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Company Insight Drilling Results and Commercialising the Canning

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: 30/9/11

Title: “Company Insight – Drilling Results & Commercialising the Canning”

Highlights of Interview

- Explains drilling results to date & the planned wells in current program.
- Drilling adds to understanding of play types in Canning Basin.
- Presence of potentially large hydrocarbon accumulations.
- Discuss commercialisation and development pathway.

Record of interview:

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Buru Energy Limited continues to announce results from its drilling program in the Canning Superbasin, Western Australia. Can you give an update on the progress and status of the drilling program?

Executive Director, Eric Streitberg

We are doing well on the program, but with the usual hiccups that you’d expect from drilling in a relatively frontier area.

We have two rigs operating, Century Rig #7, which drilled the successful Pictor East well and has just spudded the Lawford well, and Ensign Rig #32 which is finishing off Ungani 1.

Both rigs have been performing well, although we have had some hole problems at Ungani which means we’ve had to plug back and sidetrack to ensure we’re able to test the oil and gas shows that we’ve seen.

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What is your interpretation of the well results so far?

Eric Streitberg

The program has been very interesting so far, so let me go through each well.

Valhalla-2 identified a very high potential play type, and as we reported, was actually flowing gas as we drilled it. That result has regional significance for us.

Pictor East has confirmed the presence of gas. We're now in the process of working out just what the volumes might be. We've also seen some hints of an oil leg, which is very interesting and we are working hard to understand that. Importantly, we're also doing a lot of work on the regional implications of the well. Given all this encouragement, it is likely we will drill a horizontal well next year to test the potential oil leg and to see how the reservoir responds.

The Ungani well has encountered some new and potentially very interesting geology, just as we predicted it would before we drilled it. Unfortunately, some of this interesting geology is a shale section that gave us lots of trouble as we drilled through it, and this caused us to have to sidetrack the well to be able to properly evaluate the good oil and gas shows we have seen in several sections below the shale. We are using a different mud system for the sidetrack which we believe will cure the problems and we are expecting the results of the well in the next week or so. We'll be updating the market once we have them.

The Lawford well is currently drilling so we will see how those results look over the next couple of weeks.

I should also mention Yulleroo-2 which has been slowly cleaning up. We still don't have all the stimulation fluid removed yet, but it is now flowing consistently at about 0.3 million cubic feet a day with significant condensate. This is a very good outcome for us as it demonstrates that the reservoir will flow consistently after a limited stimulated program.

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Valhalla clearly looks to be a very encouraging discovery. Can you give some more detail on the play type and its potential size – are there similar plays elsewhere?

Eric Streitberg

Valhalla has demonstrated that we potentially have a large “Basin Centered Gas Accumulation” in the Laurel section. If this is the case, and we are very keen to drill another well to test the theory, we have something that could be very large, potentially in the TCF plus range. From what we can see, the Valhalla area would be in the sweet spot for this accumulation, but the play could be present over a much larger area.

I should stress that this is a tight gas play, not a shale play. We see a lot of similarities in the style of the play to the Granite Wash fields in Texas and Oklahoma which is one of the hottest tight gas plays in the US at the moment. These types of plays are characterized by their high initial well flow rates and high recoveries per well. This means they are much more profitable than the shale plays. It's early days for us and we need to do a lot more work, but so far Valhalla looks very encouraging.

The other big unconventional play in the Canning Superbasin is the Goldwyer Shale. This is what everyone refers to as a Bakken equivalent. The Bakken is another red hot, oil from shale play, in the northern US and Canada. We think it is probably a bit early to be making that comparison, but of course ConocoPhillips has farmed into the New Standard acreage next door to us, to explicitly chase the Goldwyer play, so they obviously think there is something pretty interesting there. The play extends deep into the southern part of our acreage, so we are looking forward to New Standard and ConocoPhillips starting their program, which is

really a free option for us. Naturally, we're also looking at how we evaluate the play on our acreage as soon as we can. I would point out that the Goldwyer is a classic shale play and is therefore quite different to the Laurel tight gas play.

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How will you progress the program from here?

Eric Streitberg

We are very keen to follow up the Laurel play in the Valhalla area and are talking to our partner, Mitsubishi, about drilling another couple of wells in that area. The next well after Ungani with Rig #32 will be Paradise Deep. This well is a very important test of the Laurel play. If it is successful it will significantly extend the play, greatly increasing the potential volumes of gas. Irrespective of the result at Paradise Deep we would very much like to follow that with another well in the Valhalla area to appraise the initial discovery.

We are working very hard to get the Yulleroo 3D seismic work finished so we can drill the first Yulleroo appraisal well after the Valhalla appraisal well. If we pursue this program it will mean we keep Rig #32 drilling well into the wet season, and potentially even continuously through until the 2012 dry season.

In terms of our evaluation of the Goldwyer play, we are planning to do this in conjunction with drilling for conventional targets in next year's drilling program, and we'll also have any results from the ConocoPhillips/New Standard program that will be directly applicable to our acreage.

