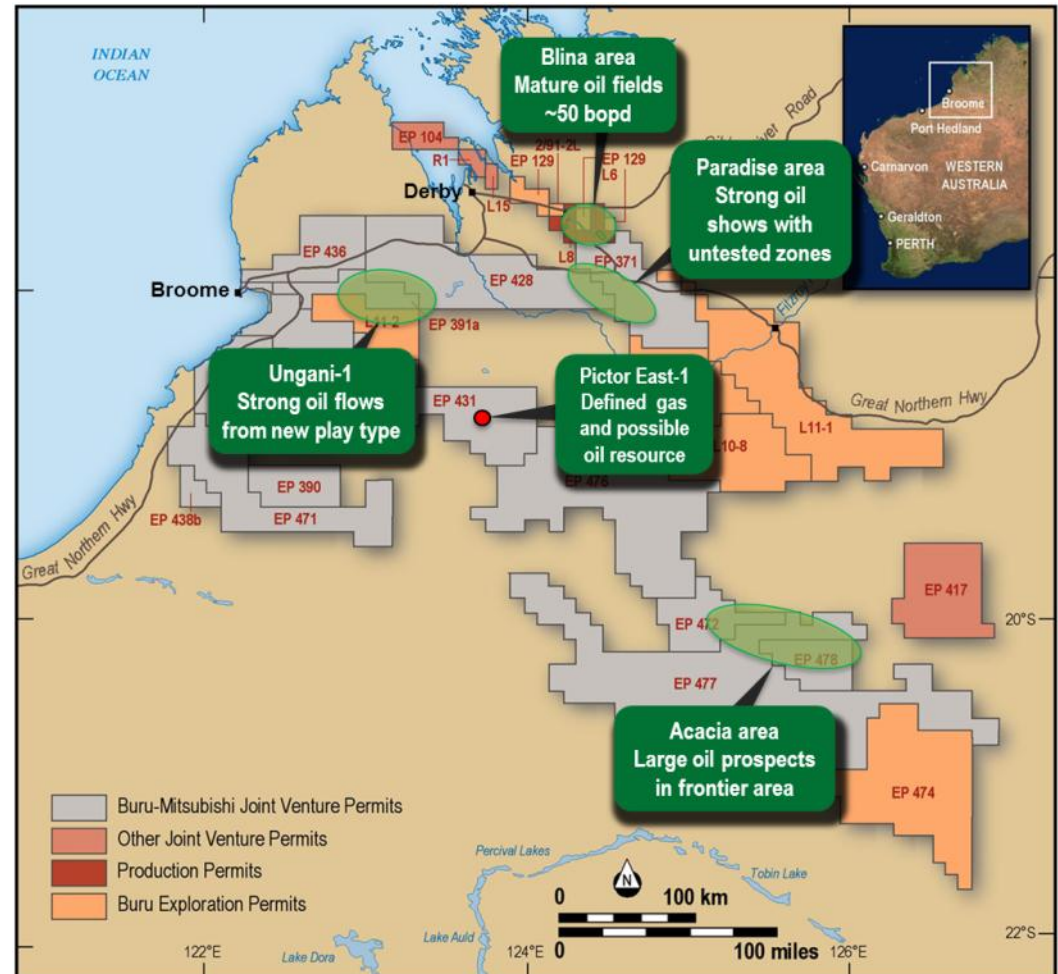
Basin depth perspective of Canning Superbasin



