



**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](http://www.buruenergy.com)

## ASX ANNOUNCEMENT (ASX: BRU) 28 July 2011

### New Australian Frontiers Presentation

---

Buru Energy Limited ("Buru" or "Company") provides the attached July 2011 New Australian Frontiers Presentation providing an update on the Company and its activities.

This presentation and further information on the company is available on the Buru website at [www.buruenergy.com](http://www.buruenergy.com)

**For inquiries please contact:**

**Eric Streitberg Executive Director**  
Telephone: +61 8 9215 1800  
Freecall: 1800 337 330  
Email: [ericstreitberg@buruenergy.com](mailto:ericstreitberg@buruenergy.com)

Yours faithfully

A handwritten signature in black ink, appearing to read "Eric Streitberg".

**ERIC STREITBERG**  
Executive Director

# New Australian Frontiers

July 2011



# Summary

- Junior ASX listed Australian oil and gas exploration company
- Focused on the underexplored Canning Superbasin in northwest Western Australia ("WA")
- WA is a major oil and gas resource centre with existing infrastructure and proximity to domestic and Asian markets
- Huge conventional and unconventional resource potential with validated large gas accumulations with high liquids content
- Well funded with major international partner
- Experienced, motivated and financially invested Board and Senior Management
- Other international majors are now entering the Superbasin
- Successful first well in 2011 has identified a significant wet gas accumulation
- High leverage to upside from aggressive 2011 exploration and appraisal program, tight capital base and high permit equities



# Company Background

## A junior ASX listed Australian oil and gas exploration company

### Our name

- Buru pronounced - Boo-Roo - means “a special place” in local Aboriginal dialect

### Focused explorer

- A focused oil and gas explorer and producer operating solely in the Canning Superbasin in northwest Western Australia

### Our history

- Formed from a demerger of ARC Energy and listed on the ASX in September 2008 (ASX: BRU)

### Extensive acreage

- Holds gross 75,000 sq km (gross 18 million acres, net 9 million acres) – one tenth the size of Texas – over the most prospective parts of the Superbasin

### Experienced local operator

- Headquartered in Perth with regional operating office and field support facility, and is operator of all but one of its permits (currently 20 staff)
- Modest oil production (~75 bopd) and owns and operates its own workover rig

### International Joint Venture partner

- Mitsubishi Corporation (“MC”) to spend up to A\$102.4 million on exploration in 2010-2012 to earn a 50% interest in the majority of Buru’s permits



*Buru's Canning Superbasin permit locations*

# Corporate Snapshot



## Buru provides material leverage for investors

### Tightly held stock

- 53% held by top 20 shareholders
- Three substantial shareholders ( $\geq 5\%$  each)

### High equities

- Buru holds a 50% interest in the majority of its permits with MC holding the remaining interest

### Well funded

- ~A\$25 million available for exploration
- ~A\$10 million to be used to fund Buru's share of the 2011 exploration program
- MC funding at least A\$40 million of the 2011 program

### Board and Management alignment

- Hold ~6% of the shares on issue
- Incentivised through options (warrants)
- Committed company founders

### Share price appreciation potential

- Initial success in the 2010 exploration campaign has already created significant shareholder value
- 2011 exploration program of up to 10 wells offers opportunities for further significant shareholder growth
- Further value to be created through resource to reserve conversion opportunities at Yulleroo gas field and the Valhalla discovery

## Quick facts

**Share price:** A\$0.73 (as at 26 July 2011)

**Shares on issue:** 182,780,549

**Options (warrants):** 24,251,000 (unlisted)

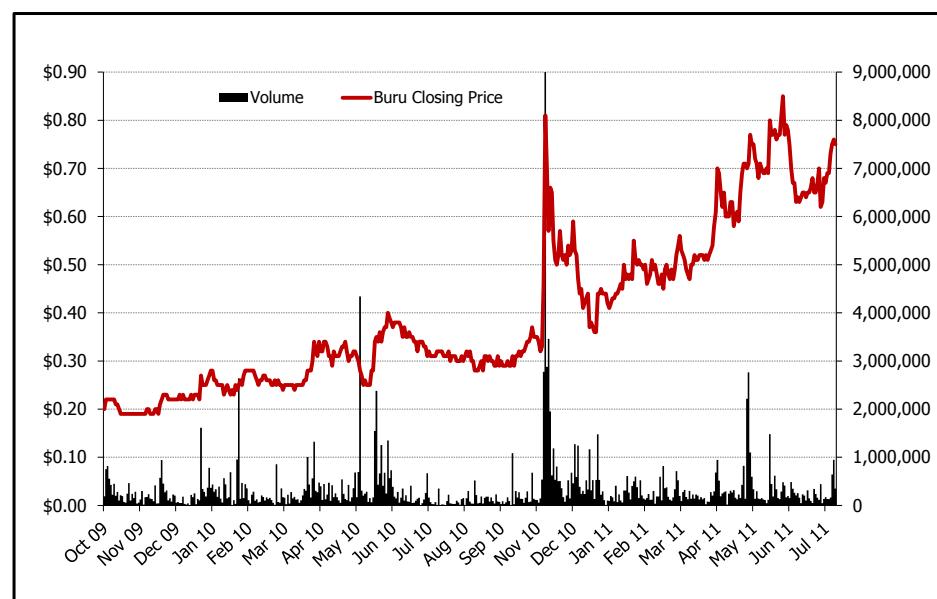
**Market cap:** ~A\$133 million (undiluted as at 26 July 2011)

**Available cash:** ~A\$25 million (as at 30 June 2011)

**Listing:** Australian Securities Exchange (ASX:BRU)

**52 week range:** A\$0.26 - \$0.93

**Average daily volume:** 358,830 (3 month)



# Proven Management Team

**Buru's Board has extensive oil and gas experience with a proven ability to develop oil and gas companies, delivering material upside to shareholders**

- Current small board of two Non-executive Directors and one Executive Director
- Combined industry experience of over 100 years
- Collectively founded and developed to date 3 oil and gas exploration companies into significant oil and gas production companies
- All Buru directors are founding directors of ARC Energy. ARC grew from a junior explorer to a successful E&P company with a market capitalisation of ~A\$500 million
- Board complemented by senior management who provide the required mix of experience and skills
- Buru operates oil production facilities and successfully completed its 2010 exploration program, drilling 4 wells with its wholly owned drilling rig and acquiring ~750km of seismic with no significant incidents

**Buru's combination of a highly experienced and motivated Board and senior staff enables it to deliver on its goals**

## **Eric Streitberg – Executive Director**

- 38 years' experience in petroleum geology and geophysics and management of petroleum exploration and production companies
- Founding shareholder and Managing Director of ARC Energy (~A\$500m) for 10 years and of Discovery Petroleum (~A\$100m) for 7 years
- Worked in South America, Canada, Libya, London, the US and Australia with BP and Occidental
- Experienced in frontier basins and unconventional exploration and appraisal
- Intimate knowledge of Australian and Western Australian political and regulatory environment
- Currently Chairman of the Australian Petroleum Production and Exploration Association and Chairman of the Western Australian Government's Marine Parks and Reserves Authority



## **Graham Riley – Chairman**

- 10 years legal experience as a partner in a commercial law firm
- Extensive experience in the development of resource companies in Western Australia
- Founding Director of oil and gas companies ARC Energy and Adelphi Energy
- Currently Chairman of Gascoyne Resources Limited and Entek Energy Limited and Non-executive Director of Target Energy Limited, all successful ASX listed companies



## **Peter Jones AM – Non-executive Director**

- Over 30 years experience in WA resources sector across both business and government
- Member of WA parliament from 1974 – 1986 and served as Minister for Resources Development and Energy during development of Northwest Shelf LNG Project
- Founding Chairman of ARC Energy
- Served as Chairman of Australian Defence Housing Association and Water Corporation of WA



## **Tom Streitberg – Chief Operating Officer and Company Secretary**

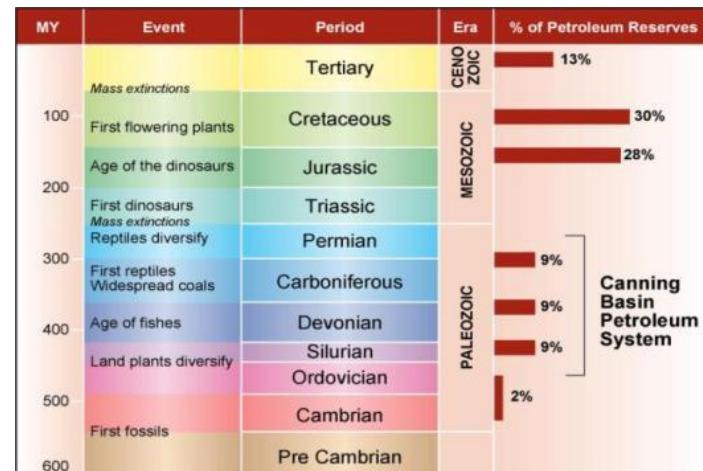
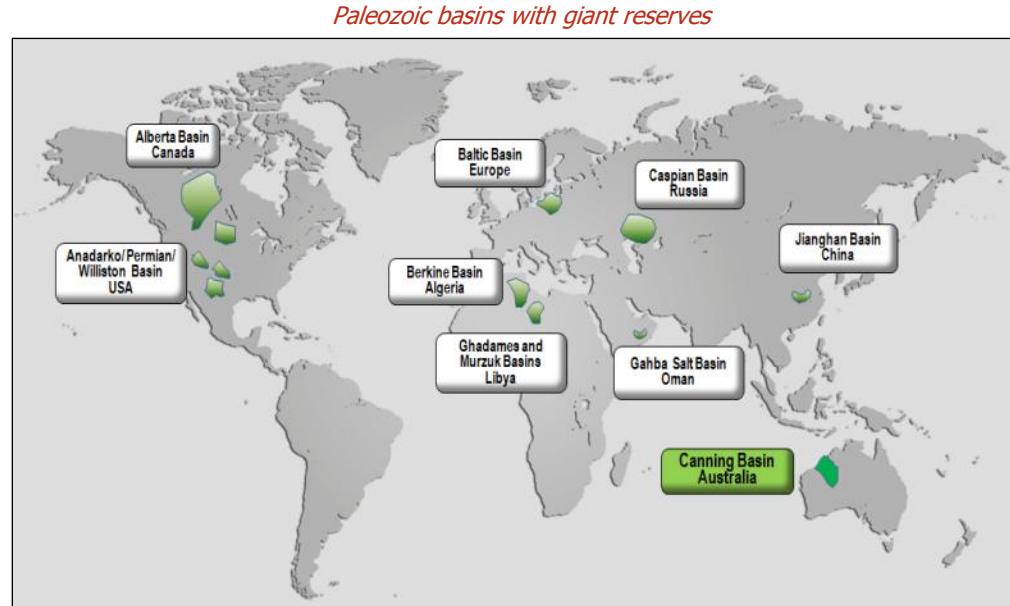
- A qualified lawyer with extensive corporate law and investment banking experience gained during his time at international legal and investment banking firms
- Over 7 years experience in all aspects of the management of oil and gas companies gained at ARC Energy and Buru