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There appear to be more and more exploration options emerging for Buru in the Canning Superbasin. Can you give an update on your funding position and how you intend to pay for Buru's share of planned exploration activities?

Eric Streitberg

Well you will have seen that we did a capital raising a couple of weeks ago via a 15% placement through JP Morgan. This was the result of us being approached by two institutional investors who recognised Buru's first mover status and the potential value that can come from all of our activity as we go on to actually produce results. They are also aware that the whole unconventional scene in Australia is only just beginning to develop, and the potential, which is huge, is only just being realised. Given the uncertainty in the markets we are also very glad that the timing seems to have worked for us.

We now have enough cash, together with Mitsubishi's ongoing commitment to the 2011 program, to get us through the next phase of the exploration and appraisal program. However, if things continue to go well and we continue to accelerate our drilling program, we are likely to need more capital around the middle of next year to fund ongoing appraisal drilling and to allow us to start work on developing some of these resources.

We have a number of ways we can handle our capital requirements, but we have now been starting to talk to other international investors who are familiar with frontier exploration and the potential for unconventional plays. We have recently made a couple of trips through North America, London and Hong Kong talking to these types of investors. The reception

from them has been fantastic, and I am confident we will have the support we need if and when we need to raise some more money. We are also seeing significant interest from very substantial international companies who are very keen to get involved in the Canning Superbasin somehow. We are not currently looking at anything specific, but we're always happy to look at ways to create the most value for shareholders.

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There is obviously some public debate surrounding the process of reservoir stimulation or "fracking". Will you have to stimulate Buru's unconventional discoveries? What do you think about the current debate surrounding this process and will it impact Buru's activities?

Eric Streitberg

Yes, there is no doubt we will have to do trial reservoir stimulations on our wells in the Valhalla and Yulleroo areas to see if they can be made to flow at commercial rates

We are making sure that the community understands what we are trying to do and what the environmental effects, if there are any, could be, and also what huge potential reserves there are in these types of accumulations. I would make the point that the type of accumulations we are looking at are very different from the gas from coal seams that has caused the debate on the east coast.

Our wells are tapping gas and oil from strata that are much deeper than the aquifers that are causing concerns on the east coast, and we also don't have to produce the large volumes of water that is necessary for getting gas out of coal seams. It is a very different process, and we are trying to make sure that everyone understands that. One other point I would make, is that unlike a number of the big offshore fields which have high levels of carbon dioxide actually contained in the gas, we have very little CO₂ contained in the natural gas we have seen so far in the Canning.

Part of our job is to ensure that Government agencies and politicians understand what the potential of the industry can be. They are certainly supportive from the point of view of the benefits it can bring to the State, but it is very clear that the onus is on the industry to make sure we get it right. From Buru's perspective we will be moving as quickly as we can operationally to the "zero discharge" model for our drilling and stimulation operations.

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What are the plans for the development of your projects? What size projects could be possible and where would you sell the gas?

Eric Streitberg

We have a very clear vision. First of all we would like to be a major supplier of domestic gas to Western Australia from onshore areas under State control. This is a vision that the Government is of course very keen for us to achieve, as it solves a lot of problems for everyone.

We have 200 terajoules a day as a goal for that supply in the medium term. This will be a staged development, probably starting first with a development of the Yulleroo field which should provide sufficient reserves and production to underpin the construction of the Great Northern Pipeline. This will be a stepping stone to the potentially much larger resources in

the Valhalla area. We are working on the development of the Great Northern Pipeline starting initially at Yulleroo, and then travelling along the Great Northern Highway and down to Port Hedland. We are very well advanced with that planning process, and as soon as we can get a reserves sign off at Yulleroo we will be able to move to development. Getting to that reserves sign off will be a big focus for our 2012 on ground program.

In conjunction with gas production the really exciting thing about this development is that we would potentially be producing up to ten thousand barrels a day of condensate and LPGs if we reached our goal of 200 terajoules of gas a day. This would generate very large cash flows for the project, of which Buru would be receiving 50%.

We are also drilling some big oil prospects next year, and if we make a discovery we would be able to get those on stream in short order using our existing gear, people and systems.

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What is the scale of a gas development in the Canning and what effect would it have on local landowners?

Eric Streitberg

A conventional development would be hardly noticeable, there would be a limited number of wells and a small processing plant. A tight gas development would be a bit more intensive, there would be a similar processing plant to a conventional project, and then several well pads that would have a number of wells drilled from them. A full scale development might have 10 or 20 relatively small well pads with a number of wells drilled directionally from each pad. This is in contrast to the many thousands of wells that get drilled from individual pads for a gas from coal seams project.

We have been talking to the traditional owners of the lands where we operate and they generally are supportive of further developments because of the relatively low level of disturbance and the opportunity for employment and general economic benefits to the community. We will be continuing with this process, as it's our goal to move forward with all of our stakeholders on a collaborative basis. In the end, we think our developments will be a win-win for everyone – Buru shareholders, WA generally, the local community and traditional owners – and we see it as our job to make that happen.

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Thank you Eric.

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