Generalised geological cross section of Canning Superbasin

Oil potential substantially upgraded by Buru's 2011 exploration program

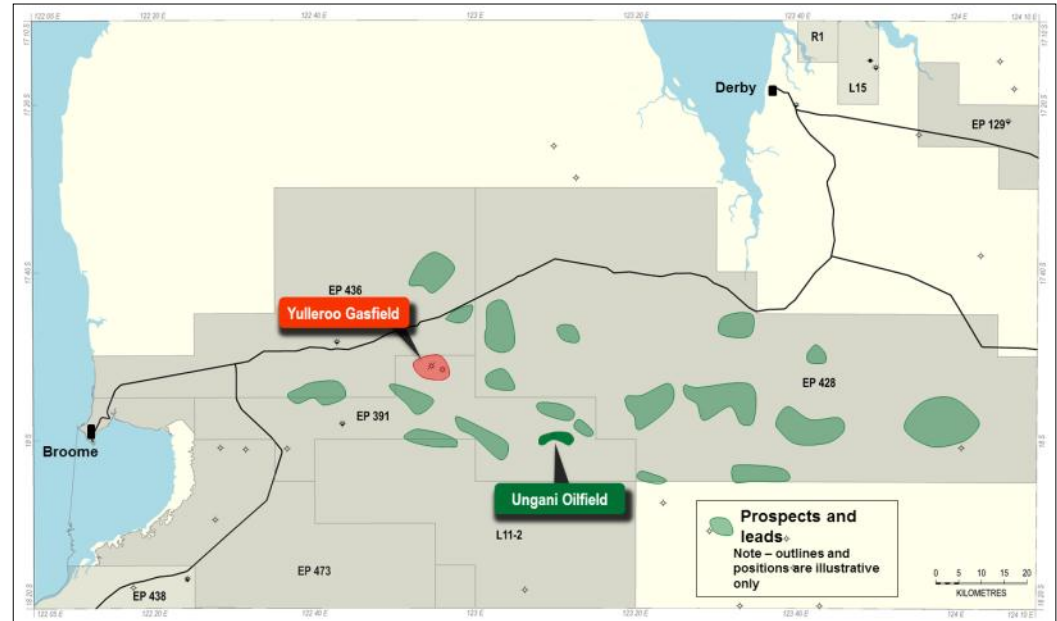
- Focus on areas seen to have potential for marine source and reservoir development
- Historic production from small (~3mmbbls total) discoveries during the 1980's
- Huge area with multiple exploration targets
- Independent review of conventional prospectivity identified over 100 prospects with unrisks potential of:
 - 1.46 billion barrels of oil
 - 2.4 TCF of gas
- Ungani discovery in late 2011 opened new play type with substantial potential and running room for follow-ups
- Appraisal drilling program planned on Ungani following 3D seismic
- Exploration targets in the area being reviewed for drilling this year
- Other areas with high potential:
 - Gas discovery at Pictor East with potential oil leg
 - Drilling high upside oil targets in the Acacia province this year



Currently targeted conventional resource provinces in the Superbasin

Ungani discovery a “game changer” for the basin

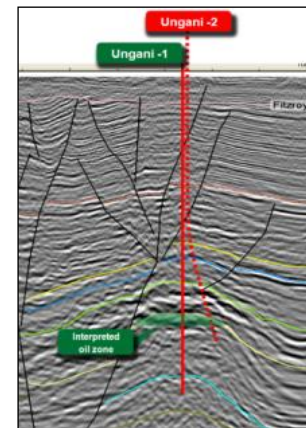
- Substantial oil column (+50m) in very high quality dolomite reservoir defined by two wells
- High flow rates on initial cleanup (+1,600 bpd)
- Excellent quality black oil
- Large potential reserves (reserves range 5 to 20 mmbbls) with 3D seismic planned to help define reserves
- Extended production test to commence shortly at between 400 and 1,000 bopd. Intended to initially gather reservoir data
- Appraisal drilling planned Q3 2012
- Immediate area of prospectivity on current data covers 120 kms by 40 kms (+1 million acres)
- A regional prospect review by Buru gives Mean Risked Potential Resources for the greater Ungani exploration area of in excess of 300 million barrels of oil on a risked basis (average risk weighting of 10%)
- Currently 4 drillable targets in the vicinity of the Ungani discovery with more than 20 leads and prospects identified
- Targets under evaluation for drilling in Q2/Q3



