

Attention: ASX Company Announcements Platform

Lodgement of 'Company Interview'



'COMPANY INTERVIEW'-MARKET PROFESSIONALS

Buru Energy Limited

Date of lodgement: 11/11/2013

TITLE: "Company Interview. 2014 Operations & Corporate Outlook"

Highlights:

- **Ungani 3D seismic acquisition completed. Initial processing very promising with potential for additional structures.**
- **Restart of Ungani Phase 1 production via an extended production test of the recompleted Ungani 1 & 2 on schedule to commence late November to early December.**
- **Upgrade of Ungani field facilities and Ungani 1 & 2 workovers well advanced.**
- **Upgrade of Wyndham facilities progressing well.**
- **Apache farmin to the Coastal Goldwyer and Desert Acacia blocks supports active near term exploration programs & evaluation and releases significant funds for expediting activity on core areas.**
- **Technical, operational and community engagement preparations for conducting the 2014 wet tight gas appraisal program advancing.**
- **Remapping of the Ungani trend highlights a number of new structures & confirmation of Bickley & Yakka Munga for potential drilling in 2014.**
- **Active Community Engagement Program commences and Ungani Traditional Owner negotiations advanced.**

Record of interview:

Company Interview question:

Buru Energy Limited (ASX code: BRU; market capitalisation \$450 million), has commenced the facilities upgrade at Ungani Field, is planning for the full field development and has commenced the export facilities upgrade at the Wyndham Port. Can you give an update on progress including the scope, anticipated production and production timing for the Ungani Field?

Managing Director, Keiran Wulff

The facilities upgrade at Ungani is progressing well with production start-up on track for late November as currently scheduled. The relatively minor modifications required for the Wyndham Port facilities are also progressing well. The workovers on the two wells at Ungani which are critical to start-up are close to completion. As we previously reported the Ungani 2 workover was completed on time and budget. We have experienced some minor operational issues at Ungani 1 with third party supplied equipment, however, mechanically and geologically, the well looks like it will perform as we expect.

Company Interview question:

Do you have final costing for export of oil from Wyndham and what do you think the costs and timing are likely to be for export through Broome?

Managing Director, Keiran Wulff

Export of oil through Wyndham was driven by availability of existing infrastructure at that port and the shorter trucking distances compared to the initial operation where we trucked the initial clean-up production to BP at Kwinana.

We have recently completed negotiations for the trucking contract with Hampton Transport and we are very pleased that we have been able to support a very competitive local Kimberley based contractor. Early export from Wyndham gives us the ability to get SE Asian refining customers familiar with Ungani crude which is high quality. Using Wyndham also provides local jobs and utilises local suppliers which is a core objective for the Company.

To support the anticipated expansion and commitment to full field development after the drilling of the Ungani appraisal well we are actively evaluating closer options to reduce trucking and export costs. Following our announcement to initially commence export from Wyndham, we received very strong indications from the Broome local government, business and community that they are very much anticipating us using Broome in due course.

The great thing about Broome is that the port has extensive existing facilities and until fairly recently, crude had been exported from the port for many years. A significant amount of refined product is now imported through the port utilising the existing crude oil export tank and facilities. As that existing crude oil storage tank is now being used for diesel storage, before we export from Broome we need to find a storage solution for Ungani crude. Apart from that, there is really nothing else that needs to be done – as I said, the wharf and port are already used for large volumes of petroleum products and the previous Canning Basin oil production all went through Broome. As for costs, we need to finalise our commercial negotiations but we would expect to see a dramatic reduction in costs through Broome.

Company Interview question:

You have announced that you have completed the Ungani 3D and are currently processing the data. Do you have any preliminary results and when do you expect to have the final results.

Managing Director, Keiran Wulff

The seismic data quality from what we have seen so far looks pretty good. The preliminary data appears to show that Ungani is likely to be as big as our median case and could have significant upside. Interestingly, it also shows some other prospects in the immediate vicinity what look like very attractive Grant closures above and just to the side of the field.

The final processing of the seismic data is still not quite completed but we are pleased by the quality of the data and most importantly the clarity of the structural definition. The data received

so far has enabled us to delineate our next drilling locations and we will be preparing the well sites ahead of the rig arriving in mid to late December. We will receive the processing of the entire data set by the end of the year. We will show some of the new data at the AGM which will highlight the significant improvements we have achieved.

Company Interview question:

What is the situation with the approvals you require for the start-up of production for the field, both from Government and Traditional Owners.

Managing Director, Keiran Wulff

The Government approvals process has gone well and we are on track for start-up as planned. We have been having extensive and very constructive discussions and negotiations with the Traditional Owners. We are now confident that we will be in a position to proceed with our production activities as planned. We fully respect the process the Traditional Owners need to go through to ensure all of their parties are comfortable with the outcomes. We look forward to a timely conclusion and we are excited about the initiatives being undertaken to develop a strong and long-term alignment with the Traditional Owners in our areas of operations.