# Why the Canning Superbasin?

**The Paleozoic aged geology of the Canning Superbasin is right for oil and gas and is underexplored**

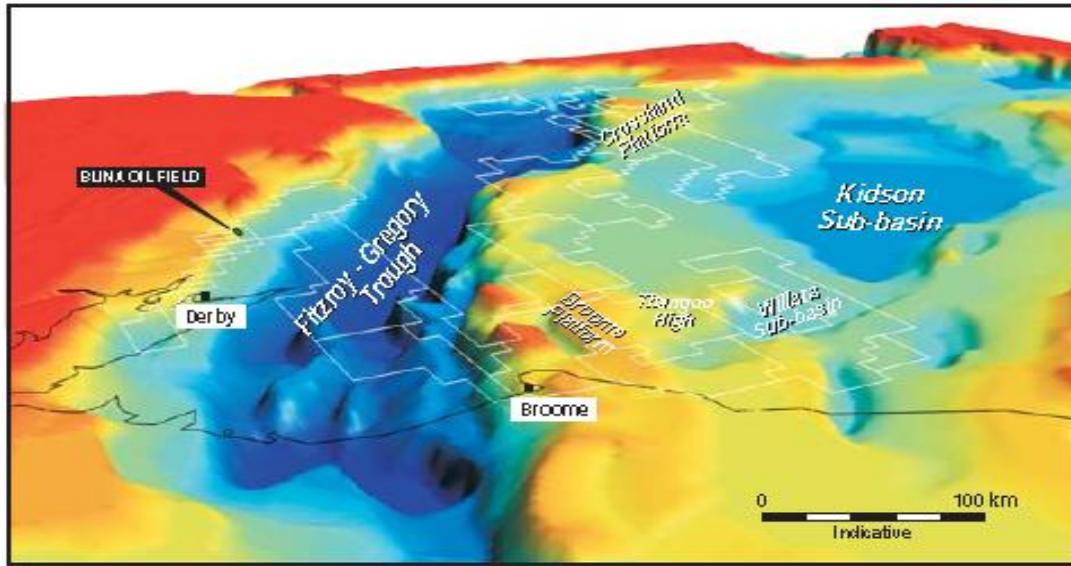
## Overview

- Paleozoic rocks hold about 27% of world oil reserves or 700 to 1,000 billion barrels
- There are more than 131 giant and supergiant oil and gas fields with Paleozoic source and reservoir, similar to the Canning Superbasin
- The Canning Superbasin is a huge frontier basin and the largest onshore basin in Australia – 600,000 sq km (~150 million acres)
- The Canning Superbasin is one of the few Paleozoic basins without major discovered oil and gas reserves and is one of the least explored in a stable developed country
- Well density per 10,000 sq km (2.5 million acres)
  - Canning 4 wells
  - US Paleozoic basins 500 wells
- Canning Superbasin drilling density represents one well per 500,000 acres



*World petroleum systems*

# Canning Superbasin Prospectivity

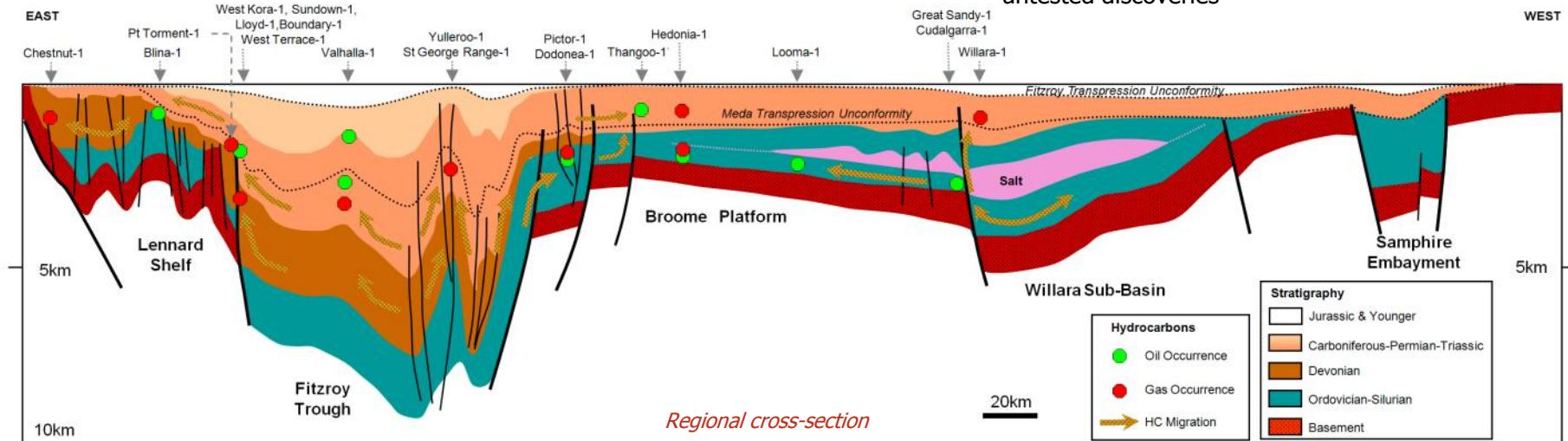


**Enormous potential for conventional and unconventional oil and gas in the proven petroleum systems in the Superbasin (a Superbasin is a composite basin made up of a number of smaller basins)**

**Ordovician – Silurian:** Thick, high quality source rocks and regional salt development

**Devonian:** Widespread source rocks with basin flanking reefal development. Existing oil production from the first discovery in the basin (Blina) drilled by a North American consortium in 1981

**Carboniferous-Permian:** Organic rich shales and coarse clastics provide good reservoir/seal. Yulleroo wet gas field and oil in the Blina area and several untested discoveries



# Canning Superbasin Exploration Environment

Buru is an experienced operator and the largest licence holder in the Canning Superbasin

## Sporadic drilling history

- Only some 170 wildcats have been drilled in an area nearly 3/4 the size of Texas or Alberta
- Very little drilling since the 1980s oil price and stockmarket crashes

## Current aggressive exploration and appraisal program

- Buru has revived exploration in the Superbasin
- Since late 2006 Buru (and previously ARC) has:
  - acquired the first and only modern digital data set (seismic and wells) for the Superbasin
  - acquired and high graded permit holdings over the main prospective areas
  - rationalised the access and commercial framework
  - introduced a major international partner (Mitsubishi Corporation)
  - commenced the first systematic exploration program since the 1980s including the first shale/tight gas reservoir stimulation

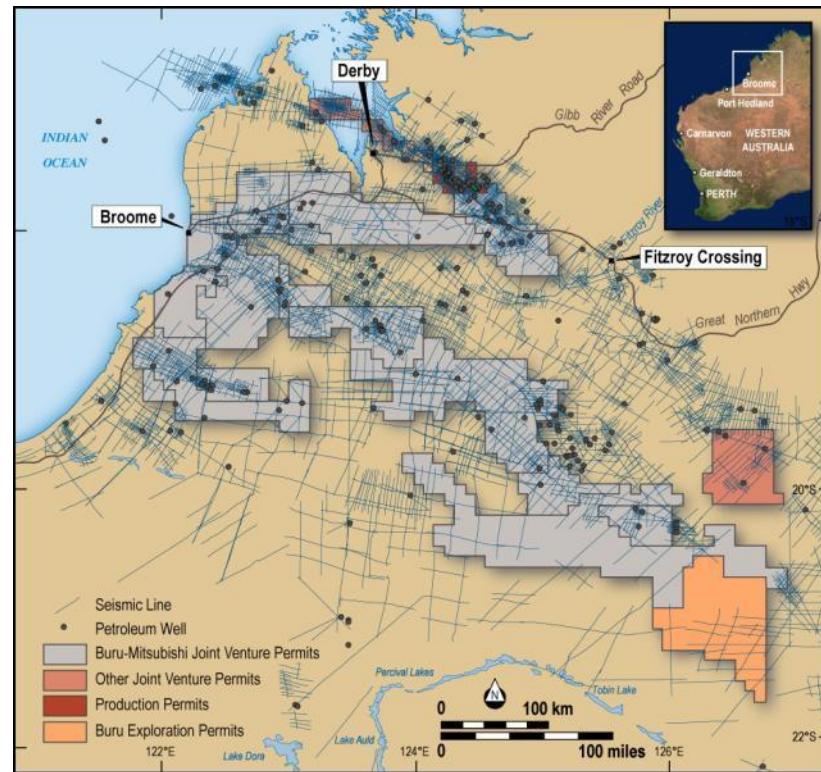
## Access to rigs

- Buru has two third party rigs under contract (4,000 m and 3,200 m) and owns its own workover/shallow drilling rig (2,500 m)

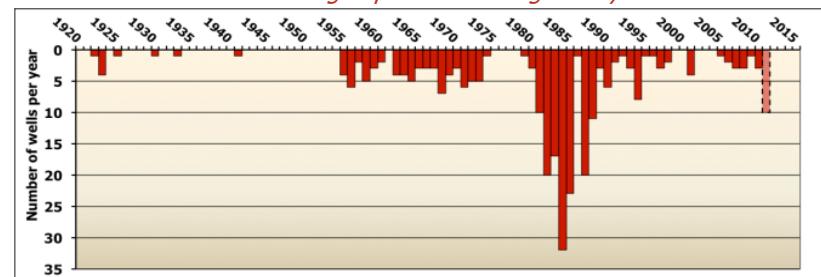
## Good but limited infrastructure

- 10 land rigs operating in Australia
- 5 hydraulic stimulation spreads in Australia
- Requires careful forward operations planning