Ungani location with illustrative leads and prospects



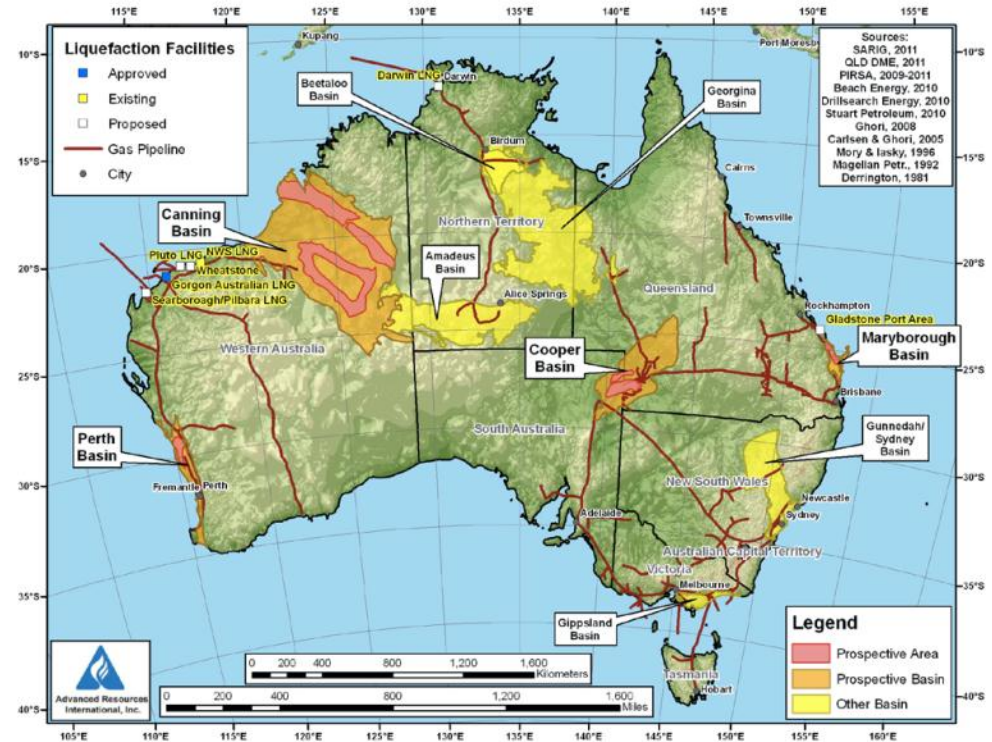
Buru field engineer with Ungani-1ST1 oil sample



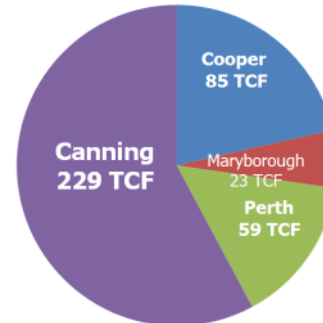
Seismic line showing Ungani-1 and 2 location

The EIA identifies the Canning Superbasin as having the largest "shale" or unconventional gas potential in Australia

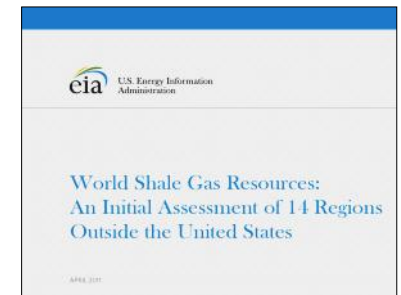
- The US Energy Information Agency ("EIA") undertook a major review of global unconventional resource potential, released in April 2011. This report identifies the most prospective areas in the world for unconventional resource development
- The EIA has identified the Canning Superbasin as having the largest unconventional potential in Australia
- Buru commissioned NSAI to review the prospectivity of the Superbasin and has also undertaken its own review
- The combined unrisks Median Prospective recoverable Resources are some 66 TCF of gas and 4 billion barrels of oil, with over 300 TCF in the High case
- Recent success in appraisal of the Valhalla regional wet gas accumulation suggest that these numbers are likely to be conservative
- Farmin by ConocoPhillips to adjacent (New Standard) acreage for the Goldwyer Shale potential, and acreage acquisition by Hess on the southern margin of the basin highlights international recognition of the Superbasin



EIA map of Australian basins



EIA estimate of prospective resources by basin



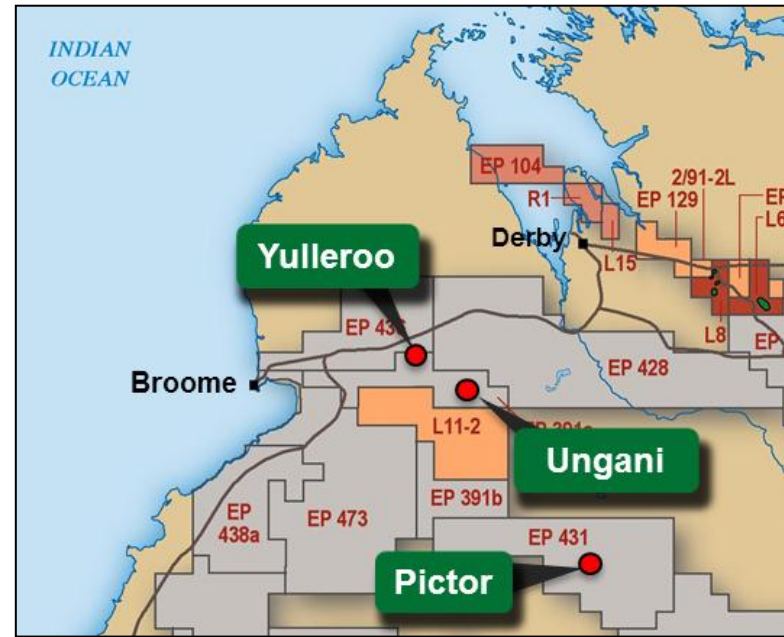
Yulleroo wet gas field has major resources and is on the pathway to development

