



Buru Energy Limited
ABN 71 130 651 437
Level 1, 418 Murray 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) 24 January 2012

Company Insight Explains 2012 Appraisal & Exploration Program

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

For inquiries please contact:

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Eric Streitberg", written over a white background.

ERIC STREITBERG
Executive Director



Buru Energy Limited

Date of Lodgement: 24/1/12

Title: “Company Insight – Explains 2012 Appraisal & Exploration Program”

Highlights of Interview

- **Explains highlights of 2011 exploration program.**
- **The forward program for Ungani and the likely size of the reservoir.**
- **Discusses the potential for ‘look a like’ structures to Ungani.**
- **Implications of the Valhalla North well.**
- **2012 broad exploration plan. The wells to be drilled in 2012.**
- **Buru’s funding position.**
- **Australian and international focus on the Canning Superbasin.**

Record of interview:

companyinsight.net.au

Buru Energy Limited (ASX code BRU; market capitalisation approx. \$300 million) has just completed its 2011 exploration program. Can you give an overview of the highlights of the 2011 program? Do you think you achieved what you set out to achieve?

Executive Chairman, Eric Streitberg

2011 was a very significant year for the company. We have now made the transition from a company with a primarily exploration focus to one with a significant appraisal and development portfolio backed up by a deep and expanding portfolio of high value exploration targets. The two major highlights of the year were obviously the discovery of the Ungani oilfield and the identification of a potentially multi TCF wet gas accumulation at Valhalla.

That being said, the independent verification by RISC of a mean contingent resource net to Buru at the Yulleroo field of 36 million barrels of oil equivalent is also extremely significant. The success of the 2011 exploration program really has redefined the prospectivity of the

Canning Superbasin confirming it as the most exciting basin onshore in Australia. Importantly, it is no longer just Buru that sees this world class potential. There are now a growing number of major international companies actively involved in the Superbasin, including Mitsubishi Corporation, ConocoPhillips and Hess.

At the start of 2011 we said our aim was to identify material new oil and gas resources and I think we have well and truly delivered on that goal.

companyinsight.net.au

What is the forward program for the appraisal of Ungani? When are you likely to have a better understanding of the size and reservoir characteristics of the field?

Eric Streitberg

There are still a large range of uncertainties associated with the Ungani field. What we can say, however, is that the two wells drilled so far have confirmed the presence of a very significant oil column with high flow potential from an excellent reservoir. There is currently only sparse 2D seismic data over the field, so we moved quickly at the end of last year and acquired an airborne magnetic gravity survey in December to help define the size of the structure. What the data suggests is that there is potential overall upside from the Ungani structure in the order of 20 million barrels of recoverable oil.

Our 2012 work program is being designed to significantly increase the data we have available and give us more confidence in the field's potential. We are planning an extended production test of the existing wells to help determine the reservoir parameters and performance characteristics of the field, and are planning to acquire 3D seismic over the structure during 2012. This will then allow us to identify the best sites for further appraisal and production wells, which are currently being planned for the second half of the year. Taken together, all of this work will form the basis of an independent reserves classification of the field, ideally in late 2012, with the full development of the field flowing from there once we have all our regulatory and Traditional Owner approvals in place.

companyinsight.net.au

In our last Company Insight interview you mentioned that the added bonus associated with making a discovery in a new play type such as Ungani is the potential for "look a like" prospects nearby. Have you done any additional work to define similar structures to Ungani and will you be drilling any of these in 2012?

Eric Streitberg

We have been undertaking a significant amount of work to high grade our existing leads in the Ungani area. The airborne gravity and magnetic survey we acquired in December has helped define other prospects in the area, a number of which look very exciting. Although our analysis is at a preliminary stage at least two of these prospects, Ungani North and Yakka Munga are drillable on current data and look to have the potential to hold significant oil reserves in a similar geological setting to Ungani. We are continuing our technical work on the area and are also investigating the possibility of acquiring additional seismic over a number of these prospects and leads in 2012.