*The Canning Superbasin seismic and wells*



*The Canning Superbasin drilling history*



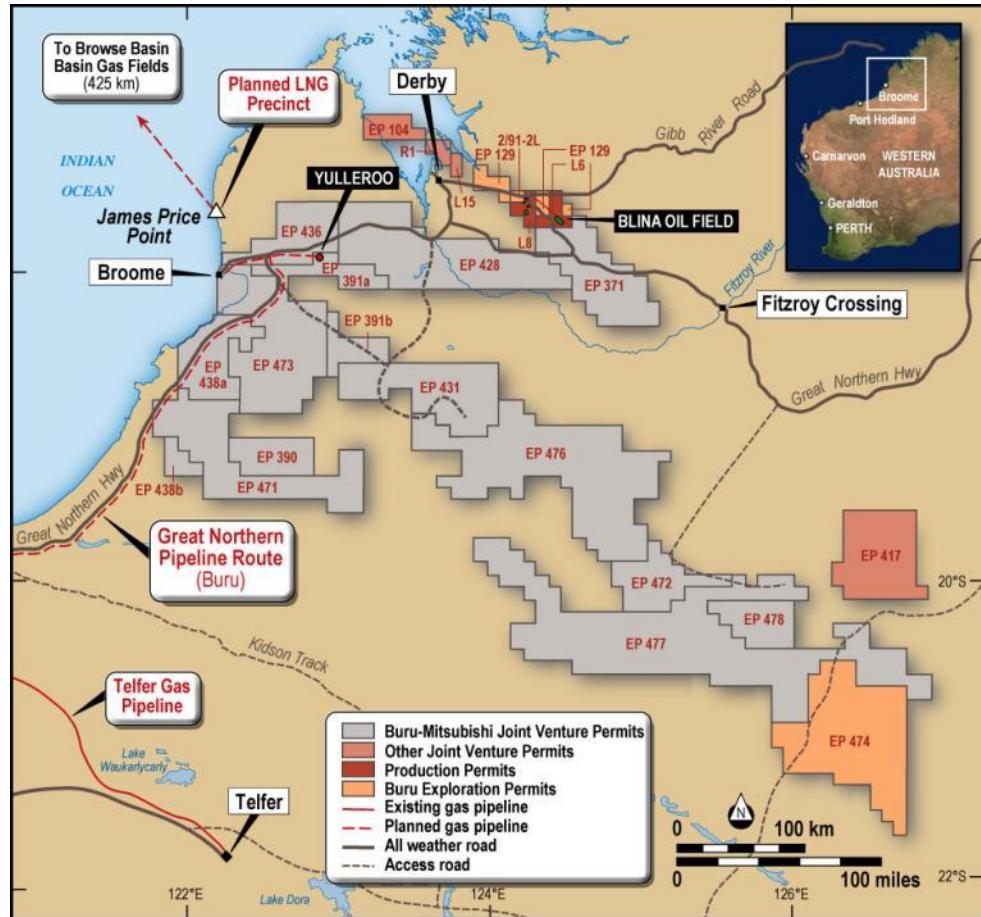
# Canning Superbasin Operations Background

Buru's permits are well positioned for exploration access and early production of discoveries

## Overview

- Two regional centres (Broome and Derby) provide support infrastructure, airline access etc
- The Kimberley is the size of France with a population of 41,000 people. Half the population are of Aboriginal or Torres Strait descent and 40% live in Broome
- Good all weather roads provide access year round to Buru's existing producing fields and near field exploration areas
- Access to the Fitzroy River drainage basin is restricted during the monsoon (hurricane) season from December to May, but outside this area year round access is possible
- Buru has production facilities and an operational base in the Superbasin at the Blina Field
- Buru's planned Great Northern Pipeline will provide an export route for gas to the southwest WA domestic markets
- The planned James Price Point LNG precinct lies immediately to the west of Buru's permits

*Canning Superbasin infrastructure*



# Canning Superbasin – Proven Reserves/Resources

**Current production operation is small scale oil production**

## Oil production

- Buru has established production operations with oil infrastructure, storage and supply yards and owns a workover/shallow drilling rig
- Production from Blina and associated oilfields:
  - Original reserves of all fields ~3 mmbbls
  - Discovered 1981 - first production in 1983 at ~1,000 bopd
  - Current production ~75 bopd
- Robust economics:
  - Field opex ~A\$10/bbl
  - Trucking costs to Perth ~A\$27/bbl
  - Current A\$ oil price ~A\$115



*Blina oil production facility*



*Blina beam pump and seismic vibrator*

## New oil discoveries

- Buru's existing infrastructure allows quick "test" production from any new oil discoveries
- Extended production test could commence in weeks from discovery

## Gas field appraisal

- Buru's infrastructure and operations staff facilitate early testing of gas accumulations
- Yulleroo-2 gas well currently on test production



*Yulleroo testing operations*

# Canning Superbasin – Contingent Resources

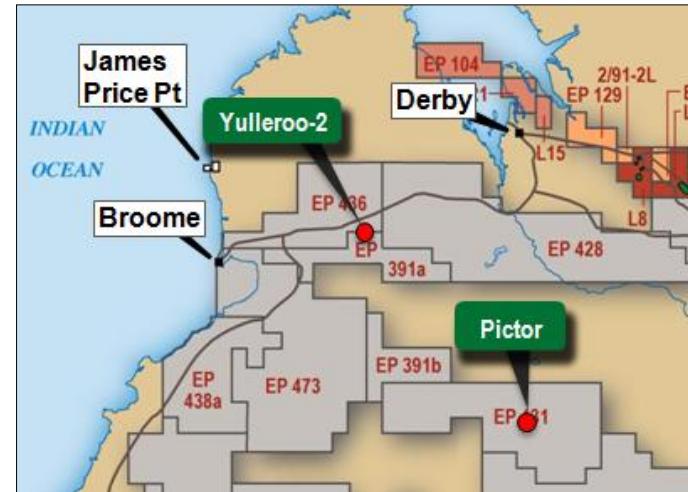
**Yulleroo wet gas field has major resources and is on the pathway to development. Pictor Field appraisal is also planned for 2011**

## Yulleroo Field

- *Conventional/tight gas resource* – discovered in 1967, not appraised until 2008 when new technology and markets made it potentially commercial. Subsequent reservoir stimulation by Buru in 2010
- *Ongoing evaluation of the field during 2012 – 2010 stimulation of existing well (Yulleroo-2) limited by pressure, program was pinpoint stimulation in three zones. Good results achieved so far with high quality gas and obvious high liquids content*
- *Resource estimates* – independent review confirms gross mean recoverable resources of 352 PJ (332 BCF) recoverable gas and 13.4 mmbbls liquids (Buru interest - 50%)
- *Clear commercialisation pathway* – acquiring 3D seismic this year, further appraisal wells planned for late 2011 or early 2012 to allow 2P reserves classification in 2012
- *Proof of concept* – defined major tight gas and shale gas play in the Laurel Formation. Many more structures and potential for major developments
- *Regional infrastructure driver* – threshold reserves of ~250 BCF will trigger export pipeline construction

## Pictor Field appraisal planned

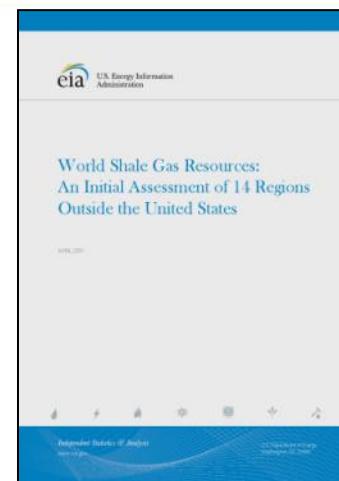
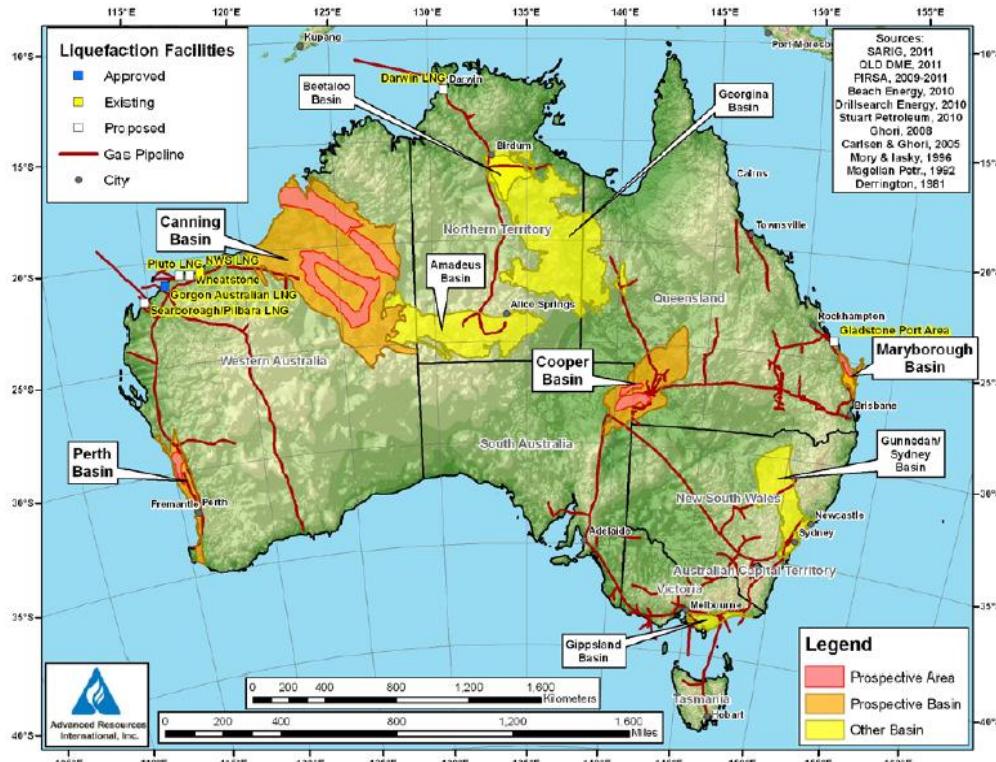
- Gas and oil recoveries from Nita Formation carbonate reservoir in 1990
- Buru calculated contingent resources of ~10 mmbbls of oil and modest gas reserves
- Appraisal planned as part of the 2011 drilling program



# Canning Superbasin – Unconventional Resources

The EIA identifies the Canning Superbasin as having the largest shale gas potential in Australia

Figure XIV-1. Australia's Prospective Gas Shale Basins, Gas Pipelines, and LNG Infrastructure



## The Report

- The US Energy Information Agency ("EIA") undertook a major review of global unconventional resource potential, released in April 2011. This report identifies the most prospective areas in the world for unconventional resource development
- The EIA 2011 report estimates Australia's shale gas reserves at about the same as Canada's (both about half the US)
- The EIA has identified only four Australian basins with major potential, of which the largest is the Canning Superbasin
- Buru has a commanding strategic position in the Canning Superbasin

# Canning Superbasin – Unconventional Resources

Buru and NSAI have reviewed the potential of the Superbasin and identified 4 primary unconventional plays – all liquids rich