Yulleroo Field

- Conventional/tight gas resource – discovered in 1967, not appraised until 2008 (typical Canning Superbasin sequence). Subsequent successful trial reservoir stimulation by Buru in 2010
- Resource estimates – independent review confirms gross mean recoverable resources of 352 PJ (332 BCF) recoverable gas and 13.4 mmbbls of associated liquids (Buru interest - 50%) – 36 mmoe net to Buru
- Clear commercialisation pathway – 3D seismic acquired in 2011, appraisal wells spudding shortly targeting 2P reserves booking in late 2012
- Successful appraisal of old discovery has defined major tight gas play in the Laurel Formation. Many more structures and potential for major developments

Pictor Field appraisal successful

- Gas and oil recoveries from Nita Formation carbonate reservoir in 1990
- Buru appraisal well Pictor East has proven hydrocarbons over a large area
- Horizontal appraisal well planned



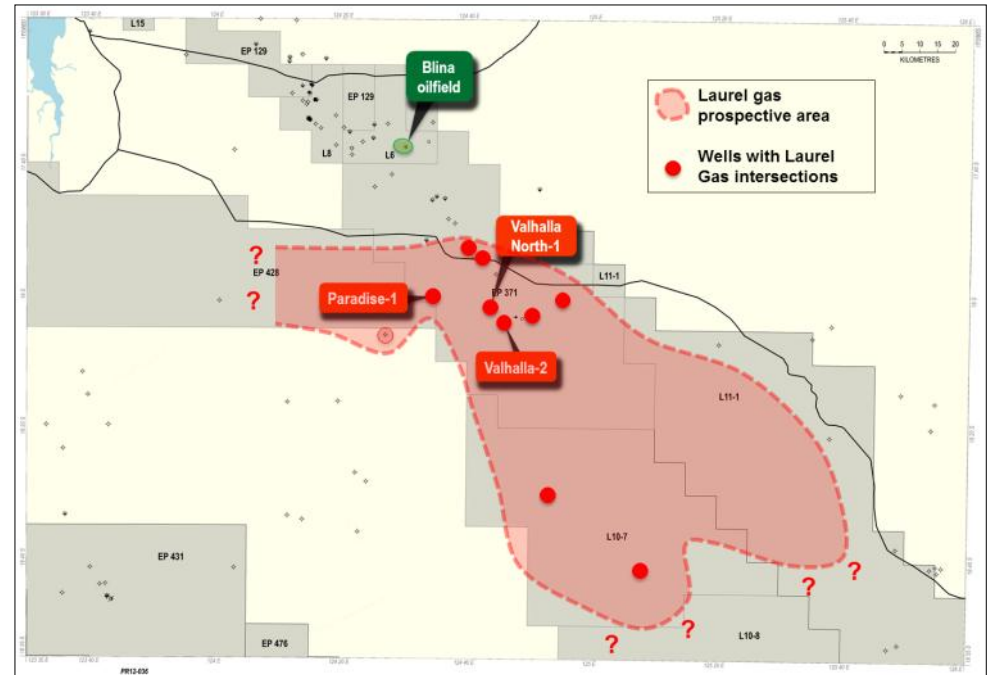
Yulleroo and Pictor location



Yulleroo-2 clean-up flare

Major tight gas accumulation with regional basin centred extent

- Regional gas accumulation in the Laurel Formation identified by the Valhalla-1 well in 2008. Appraised by Buru with Valhalla-2 and Valhalla North-1
- Laurel Formation is a thick regionally extensive package of sands, shales and limestones with in excess of 1,300 meters of gas saturations
- Laurel Formation is extensive across Buru's permits and includes the Yulleroo wet gas field, and will be further tested as part of the 2012 drilling program
- Recent acquisition of additional acreage provides regional cover to the play
- The play covers an area of at least 6,000 sq kms (1.5 million acres) on Buru acreage
- Valhalla North-1 and re-interpretation of existing wells in the area has confirmed the regional extent of the accumulation
- The Valhalla wells have confirmed Buru's estimates of a prospective resource in the immediate Valhalla area of at least 2 TCF of recoverable gas and tens of millions of barrels of liquids
- If the currently interpreted extent of the accumulation is verified by further appraisal drilling, Buru estimates the greater Valhalla Laurel accumulation has the potential to hold in excess of 20 TCF of recoverable gas and hundreds of millions of barrels of liquids