While we are not committed to drill anything yet, we are very confident that Ungani is unlikely to be a one off. We believe we have identified a significant new oil province in the Canning Superbasin in a new play type with an oil column of world class thickness and an extremely high quality premium oil. Any additional discoveries are therefore likely to be high value.

companyinsight.net.au

Buru's 2012 Appraisal and Exploration program has just commenced with the spud of Valhalla North. Can you provide an overview of what this well is targeting and the implications for Buru if it is successful?

Eric Streitberg

Valhalla North is targeting the Laurel Formation unconventional wet gas play that provided so much encouragement in Valhalla-2. This well is being deliberately drilled "off structure" from Valhalla-2 to provide definitive proof that the Valhalla accumulation is as we interpret it to be from the Valhalla-2 well results and our regional work – that is, a multi-TCF basin centered "resource" accumulation. On the other hand, if the high levels of gas in the Laurel Formation at Valhalla-2 are the result of a structural trap, this will most likely be a smaller accumulation with the potential to hold several hundred BCF of gas. Valhalla North should help us determine exactly what we have. From the work we have done in consultation with our expert unconventional gas advisers from the US, the Laurel Formation appears to be an analogue of a number of the tight gas plays in North America, including the Granite Wash and the Montney. These accumulations are not "shale" plays, they have a number of important differences, including generally better flow rates than from shales and a high liquid hydrocarbon content in the gas. They also often require less reservoir stimulation or "fracking" than shale reservoirs.

A basin centered "resource" accumulation at the Valhalla area similar to some of the identified North American analogue plays could potentially yield recoverable hydrocarbons of several TCF of gas and in excess of 50 million barrels of liquids from the greater Valhalla area alone. Although Ungani has already been a "company maker" for Buru, confirmation of a resource of this size would represent a radical increase in the scale of our resources and reserves potential. It would also allow us to consider the development of a much larger and economically more robust integrated domestic gas development project involving both Yulleroo and Valhalla.

companyinsight.net.au

More broadly, what is Buru hoping to achieve from its Appraisal and Exploration program in 2012?

Eric Streitberg

Buru's aim in 2012 is to confirm the extent of our oil discovery at Ungani as well as the wet gas accumulations at the Yulleroo field and in the Valhalla area, with a view to receiving independent verification of resources and reserves for all of our currently identified fields. Independent verification of resource size will allow decisions to be made on the most cost effective and value adding development pathways for each of our projects. In addition to the appraisal program we are continuing our aggressive exploration program targeting large new conventional and unconventional hydrocarbon resources. We will also be continuing our

annual seismic acquisition program to ensure that we continue to generate high potential drilling prospects.

companyinsight.net.au

Are you able to provide an outline of the wells and other operations that will be in the 2012 appraisal and exploration program?

Eric Streitberg

Our 2011 exploration program was the largest continuous exploration program ever undertaken in the Canning Superbasin and our 2012 program is set to be even larger. We will be running two rigs and are planning to drill more wells than we drilled in 2011. We are now also in a position where we can make our programs more continuous, rather than having to shut down during the wet season. This is something we and other operators have not done previously. Obviously, this means that we are only drilling in areas that are not subject to flooding and have year round access. A significant part of our permit areas fit these criteria. We have also put in place a comprehensive cyclone response procedure just in case we get a cyclone that might affect our operations.

In very broad terms our drilling program in 2012 is likely to include a couple of Ungani appraisal wells later in the year, two appraisal wells over the Valhalla accumulation, the first of which is Valhalla North, a well in the Paradise area to test the extent of the Laurel Formation and potentially the Anderson-Grant shallow oil play and two Yulleroo appraisal wells on locations identified by the Yulleroo 3D seismic. Naturally, this program is subject to weather, operational constraints and receipt of all necessary approvals.

We are also aiming to drill two exploration wells in the Acacia province that we were unable get to in 2011. These are exciting frontier exploration wells on conventional structures with the potential to hold in the order of 50 mmbbls of oil. These wells will also provide us with valuable data on the Goldwyer shale play.

Depending on the results of the Valhalla and Yulleroo wells, we may undertake a program of hydraulic fracturing to further evaluate the reservoir properties of those accumulations. This would be done in accordance with the WA code of practice for hydraulic fracturing which Buru was instrumental in developing as well as the appropriate operational and environmental regulations.