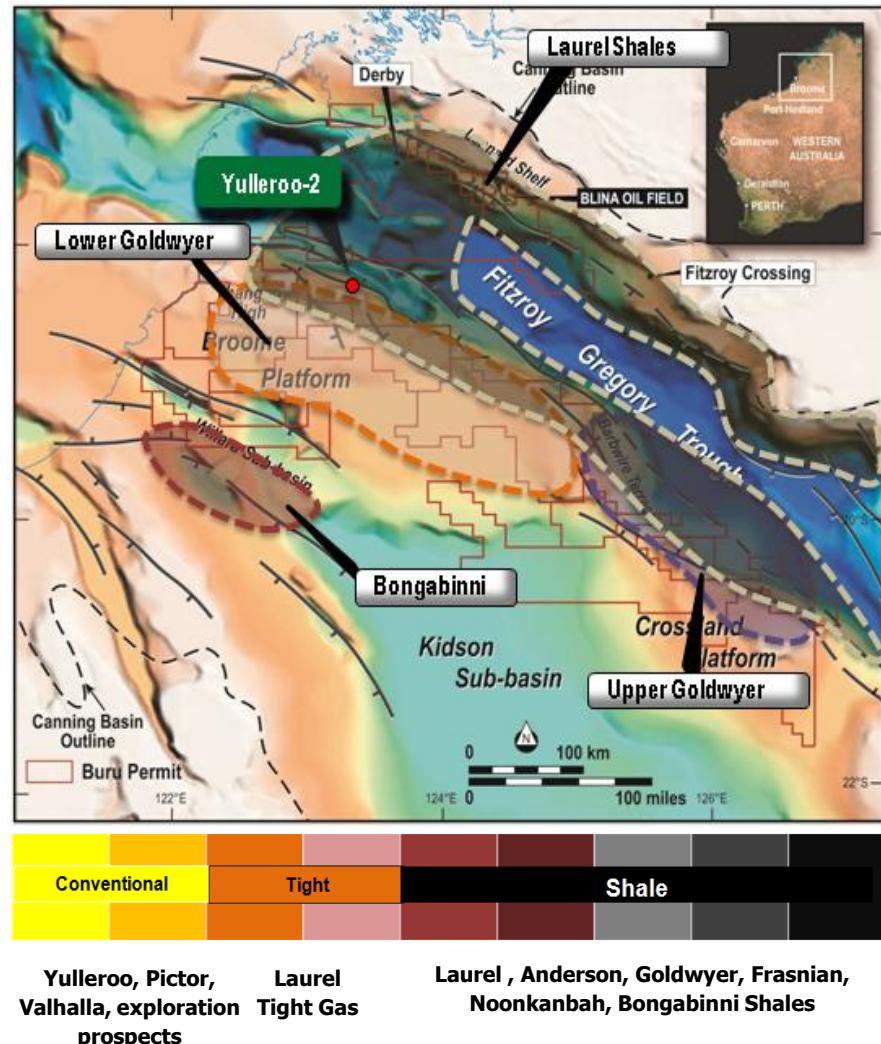
## Resources

- Combined mid range unrisked gross in-place volumes are 362 TCF of gas and 49 billion barrels of oil ("BBO")
- Gross prospective recoverable resources are 66 TCF of gas and 4 BBO

## Prospective units

- Tight Gas Sands* – very thick Laurel Formation gas columns (+1,000 meters), possible "basin centered" accumulation with high liquids – analogue to Granite Wash fields in the US – successfully appraised in the recently completed Valhalla-2 well
- Laurel and Lower Anderson Shales* – very thick gas mature sections over hundreds of kilometres around the margins of the Fitzroy Trough (the Yulleroo-2 stimulation and test provides proof of concept)
- Goldwyer Shales* – oil mature shale oil play
- Devonian (Frasnian) clastics* – source for some of the oils on the northern flank of the Fitzroy Trough, thick mature shale sequences
- Noonkanbah Shales* – thick, high TOC, restricted extent

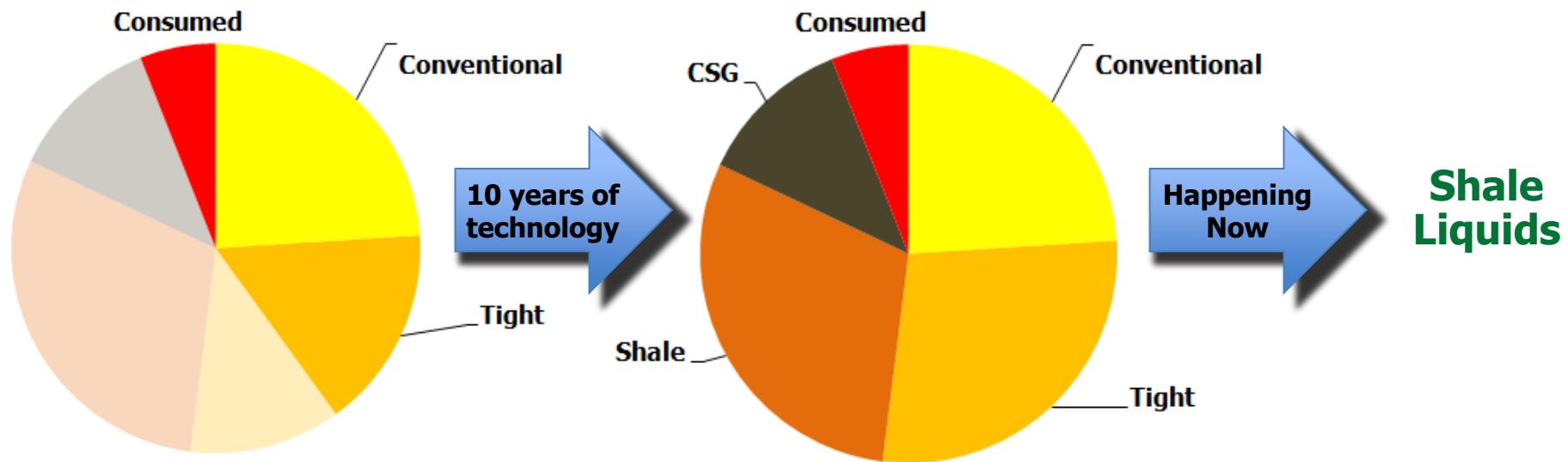
Unconventional resources in the Superbasin



## The Unconventional becomes the new Conventional

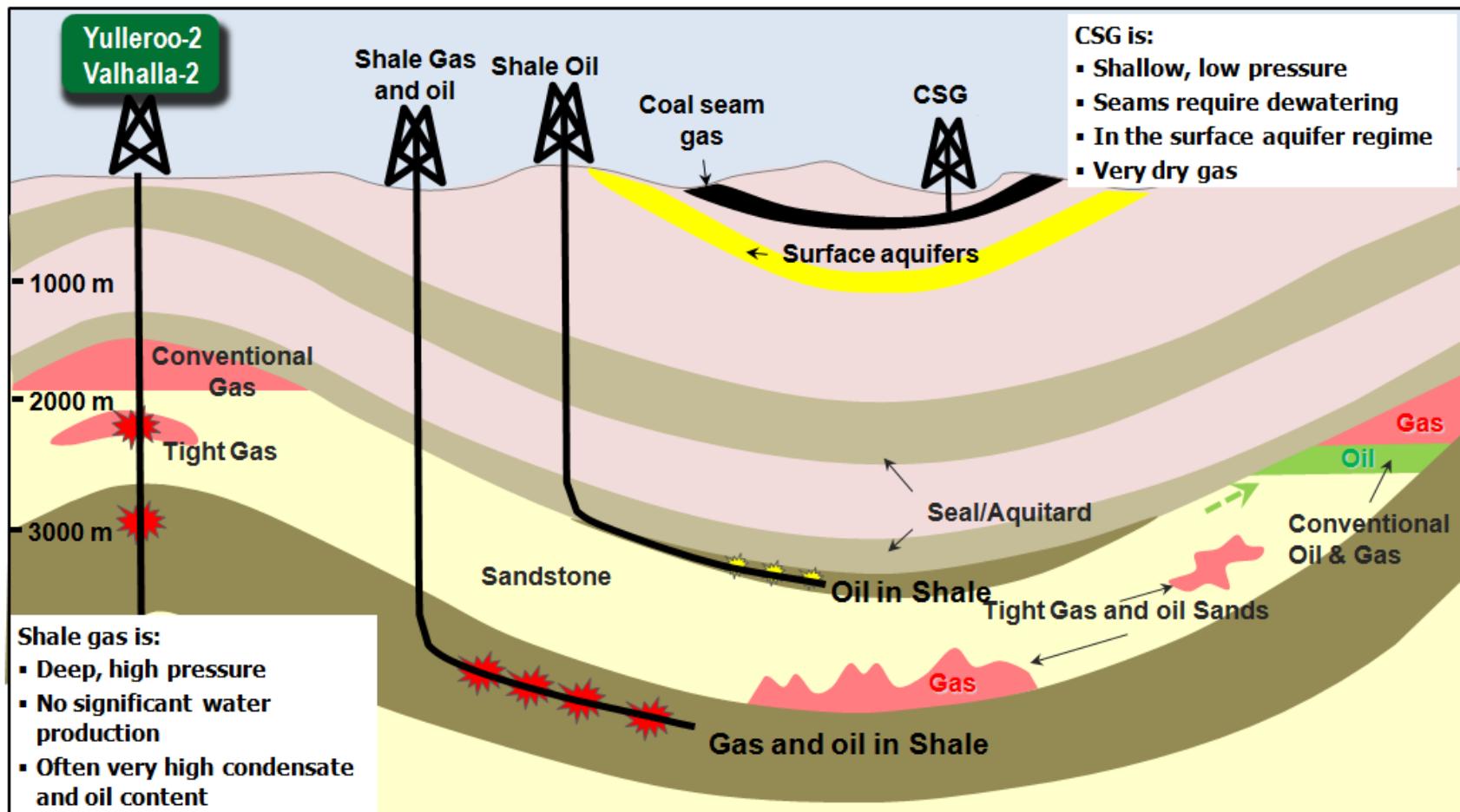
- CSG was a fringe play in Australia until Canadian and US groups arrived
- Shale gas is in the same stage of development, no traction with Australian investors
- Liquids from shale is just getting traction in the US