Laurel Formation - prospective regional accumulation



Valhalla-2 flares while drilling

Aggressive 2012 Appraisal and Exploration Program

2012 program a complementary mix of exploration and appraisal

- 2 rigs operating
- Focused program on highly prospective areas

Ungani

- 3D seismic
- Appraisal/production wells
- Target 2P reserves by Q4 2012

Yulleroo

- Appraisal wells, possible frac
- Target 2P reserves by Q4

Valhalla

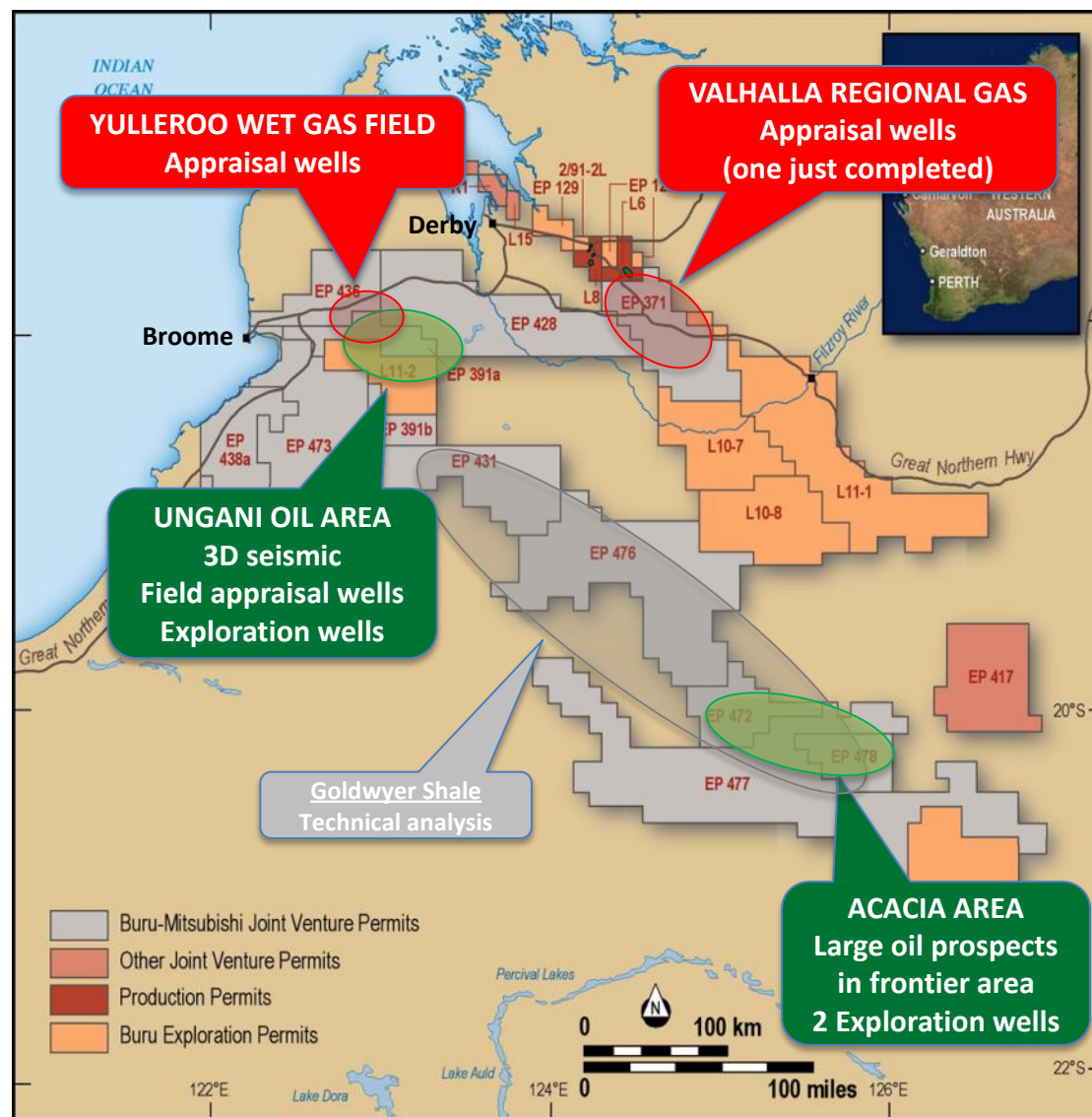
- Appraisal well completed
- Additional wells planned to define the resource
- Possible frac Q4
- Independent review underway