In addition to the drilling program we are planning to acquire 3D seismic over the Ungani structure and approximately 700 kilometers of 2D seismic over other very prospective areas in the Superbasin.

companyinsight.net.au

Will Buru be using the same drilling rigs for its 2012 program that it used in the 2011 program?

Eric Streitberg

Buru has secured both Ensign Rig #32 and Century Rig #7 for the 2012 drilling program. The size of our appraisal and exploration program gave us the ability to commit to the rig slots required to secure both rigs which is a real coup in this tight rig market. Both rigs performed well in 2011 and Buru is very pleased to have both Ensign and Century on board for 2012.

Rig #32 is currently drilling Valhalla North and will continue drilling throughout the year. Century Rig #7 is currently drilling a well in the southwest for the DMP and we expect it to be back in the Superbasin in May 2012.

companyinsight.net.au

Is Buru's 2012 program fully funded or will you need to raise some additional capital during the year?

Eric Streitberg

We currently have about \$28 million of funding available and Mitsubishi has committed to fund \$40 million of the first \$50 million to be spent by the joint venture on exploration for unconventional resources in 2012. While Buru is currently well funded, the anticipated size of the 2012 appraisal and exploration program means it is likely that we will need to source additional funding in 2012. We will receive some cashflow from the extended production test of the Ungani field, but given our current design for the test and our desire to ensure that we develop the field in the most profitable way, we are not expecting that this will provide a material offset to our exploration costs during 2012. We are still working through the final outline of the 2012 program with Mitsubishi, which will obviously impact on the scale of any additional funding we may need. We are also looking at a number of different funding options tailored to different exploration and development scenarios.

companyinsight.net.au

The results of Buru's 2011 exploration program have really put the spotlight back on the Canning Superbasin for the first time in 30 years. When you consider this in light of the large number of recent deals involving unconventional oil and gas assets both in Australia and around the world, do you see an opportunity for Buru to be involved in further deals?

Eric Streitberg

The success that we had in 2011 has meant that the large upside potential of the Superbasin is beginning to be quantified and understood both operationally and technically. The Australian and international investment community are also starting to understand this potential.

Deal values in the US involving liquids rich unconventional gas plays have been strong in the past year or so. Total's purchase of a 25% interest in 570,000 net acres from Chesapeake had an implied deal value of US\$15,000 per acre and Sinopec's recently announced purchase of a 1/3rd interest in Devon Energy's liquids rich shale play had an implied value of ~\$4,770/acre on a PV basis. Buru currently has a net acreage position of 11.9 million acres. Hypothetically speaking if we only developed 10% of this acreage as an unconventional play, Buru's acreage would have an implied value of approximately \$250 per acre based on our current market cap of \$293 million. Although the two areas are at different stages of their development and a direct comparison can't be drawn at this time, this metric highlights the dramatic gap between the value being attributed for unconventional gas plays offshore and the value being attributed to Buru's acreage position. When you also take into account the value of our recent oil discovery and the potential follow-ups from that you can see the potential for ongoing growth in the value of the company.

This is certainly making our consideration of potential funding options more interesting and it is therefore no surprise that we have been approached by a number of large players looking to gain a foothold in the Superbasin. We'll continue to assess all of our options, but at the end of

the day the key issue for us is how we continue to unlock the significant oil and gas resources that the Canning Superbasin has to offer while delivering ongoing value growth to shareholders.

companyinsight.net.au

Thank you Eric.

To read past Company Insights please visit www.companyinsight.net.au

DISCLAIMER: Gryphon Management Australia Pty Ltd trading as Company Insight has taken reasonable care in publishing the information contained in this Company Insight. It is information given in a summary form and does not purport to be complete. This is not advice. The information contained herein should not be used as the basis for making any investment decision. You are solely responsible for any use you choose to make of the information. You should seek independent professional advice before making any investment decisions. To the fullest extent permitted by applicable law, Company Insight is not responsible or liable for any consequences (including, without limitation, consequences caused by negligence) of any use whatsoever you make of the information, including without limitation any loss or damage (including any loss of profits or consequential loss) suffered by you or a third party as a result of the use.