## Gas Reserves in place and consumed



# Potential – The Geology and Operational Parameters

CBM/CSG and Shale Gas are two different industries



# International Focus on Unconventional Plays

## ConocoPhillips to farm-in and jointly explore New Standard's Goldwyer Project in the Canning Superbasin

### New Standard Energy

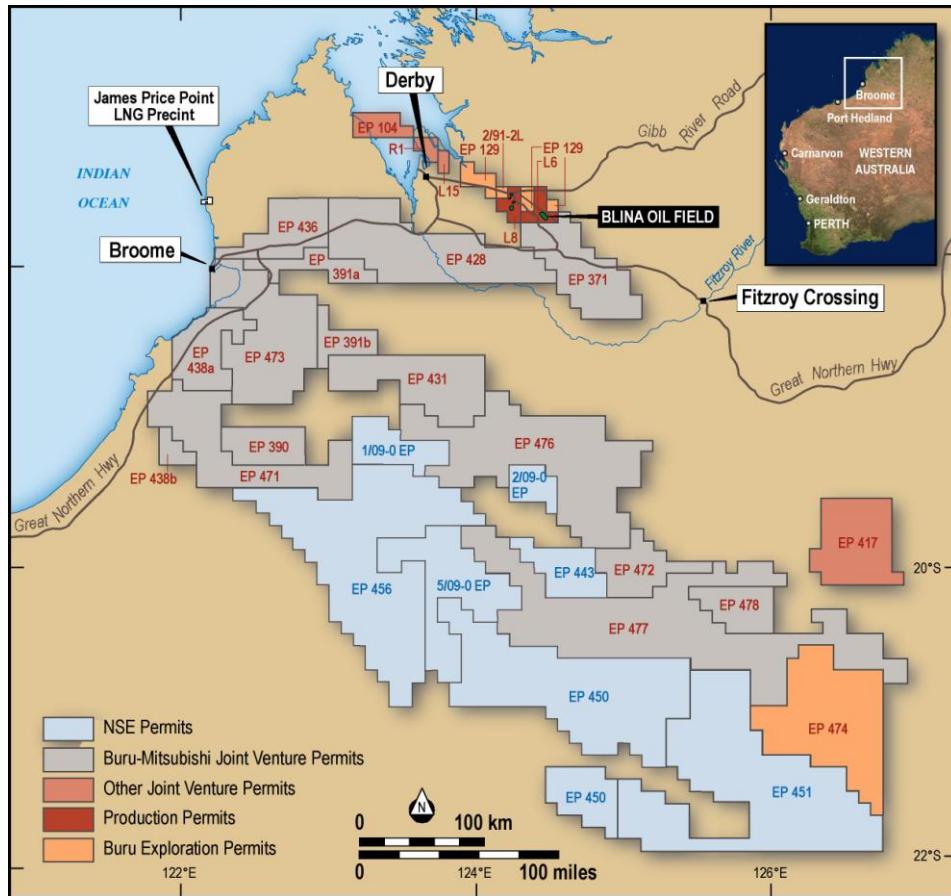
- ASX listed, headquartered in Perth
- Focus on onshore exploration in the Canning Superbasin with working interests in onshore projects in Texas
- Goldwyer Project is 45,000 sq km (~11 million acres) comprising:
  - Exploration permits EP 443, EP 450, EP 451 and EP 456
  - Application areas 1/09-0, 2/09-0 and 5/09-0
- 65% interest in EP 417 (Buru 35%)

### Terms of the farm-in

- Non-binding heads of agreement
- Conoco to fund up to US\$109.5 million over four phases of unconventional exploration (drilling, coring and evaluation)
- Conoco will have right to earn up to a 75% working interest in the Goldwyer Project (NSE diluted to 25%)
- Conoco must complete all four phases of work to earn interest

### Goldwyer formation

- EIA estimates Goldwyer formation to have 229 TCF of technically recoverable gas resources (764 TCF risked gas in-place)
- Buru has significant exposure to the Goldwyer shale through its Canning Superbasin permits



Location of NSE's Canning Superbasin assets

# International Focus on Unconventional Plays

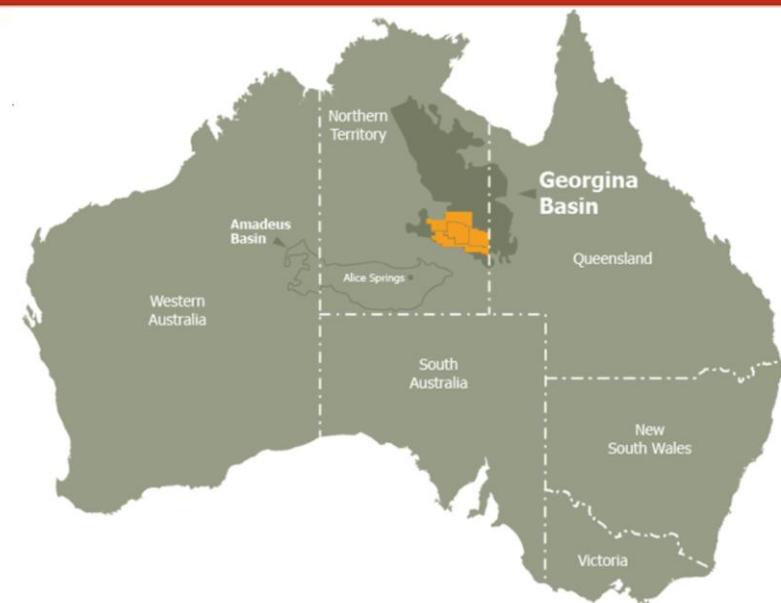
**Heritage Oil PLC has increased its stake in PetroFrontier to 10.39%**

## PetroFrontier

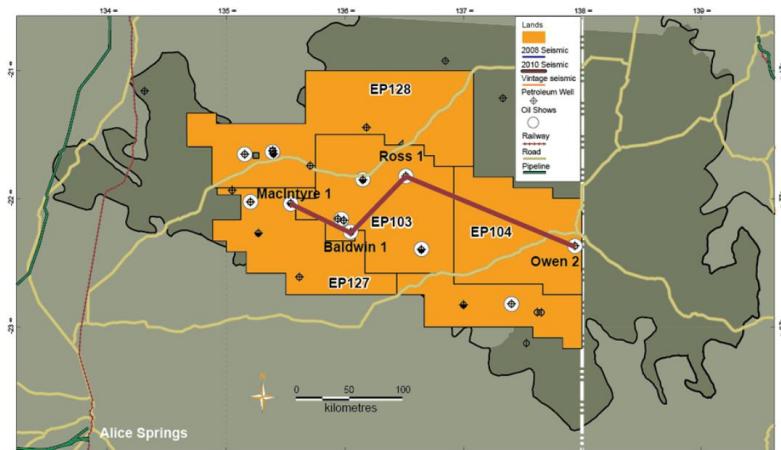
- TSXV listed, headquartered in Calgary
- Onshore exploration, acquisition and development of conventional and unconventional hydrocarbons in Australia's South Georgina Basin
- Net 85.5% operated working interest in gross 54,850 sq km (13.6 million acres)
- Similar geological features to the unconventional Bakken and conventional carbonate ramp plays in North Dakota and Southeast Saskatchewan in Canada's Williston Basin
- Ryder Scott estimate PetroFrontier's gross lands contain prospective (recoverable) un-risked, undiscovered resources totalling 11.3 BBO
- Of this amount, 8.9 BBO comes from the unconventional Arthur Creek Hot Shale

## Heritage Oil

- An international independent upstream exploration and production company operating in core areas of Africa, Middle East and Russia
- Listed on London Stock Exchange and TSX
- Member of the FTSE 250 Index (Market Cap: ~CDN \$1.05 billion)
- Exploration assets in Kurdistan region of Iraq, Malta, Pakistan, Tanzania, Mali and the Democratic Republic of Congo
- Producing assets in Russia



*Location of PetroFrontier's Georgina Basin assets*

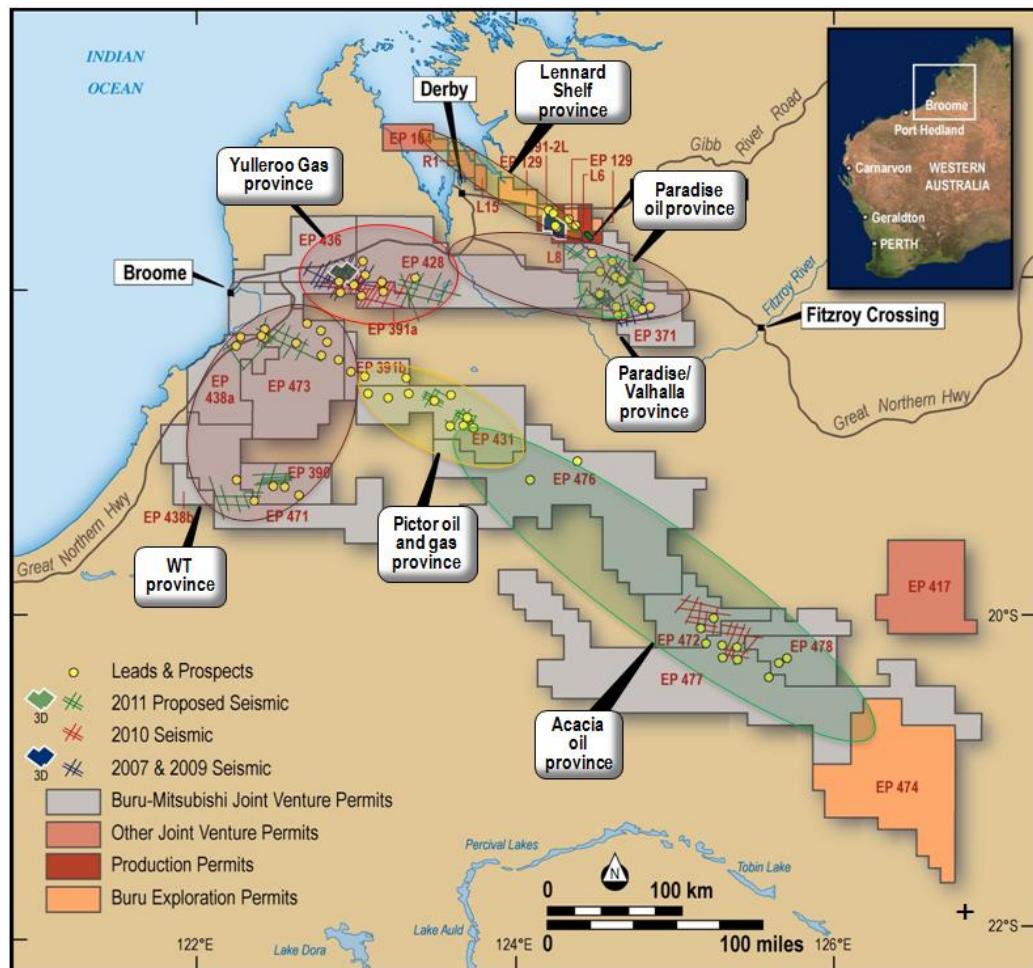


# Canning Superbasin – Conventional Resources

Canning Superbasin has extensive conventional potential in a large number of prospects

## Conventional overview

- Buru's re-evaluation has broken the Canning Superbasin into a number of discrete sub-basins and hydrocarbon provinces each with its own geological characteristics and prospectivity
- Buru considers the four most prospective geological provinces to be:
  - Lennard Shelf Province
  - Yulleroo Gas province
  - WT Province
  - Acacia Province
- Isis Petroleum Consultants have now reviewed Buru's prospect inventory and have reported as follows:
  - Over 100 prospects identified
  - Unrisked potential of:
    - 1.46 BBO
    - 2.4 TCF of gas
  - Average Probability of Success – 17%



