

# Streitberg's Buru heads to market as floats caned

**Spinifex**



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As well as carving more than 20 per cent off the value of the bourse, this year's market melt-down has seen a sharp fall in the number of new listings.

The result is no surprise. Tough credit market conditions make it that much harder to raise money for an initial public offering in the first place, while bear markets can be cruel to new floats. In good times investors may be ready to take a punt on getting in on the next big thing. In bad they're still nursing their wounds from the last big loss.

Among some of the market's more recent debuts, Robert Friedland's copper-gold-uranium play Ivanhoe Australia is down 22 per cent from its \$2 listing price earlier this month, while coal explorer Apac Coal is off 15 per cent. Airport link toll road manager BrisConnection's much-hyped \$1.2 billion float tanked on arrival last month, losing 60 per cent in its first day of trading.

So for the people behind oil and gas play Buru Energy some nerves could be understandable ahead of this morning's debut.

But Buru has a few things in its favour.

For a start, as a spin-off of Arc Energy's Canning Basin exploration assets after last month's merger with Australian World-wide Exploration, it brings with



Search: Buru is a spin-off of Arc's Canning Basin exploration assets.

it the presence of former Arc managing director Eric Streitberg as executive chairman.

Having helped transform Arc from a junior explorer to a \$400 million producer, Mr Streitberg brings with him plenty of experience for the task at hand, despite his well-flagged intention to step into a non-executive role by the end of the year.

He is already capitalising on long-term investor relationships

by selling the spin-off in Hong Kong, meeting with those who made a tidy profit out of Arc in the hope they might trust him to do it for them again.

Secondly, there are the contents of its bank balance — about \$84 million, or enough to fund exploration for two to three years without the need to tap shaky credit markets.

With 162 million shares on offer, Buru will have a cash backing

of 52¢ a share. It will also be in line for steady, if small, cash flow, with minor commercial production from one of its oil projects.

Lastly, and perhaps most interestingly, there is the matter of a gas sales agreement with Alcoa, which Buru picked up in the transfer of the Arc assets. Under the deal Alcoa advanced Arc, now Buru, \$40 million against the delivery of gas to the Dampier-Bunbury gas pipeline. While Buru will have to refund the cash if it can't deliver the gas by 2012, the deal is effectively bankable, meaning confirmation of a resource and its deliverability should enable Buru to lock down debt funding for development.

Experience and cash aside, bear markets are tough for explorers and Buru's immediate aim will be to widely drill its 14,000sqkm of oil and gas tenements in the Canning Basin. It should provide a steady news flow once the drilling program kicks off later this year.

The area has been under-explored thanks to a combination of geological and native title issues, as well as lower oil and gas prices, but the group has some encouraging results to go on.

Meanwhile, another Streitberg-linked company, Adelphi Energy (he sits on the board), will be crossing its fingers this week for some potentially significant results, including from two targets being drilled in the Timor Sea by Coogee Resources. Success in either could catapult the group into the league of oil-producing companies.