



Buru Energy Limited
ABN 71 130 651 437
Level 2, 97 William Street
Perth, Western Australia 6000
PO Box 7794, Perth
Cloisters Square WA 6850
Ph: 61-8 9215 1800
Fax: 61-8 9215 1899
www.buruenergy.com

ASX ANNOUNCEMENT (ASX: BRU)

2 September 2011

Buru Raises \$17.81m in Institutional Placement Announcement of Share Purchase Plan Proceeds Used to Accelerate Appraisal Drilling

Buru Energy Limited is pleased to announce that it has successfully raised \$17.81 million through the placement of new shares to institutional investors (“**Placement**”). The Company is also pleased to announce that all eligible shareholders will be offered the opportunity to acquire new shares in the Company through a Share Purchase Plan (“**SPP**”) at the same price as shares issued in the Placement.

The Placement was conducted after approaches were made to the Company by two high quality institutional investors expressing an interest in taking up a significant shareholding in the Company.

Highlights

- 27,400,000 new shares issued at \$0.65 per share to raise \$17.81 million. This represents 15% of the Company’s currently issued capital.
- Issue price is a small 3.69% discount to the Company’s five day volume weighted average share price.
- Shares placed to two institutions following approaches made to the Company. No bookbuild or specific marketing was undertaken for this issue.
- Existing eligible shareholders to be offered the opportunity to purchase up to approximately \$15,000 worth of new shares under the SPP at the same price as shares issued under the Placement.

Institutional Placement

The Company is pleased to welcome two new high quality institutional investors to its share register through the fully underwritten placement of 27.4 million new shares, representing 15% of the Company's currently issued capital. The Placement was undertaken after the market closed on 1 September 2011.

The Placement was conducted at \$0.65 per share raising a total of \$17.81 million¹. The Placement price represents a 3.69% discount to the Company's five day volume weighted average share price immediately preceding the Placement. The small discount is very pleasing given current market volatility.

While Buru's 2011 exploration program is fully funded, proceeds of the Placement and the SPP will be used to fund an acceleration of the appraisal of the recent significant Valhalla-2 wet gas discovery and further appraisal of the Yulleroo-2 wet gas field. The proceeds of the Placement will also be used to help fund the Company's 2012 exploration and appraisal program.

The shares issued under the Placement will be issued within Buru's existing placement capacity under ASX listing rule 7.1 with quotation and trading on ASX scheduled to commence on Thursday, 8 September 2011. All shares issued under the Placement will rank equally with existing Buru shares.

J.P. Morgan Australia Limited is Sole Lead Manager and Underwriter of the Placement.

Share Purchase Plan

The Company is pleased to provide the opportunity for existing shareholders to gain further exposure to Buru through the SPP, at the same price as the Placement. The SPP will allow eligible existing shareholders to acquire up to approximately \$15,000 worth of new shares at \$0.65 per share. No brokerage or transaction costs will be payable in connection with the SPP. Depending on the level of subscriptions, the SPP may raise up to a further \$35.7 million. The SPP is not underwritten.

Participation in the SPP is optional and will be open to shareholders who were holders of Buru shares on the register at 5.00pm (Perth time) on the record date of 1 September 2011, and whose registered address is in Australia or New Zealand. Further details of the SPP, including the timetable, will be provided to eligible shareholders shortly.

All shares issued under the SPP will rank equally with existing Buru shares.

¹ Before costs.

Commenting on the Placement and the announcement of the SPP Buru's Executive Director, Mr Eric Streitberg, said:

"The Company is delighted to welcome our new investors to the Buru register. Together with the recent sell down by AWE, the Buru register is being transformed with the increasing institutional recognition of what we are doing in the Canning Superbasin highlighting the potentially world class assets we hold.

We are very happy that the capital raising was driven by institutional investors wanting exposure to the Company's potential who were prepared to participate in the raising at only a small discount to market – this is not a capital raising driven by any immediate need for funding. Having said that, we recognise the current volatility in equity markets, and are very pleased to have completed the raising as it provides us with increased financial flexibility and enables us to accelerate the appraisal and development of our recent discoveries. It also enables us to better plan our 2012 drilling and appraisal program in a way which gives us the best operational outcome.

We also acknowledge the continued support of our existing shareholders, and are pleased to provide them the opportunity to increase their holding in the Company through participating in the SPP at the same price as the Placement."

This release and further information on the Company is available at:
www.buruenergy.com

For inquiries please contact:

Eric Streitberg	Executive Director
Telephone	+61 8 9215 1800
Freecall	1800 337 330
Email	ericstreitberg@buruenergy.com