Conventional resources and exploration provinces in the Superbasin

# Canning Superbasin 2011 Exploration Program



**Aggressive 2011 program of up to 10 wells commenced in early June**

## Rigs and timing

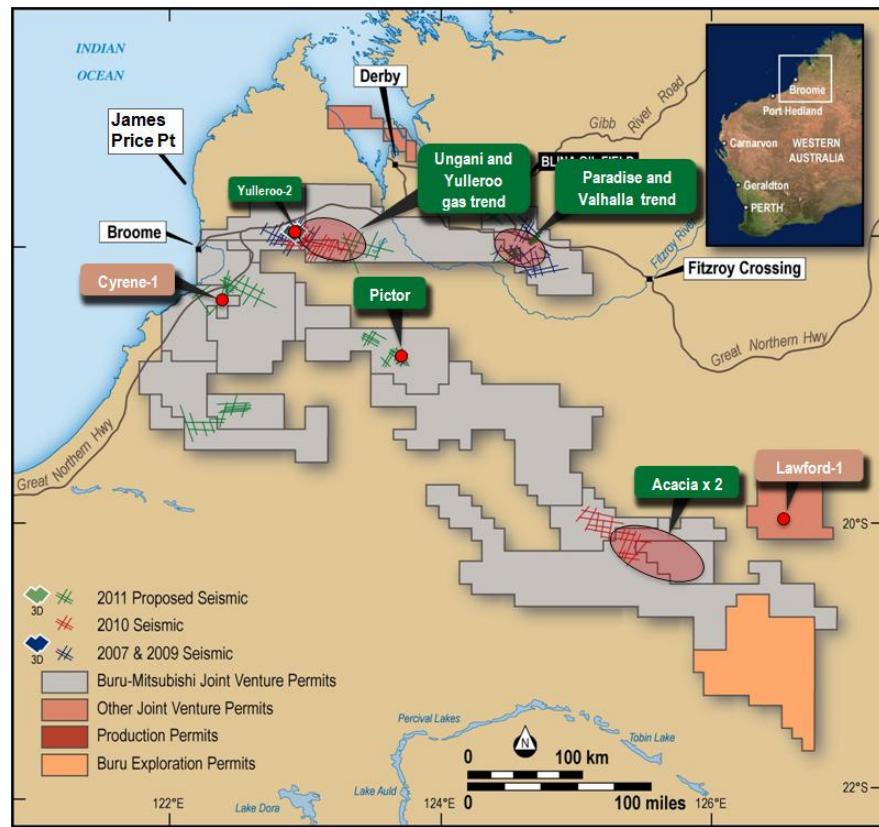
- Ensign Rig #32 under contract for up to 6 wells and Century Rig #7 under contract for up to 4 wells
- Ensign Rig #32 spudded Valhalla-2 in first week of June and Century Rig #7 mobilised to Pictor East-1 in mid-July with spud date in early August
- Forward well order and timing is subject to weather and operational constraints

## Indicative drilling program – Buru & Mitsubishi

- Valhalla-2 and Paradise Deep in the Paradise/Valhalla province testing the Laurel formation conventional and unconventional gas play and the Grant-Anderson oil play identified in the Paradise-1 well in 2010
- Two wells in the Yulleroo gas province will test highly prospective large gas and condensate targets indicatively, Ungani-1 and Yakka Munga-1
- A further well on the Yulleroo Field is being considered subject to the results of the 3D seismic survey
- Pictor East-1 is an appraisal/exploration well of the Pictor-1 oil and gas discovery in the Pictor oil and gas province and the Acacia oil province trend
- Two wells are planned for prospects in the Acacia oil province, each targeting very significant oil accumulations, subject to weather constraints (now looking unlikely to be drilled in 2011)
- A further shallow well is being considered for the Paradise oil province to test the Grant-Anderson oil play

## Other operations

- The Cyrene-1 well is under consideration for drilling in EP 438 with Empire Oil & Gas
- The Lawford-1 well in EP 417 is planned for deepening and testing with New Standard Energy
- Extensive seismic programs including Yulleroo 3D for 2012 prospect confirmation



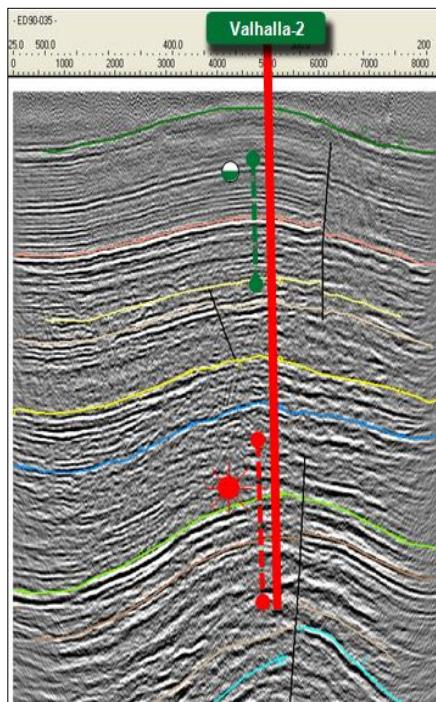
*2011 exploration and appraisal program*

# Canning Superbasin – 2011 Drilling Program

Planned first four wells have high impact potential in proven play types

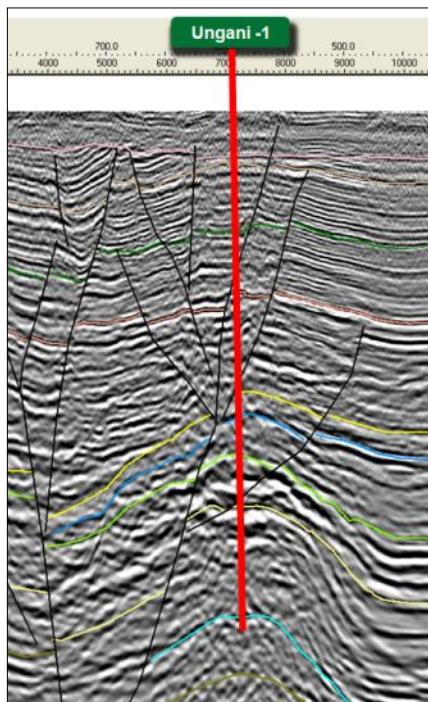
## Valhalla-2

Drilling completed.  
Intersected over 1,300 m of  
gas charged Laurel Formation  
with gas flares while drilling.  
Major tight gas/shale gas  
province identified



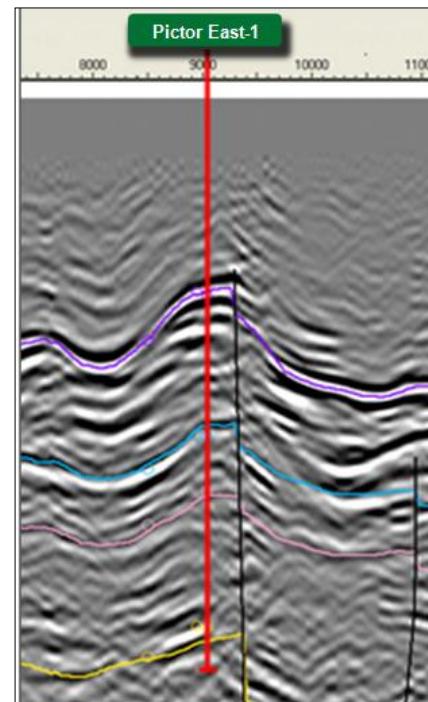
## Ungani-1

Will test a large gas target (+200 BCF) in the Laurel Formation which is productive at nearby Yulleroo, together with a large shallow oil play in the Anderson Formation. Expected to spud early August



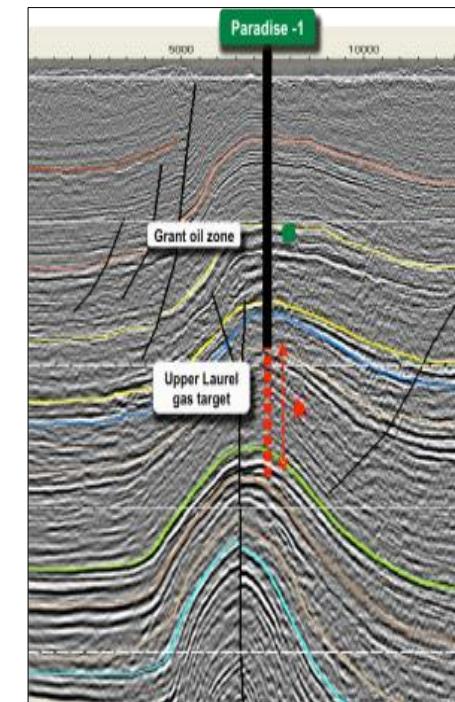
## Pictor East-1

Will evaluate the Nita Formation reservoir which tested oil and gas in Pictor-1, plus the Acacia deeper reservoir. Contingent resources of ~10 mmbbls of oil. Expected to spud early August



## Paradise-1

Will test the Upper and Lower Laurel conventional gas reservoirs with the potential for ~200 BCF of recoverable gas and ~6 mmbbls of condensate on a P50 basis



# Valhalla-2 Results

## The Valhalla-2 well is a successful appraisal of a significant gas accumulation

### Conventional and tight gas

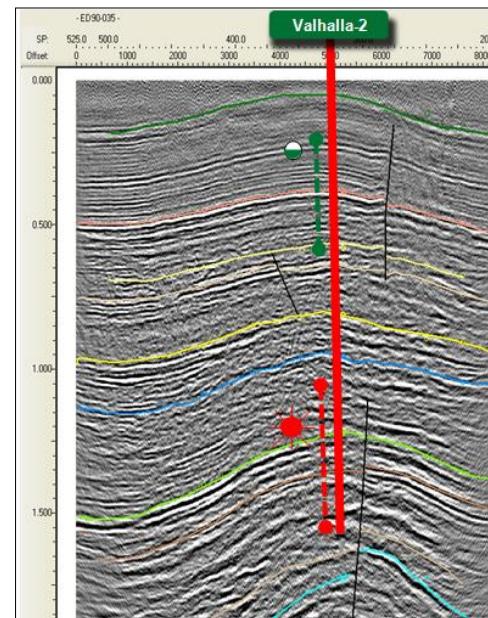
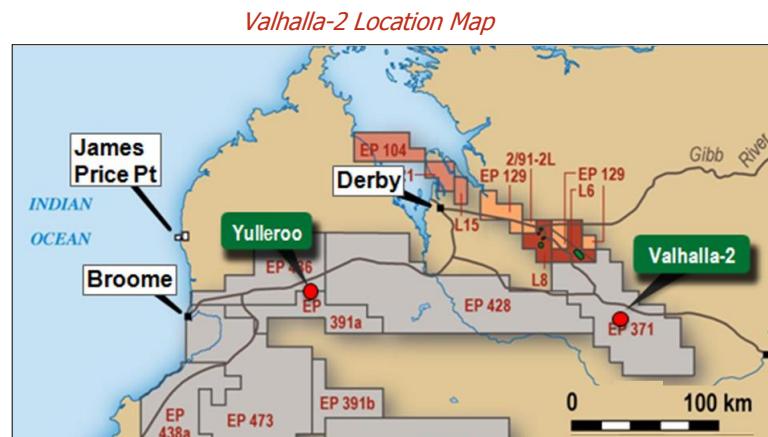
- The well has encountered a number of tight and potentially conventional gas reservoirs across a 1,300m section of gas charged Laurel Formation
- Wet gas influxes were continuously encountered while drilling in the Laurel Formation resulting in a number of drilling interruptions while the gas was flared
- A drill stem test was conducted over the Upper Laurel Clastics, but only minor gas influxes were noted. This is interpreted as being due to reservoir damage caused while drilling, with this section now considered a prime candidate for reservoir stimulation
- A possible new conventional play type has been identified in the Laurel Carbonates with a number of potentially productive conventional reservoir zones being interpreted