Acacia

- 2 exploration wells on large oil targets

Goldwyer

- Technical analysis work ongoing, supplemented by results of NSE/COP drilling program to the south



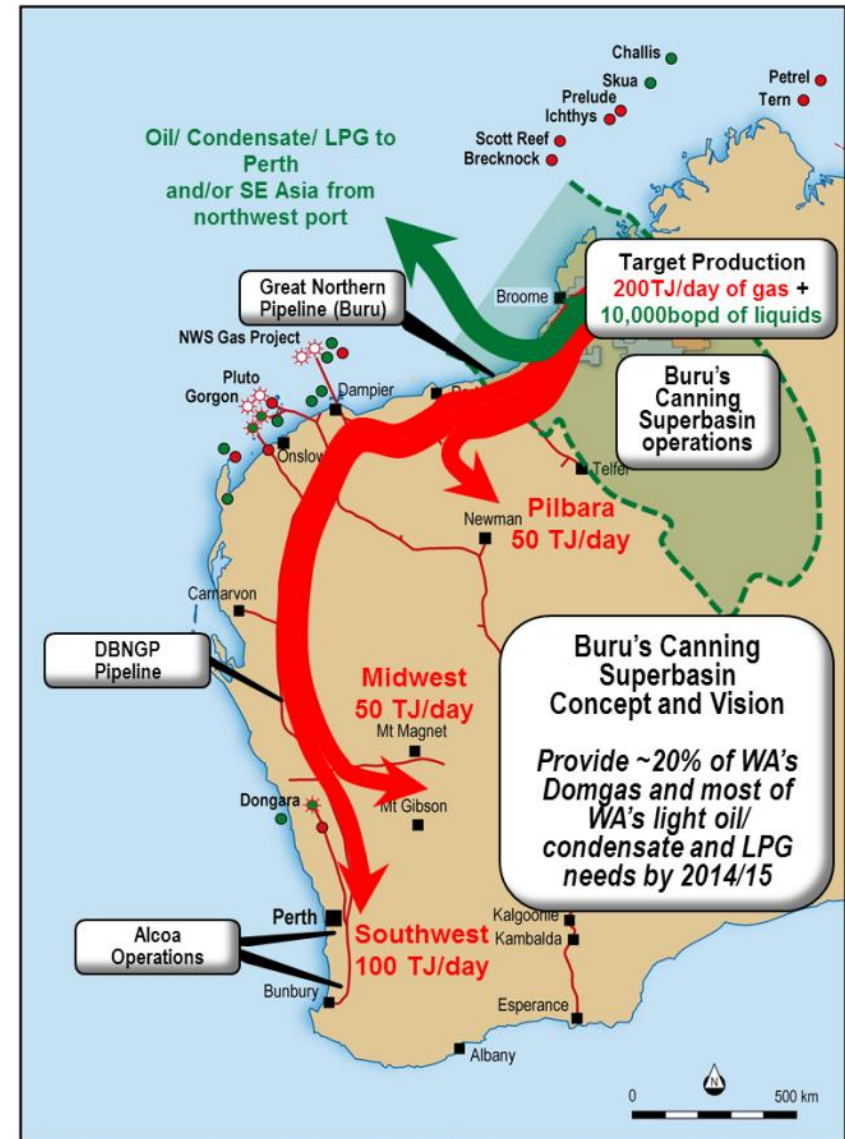
Buru has a focused and well developed business plan that is being successfully executed by bringing resources into production

Oil

- Oil is immediately producible and profitable
- Current production trucked to Perth and assessing export via an existing port in the northwest for future higher levels of production from Ungani and further discoveries
- Modest capital requirements

Gas

- Goal is to supply 20% of the domestic WA gas market and most of the light oil/condensate/LPG for WA by 2014 – gas export via the new build Great Northern Pipeline
- This implies the Canning Superbasin producing a gross 200 TJ/day of gas and 10,000 bopd of liquids into the domestic market (50% net to Buru)
- Total production over 15 years of ~1 TCF of gas and ~50 mmbbls of liquids
- Potential for both conventional and unconventional resources to achieve this goal
- LNG project of 5 million tonnes/year needs ~4 TCF most likely to be sold into an existing plant in the Pilbara
- Very strong interest from international majors in equity participation and funding for the project