Company Interview question:

Buru Energy has entered into binding agreements with Mitsubishi Corporation (“MC”) and Apache Energy Limited (“Apache”). This is for Apache to secure up to 50% of Buru/MC’s Coastal permits and for Apache to secure up to 40%, of Buru/MC’s Acacia permits and up to 50% of one Acacia permit. What dollar amounts will Apache pay in the event they achieve the maximum agreed equity for each of the permits?

Managing Director, Keiran Wulff

This is actually a great deal for all parties. We have introduced a world class partner who is looking to build on their already substantial West Australian business and who will help us accelerate exploration on a play where we were having to go a little more slowly than we would have liked because of all the other things we have in our portfolio that we have been focused on.

Interestingly, we announced what the firm spend is for this deal but we have noticed that the announcements of other deals have included all the optional spend. The actual amount to be paid by Apache for their 50% equity in the Coastal Permits is a firm \$25 million. To earn their 40% equity in the Acacia permits, they have to fund a specific work program which includes the initial option of covering 80% of the cost of the 2014 seismic and areogravity (estimated at \$7.2 million) and, if they exercise the option to acquire the 40% interest, then they have to fund 80% of the first two exploration wells (estimated to be in the order of \$20 million), plus the 80% of the first two appraisal wells in the event of success (estimated to be a further \$20 million). We think this is a very good deal and has the potential to unlock near term value in our portfolio.

Company Interview question:

Can you outline your planned Company-wide exploration program for 2013 and 2014 in terms of drilling, pre-drill exploration and processing 3D and airborne geophysical data? Does that include any fracking activities?

Managing Director, Keiran Wulff

As we set out in the presentation that accompanied our August capital raising we have a very active program planned for the last quarter of 2013 and 2014. We have now completed the

Ungani 3D seismic and are currently undertaking a regional 2D program along the Ungani oil trend that will be completed before the end of the year. The 2D seismic will firm up the currently identified leads for the 2014 drilling program.

As I mentioned before, we are seeing interesting structures emerging from the Ungani 3D that may give us additional targets in the Ungani area which, along with the remapping of the trend west of Ungani, have delineated a really exciting trend of prospects. These will be evaluated by both exploration drilling of the best and most mature prospects and the acquisition of additional 2D or more 3D seismic in 2014 to firm up a longer-term active drilling program.

In addition to the Ungani development and exploration program, we are acquiring a very large, high resolution airborne gravity survey over large areas of our tenements in order to highlight areas for 2D exploration in our broader acreage outside of the Ungani Trend. The preliminary data from this survey is very encouraging – we acquired similar data over Ungani that showed the structural trends very clearly and this new data is looking just as promising.

We are also finalising our unconventional evaluation program and once we have the documentation completed and have undertaken preliminary consultations with relevant parties we will be able to make more details available. Importantly we are progressing to undertake our active gas evaluation program as planned in 2014.

Company Interview question:

What are some of the tangibles you hope to achieve from the drilling program such as increases in Reserves and Resources? When do you expect the Crusader 405 rig to be available?

Managing Director, Keiran Wulff

Our plan for Ungani is to gather the data from the next production phase and to drill a further well on the field late this year. This well will be aimed at confirming the reservoir quality and oil column and also providing an additional production offtake point for the field. This well and the 3D together with the final FID decision for the field development will allow us to convert the resources at Ungani into reserves.

The exploration drilling program will be targeting some very high potential targets with the initial focus adjacent to and along trend with the Ungani oil field. Excitingly we look like having numerous candidates to choose from.

Planning for our gas evaluation program is progressing well and we are looking to have definitive results from that next year. We are ensuring that the program is comprehensive and utilises the latest lessons from analogous programs in Australia, the US and Canada. We are very fortunate to have world class experts seconded into our organisation from Halliburton who are assisting us in the preparations and design of the proposed program. These professionals are highly experienced and have undertaken extensive programs throughout North America.

We understand the rig is currently on location for its first job for another operator and that we can expect it to be available to us in mid to late December as planned.

Company Interview question:

Can you summarise where you might add most value as you “deliver sustainable growth and value for shareholders across all your assets”?

Managing Director, Keiran Wulff

The immediate value creation strategies are:

- *Delivering the Ungani production project and identifying additional oil fields to connect to Ungani and quickly grow production;*
- *Having a definitive and high quality testing program that confirms the production characteristics of the Laurel Unconventional Gas resource;*
- *Having an active and high quality continuous exploration drilling program in 2014; and;*
- *Ensuring we develop and maintain a strong, respectful and mutually beneficial relationships with the communities and Traditional Owners in our areas of operations.*

We are now progressing well on all fronts. Whilst 2013 saw less field activity than our Shareholders have been used to, we have been actively putting in place the capability across the Company to deliver long-term and material value from our assets. We are genuinely excited about our program across all three core areas of growth, oil development, gas appraisal, and exploration. We are also highly motivated to develop long and lasting relationship with the Traditional Owners and create material and sustainable benefits for the Traditional Owners and the community more broadly.

Company Interview

Thanks Keiran.

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