### Shale gas

- The Upper and Lower Laurel sections contain extensive shale zones which had significant gas shows and these have been comprehensively sampled for specialised analysis of their unconventional resource potential
- Specialised wireline logs were also obtained to assist in the detailed analysis of the potential of the section for unconventional gas and liquids

### Forward program

- The well has been completed with heavy duty 7 inch casing to allow for potential testing and further appraisal operations
- Detailed analysis of the results will be undertaken to prepare an optimum forward appraisal program



Valhalla-2 seismic line and well result

# Valhalla-2 Results – Regional Implications

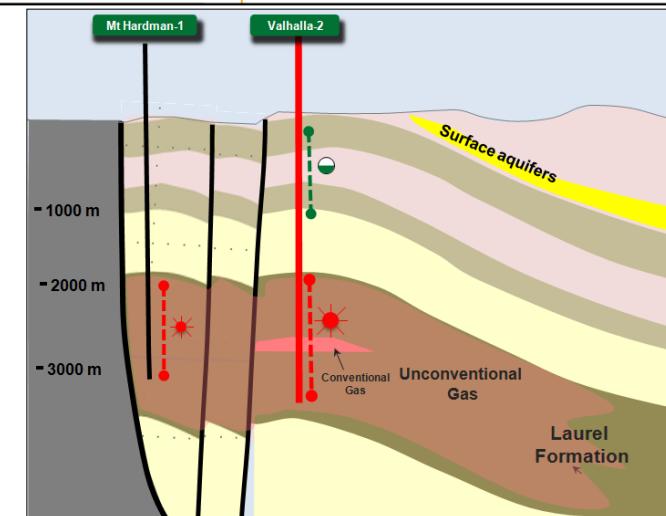
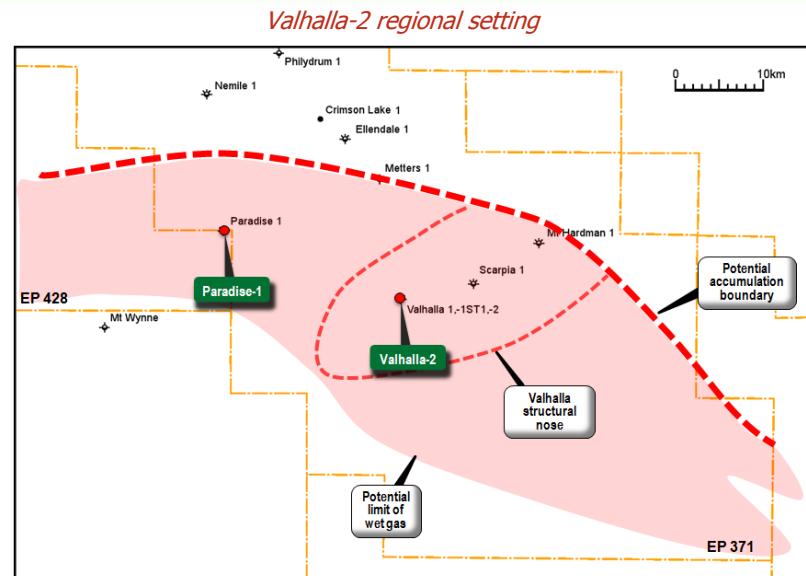
**Valhalla-2 results have significant positive implications for regional prospectivity**

## Valhalla accumulation

- The Valhalla structure has a gas charged Laurel Formation section of in excess of 1,300 metres in the Valhalla structure
- The Valhalla accumulation can be interpreted to be either a basin centered accumulation or a combination structural / stratigraphic trap against the flank of the basin
- The apparent trapping configuration implies the potential for a very large accumulation - potentially continuous updip for at least 16 kilometers (to the Mt Hardman-1 well) with significant lateral extent
- An accumulation of this size in the Valhalla area could potentially yield recoverable hydrocarbons of several TCF of gas and potentially in excess of 50 mmbbls of liquids
- An appraisal program in 2012 will be required to fully quantify this potential

## Laurel Formation regional implications

- The Laurel Formation identified in the Valhalla-2 well is a regionally extensive package of sands, shales and limestones in excess of 1,000 metres in thickness
- The Laurel Formation appears to be an analogue of the Granite Wash tight gas play in the US. The Granite Wash play is known for high flow rates from tight gas reservoirs and high liquids content in the gas
- The Laurel Formation is in a “sweet spot” in Buru’s permits where it appears to be both fully gas charged and in the wet gas window
- The Laurel Formation is extensive across Buru’s permits and includes the Yulleroo wet gas field, and will be further tested in a number of the prospects to be drilled in Buru’s 2011 exploration program



# **Pathways to Commercialisation – Gas and Oil**

**The development of the identified contingent resources has two parallel workplans**

## Conventional gas

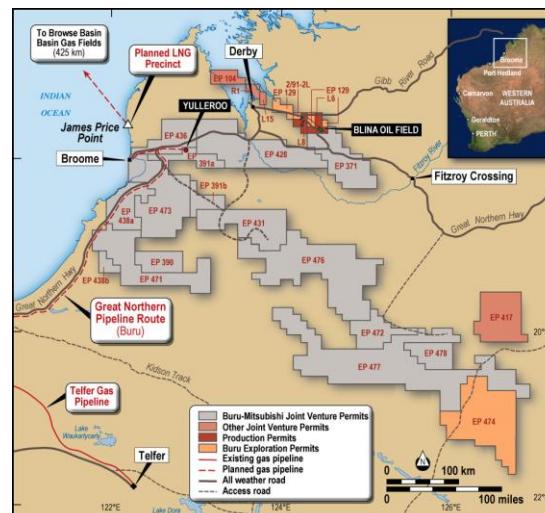
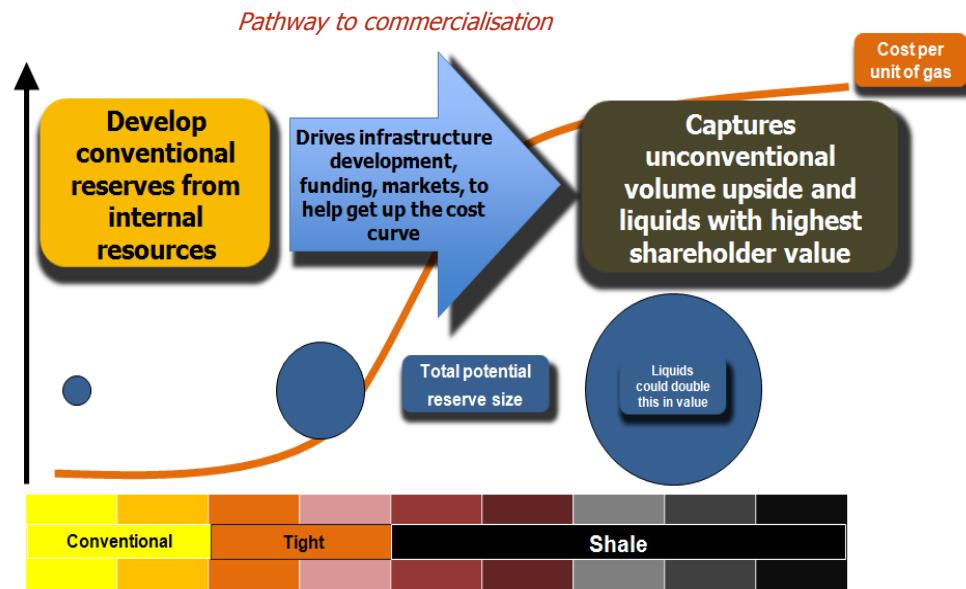
- Prove up sufficient conventional gas reserves to support the construction of the Great Northern Pipeline ("GNP") (~250/300 PJ )
  - First 400 PJ of gas will be sold into Buru's existing take-or-pay gas sales contract with Alcoa, with the remainder available for spot sale or export

## Unconventional gas

- Prove up the unconventional plays
  - Sell unconventional gas into the domestic market initially
  - Option to sell into the LNG market as the reserve base is built up
  - LNG hub at James Price Point being developed which will potentially provide either a merchant LNG facility or the infrastructure for a stand alone LNG facility

## Liquids

- Liquids (condensate, LPG and oil) from the gas production sold into local and international markets
  - Initial production will continue to be trucked to Perth
  - As little as 1,000,000 bbls of reserves will justify the construction of an export tank at the Broome Port to allow export of oil from Broome by ship to any market



## *Location of Buru's proposed Great Northern Pipeline and other infrastructure*

# Pathways to Commercialisation – GNP commercial

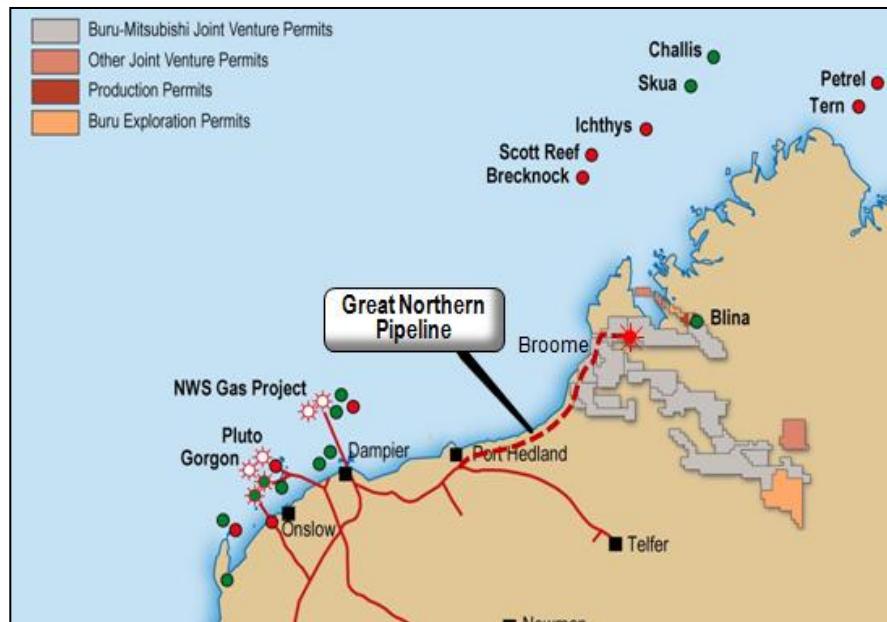
## The GNP commercial structure has three key components