Huge prospective resources and emerging value

Excellent and highly unusual mix of conventional and unconventional prospectivity on a regional scale with many plays still to be pursued

Conventional resources

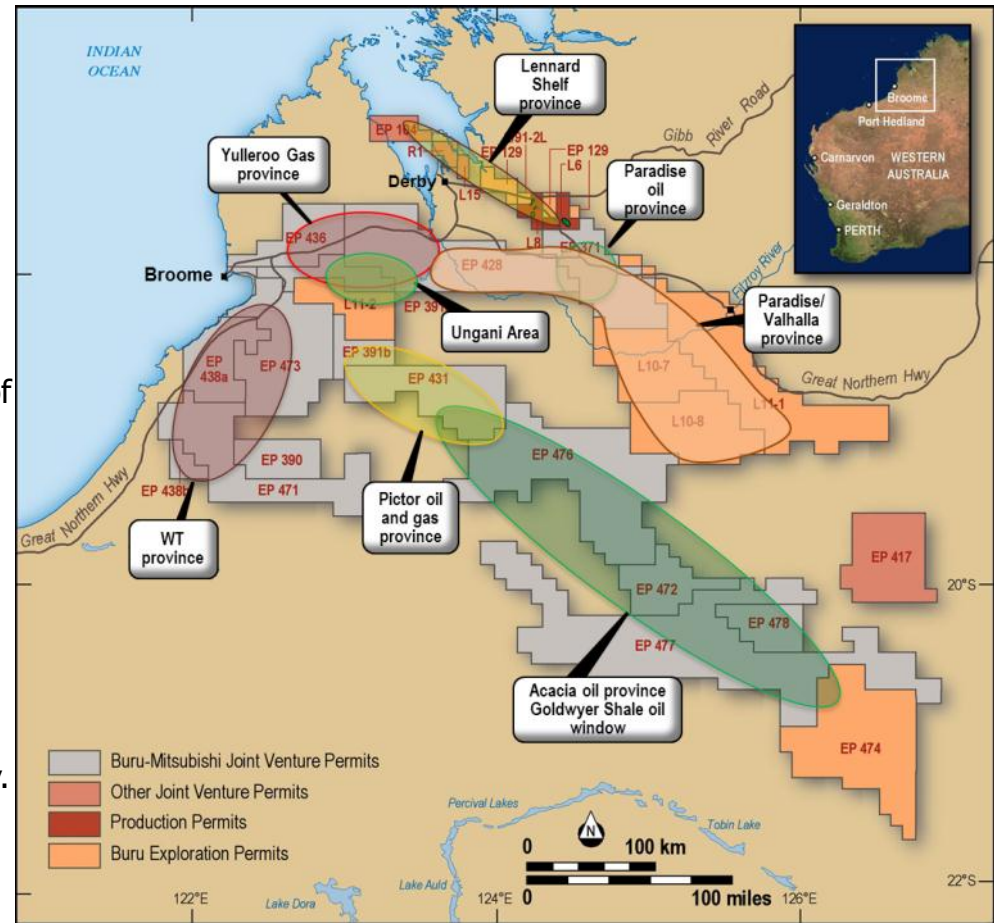
- “Game changing” Ungani oil discovery
- Large acreage position gives “running room” to pursue success
- Isis Petroleum Consultants have identified over 100 prospects with unrisks potential of 1.46 billion barrels of oil and 2.4 TCF of gas

Unconventional Resources

- Gross prospective recoverable resources are 66 TCF of gas and 4 billion barrels of oil (NSAI confirmed)
- Four major prospective formations with two being actively drilled and appraised, others under technical evaluation
- Laurel Formation tight gas already defined as major accumulation
- Goldwyer Shales potentially equivalent to Bakken oil play. These are target of ConocoPhillips farm-in to New Standard Energy to the south of Buru’s permits

Value proposition being recognised

- Intense interest in the basin with majors taking positions
 - Mitsubishi
 - ConocoPhillips
 - Hess
- Applying US transaction metrics implies very large values, many multiples of current market cap



Canning Superbasin geological provinces

Buru is committed to ensuring it does not breach its “social licence to operate” through:

Exemplary environmental performance

- Minimising its impact on the environment and on the communities in which it operates
- A process of continuous improvement in the way it operates
- Environmental performance that exceeds regulatory requirements
- Transparency in its operations
- Proactive actions to meet these goals include:
 - Publishing environmental plans which identify any chemicals used
 - Being instrumental in preparing the WA code of practice for reservoir stimulation (fracking)
 - Moving to “zero discharge ” in drilling and fracking operations

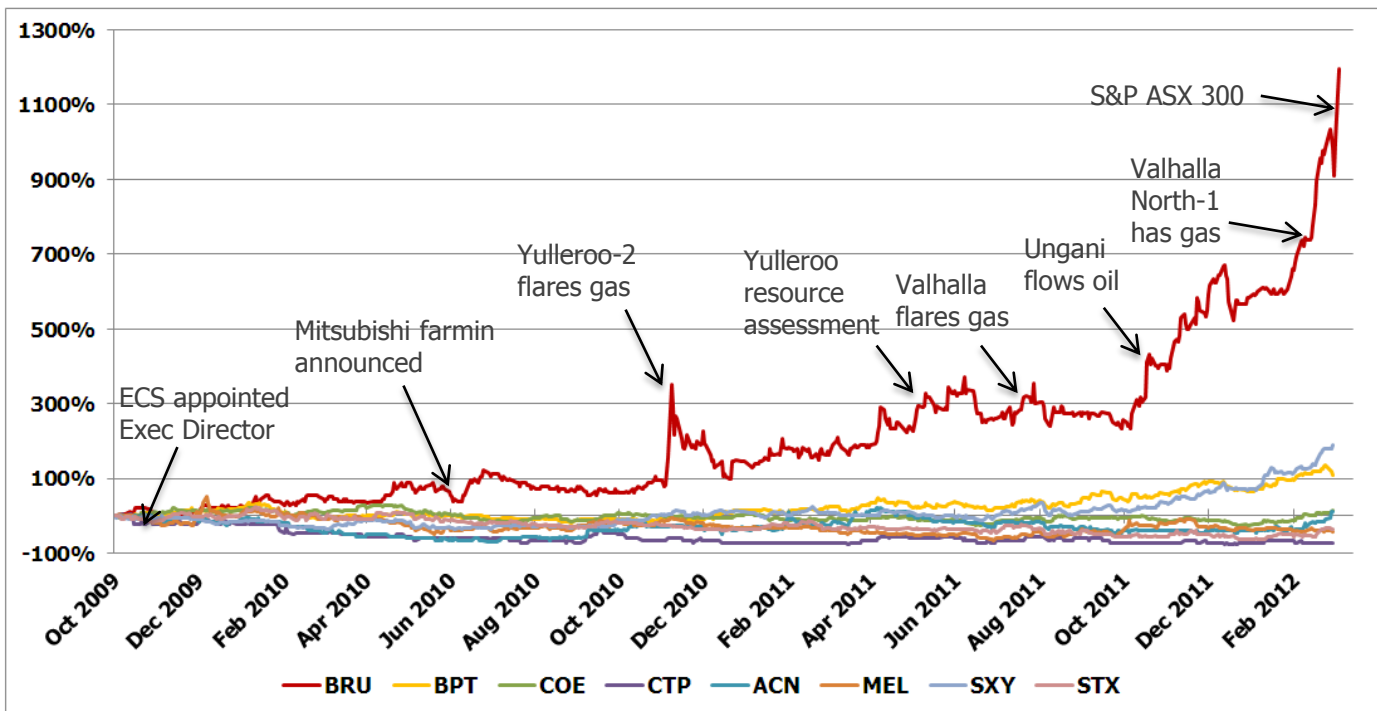
Community engagement

- Engagement with the traditional owners of the country in which Buru operates to ensure:
 - Respect for cultural and traditional values
 - Meaningful employment opportunities
 - An appropriate sharing of the social benefits that arise from successful and profitable activity
- Engagement with the wider community to:
 - Provide local employment and business opportunities
 - Ensure minimum impact on local communities through operations



Paradigm shift in the value metric for Buru and the Superbasin

- Success in 2011 exploration campaign created significant shareholder value
- Buru's share price is underpinned by the Ungani Field, Yulleroo Field and Valhalla regional wet gas accumulation
- International majors showing keen interest in Australian onshore basins and the Canning in particular
- Buru has been approached by a number of international majors with joint venture proposals
- 2012 appraisal program offers further value creation through resource to reserve conversion opportunities
- 2012 exploration program offers opportunities for significant shareholder value growth



Buru comparative share price performance

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Corporate Update

March 2012