### 1. Sales Contract

- The construction of the pipeline requires offtake contracts that:
  - have "no-risk" financial capacity to take the gas
  - take the gas quantities required to support the pipeline financing
  - have a delivery profile that matches the proposed field development
- The existing Buru sales contract with Alcoa fulfils all these criteria without the need for any other contracts, significantly simplifying the marketing process - Alcoa is the only customer in Western Australia that can fulfil all of these criteria

### 2. Reserves

- The reserves base required to support the financing of the pipeline is some 250-300 PJ of sales gas under the Alcoa sales contract, with the total quantity dependent on the final capital costs of field and pipeline development
- The 352 PJ of contingent resources in the Yulleroo Field are sufficient to support the field and pipeline development, subject to converting these resources into reserves
- Success in the 2011 exploration program will provide additional resources to underpin the development of the pipeline



### 3. Financing

- "Pre-Feed" review of the structure for the financing of the pipeline has identified strong interest in the development from a variety of general and specialist financiers as well as existing pipeline owners
- Financing will be structured to minimise Buru's equity capital requirements while retaining operating control and/or priority shipping rights
- Options under consideration include traditional project finance; an off balance sheet partnership with an existing operator and specialist debt and equity providers; and equity participation in a BOO development by an existing pipeline owner / operator

## The GNP development has 5 key steps

1. *Pre-FEED* – completed. Scoping design, construction and commercial studies (including independent costings).
2. *Project Approvals* – commenced.
  - Approval “in principle” received from Main Roads to locate the GNP within the highway road reserve
  - Pipeline license application prepared and draft license received from Department of Mines and Petroleum
  - Environmental approvals lodged and under consideration by State and Commonwealth agencies
3. *FEED* – study will be commenced as part of the final stage of the approvals process, taking into account feedback and modifications (if any) required as part of the approvals process
4. *FID* – to be sought once sufficient gas to support the GNP has been booked as reserves. FID process is expected to run in parallel with appraisal and reserves certification of the Yulleroo Field
5. *Construction* – to commence as soon practicable following FID. It is expected that construction can be completed within one field season in the Canning Basin. However, long lead items may take up to 15 months to order, requiring an overall construction cycle of two years, giving first gas in 2015 from a 2012 or 2013 FID

Details and location of Buru's proposed Great Northern Pipeline



## GNP technical specifications

- 16 inch buried natural gas pipeline, 550 kms (340 miles) total length
- Capacity up to 300 TJ per day (150 TJ free flow)
- Start point at the Yulleroo Field. End point at Port Hedland which allows connection into existing infrastructure for delivery to Alcoa (Dampier) and transport to South West gas markets
- Constructed parallel with the Great Northern Highway and within the existing road reserve, providing easy access and reduced environmental footprint
- Potential additional low cost connections to Broome for local power generation and James Price Point for merchant LNG sales
- Total cost estimated at ~A\$550 million

# Pathways to Commercialisation – Alcoa gas sales contract



## Volumes and delivery obligations

- The Canning Basin Gas sales Agreement ("Canning Basin GSA") is between Alcoa and Buru for 400 PJ of sales gas over a 15 year term
- Alcoa has a right of first refusal over an additional 100 PJ of gas during the delivery period and a "matching right" for gas in excess of 500 PJ
- Delivery volumes
  - Take or Pay Quantity of 75 TJ/day
  - Minimum Daily Quantity of 20 TJ
  - Maximum Daily Quantity of 100 TJ
- The contract is for gas produced by Buru, not JV partners

## Timing of contract

- FID date for development of reserves is 1 January 2012
- The FID date can be extended to 1 January 2013 up to 1 December 2011 – Buru and Alcoa are in discussions in respect of this extension

## Commercial arrangements

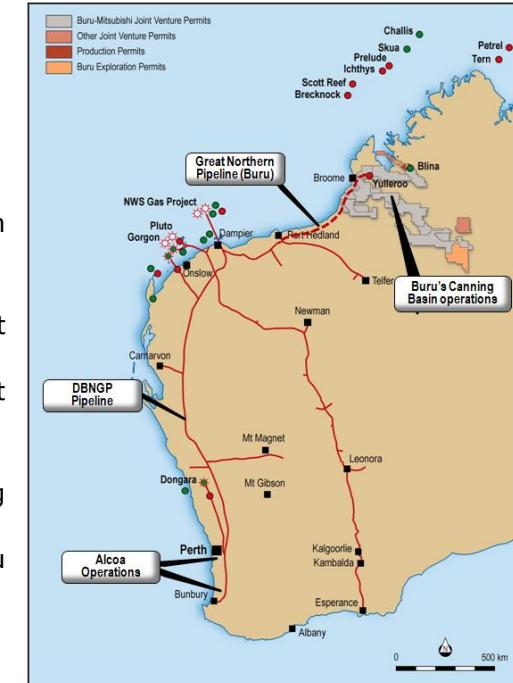
- Gas price set at the signing of the Canning Basin GSA, subject to CPI escalation and commerciality test arrangements
- Price is for gas delivered to MLV7 on the DBNGP pipeline near Dampier on the Northwest Shelf. Buru does not have to deliver gas to Perth - transport down the DBNGP is Alcoa's responsibility and cost

## Gas pre-payment

- Alcoa made a prepayment to ARC (now Buru) of A\$40m which has been used to partly fund the Canning Superbasin exploration program
- If the Canning Basin GSA is not commenced before 1 January 2012 (or the extended date of 1 January 2013) Buru must repay the A\$40m prepayment in three tranches

## Repayment terms

- Repayments are to be made by Buru (if required) on:
  - 31 December 2012 (2013) – A\$13.3m cash
  - 31 December 2013 (2014) – A\$13.3m cash
  - 31 December 2014 (2015) – A\$13.3m cash or Buru shares to that value
- The majority of the cash (~A\$24m) required to make the first two repayments is currently held in escrow, with interest on this amount expected to further reduce the repayment gap
- Buru's only material outstanding obligation will be a 31 December 2014 (2015) payment of either A\$13.3m cash or Buru shares to that value, at Buru's election



Alcoa/Buru operations locations

# Resources and Operations Snapshot



**Buru's portfolio has a highly prospective mix of exploration, appraisal and pre-development prospects in both conventional and unconventional play types**

## Production

- Current oil production of ~75 bopd
- Modest remaining oil reserves in existing fields

## Contingent resources

- Yulleroo field independently assessed to hold 352 PJ (332 BCF) of sales gas and 13.4 mmbbls of associated liquids (on a gross basis). Currently being flow tested with appraisal program under consideration for late 2011
- Pictor field estimated by Buru to hold 10 mmbbls of oil and modest amounts of gas. Appraisal well due to spud early August
- Valhalla-2 is yet to be appraised but has the potential to add material wet gas resources

## Unconventional resources

- Buru and NSAI have reviewed the potential of the basin and identified 4 primary unconventional plays – all liquids rich
- Gross prospective recoverable resources are 66 TCF of gas and 4 billion barrels of oil

## Exploration prospects - 2011 Exploration and appraisal program

- 2 rigs under contract for 2011 with up to 10 wells planned to be drilled
- Conventional prospect portfolio of +100 identified prospects
- Unrisked potential of 2.4 TCF of gas and 1.46 billion barrels of oil

Resource	Liquids mmbbls (oil, condensate and LPG)	Sales Gas BCF	Buru Share	Category	Source
Producing (Blina and Sundown)	0.07	-	100%	Proven Reserve	Buru
Yulleroo Accumulation	13.4	332	50%	Mean Contingent Resource	RISC
Unconventional	4,000	66,000	100%*	Mid-estimate Unrisked Prospective Resource	NSAI / Buru
Conventional	1,460	2,400	50%	Mean Unrisked Prospective Resource	ISIS
<b>Total</b>	<b>5,473</b>	<b>68,732</b>	-	Reserves and Resources	-
<b>Buru Current Share</b>	<b>4,737</b>	<b>67,366</b>	-	Reserves and Resources	-

\*Note: Mitsubishi Corporation may acquire 50% of Buru's unconventional resources by spending A\$40m on unconventional exploration in 2012

# Significant Achievements + Platform for Further Growth



Buru has achieved a number of significant milestones, creating shareholder value with a platform for further growth

## Exploration program

- First well in 2011 – Valhalla-2 – has identified a very significant wet gas accumulation
- Up to another nine wells to be drilled in 2011, each with the potential to be a “company maker”
- ISIS has independently identified more than 100 prospects with an unrisked conventional exploration potential of 1.46 BBO and 2.4 TCF of gas



Buru share price vs mid-cap onshore Australian exploration companies

## Appraisal program

- RISC has provided an independent assessment of the Yulleroo wet gas field with a mean contingent resource net to Buru of 36mmboe
- RISC is preparing an appraisal and conceptual field development plan that would allow first gas to be delivered from the Yulleroo wet gas field in 2015
- NSAI in conjunction with Buru has identified gross recoverable unconventional resources of 66 TCF of gas and 4 BBO
- The results of the Valhalla-2 well will continue to be analysed, but initial interpretation suggests an accumulation of several TCFs of gas and in excess of 50 mmbls of associated liquids
- The identification of these resources has transformed Buru from a pure explorer to a company with a recognised resource base and a clear pathway to commercialisation
- The achievement of these milestones has created significant shareholder value, with the ongoing exploration and appraisal program providing the potential for significant further upside



Ensign Rig#32 drilling the Valhalla-2 well



Yulleroo-2 clean-up flare



Valhalla-2 gas flare while drilling

## Important notice

This document has been prepared by Buru Energy Limited ABN 71 130 651 437 ("Buru").

This presentation contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates .

All of Buru's operations and activities are subject to joint venture, regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements, including native title arrangements. Although Buru believes that the expectations raised in this presentation are reasonable there can be no certainty that the events or operations described in this presentation will occur in the timeframe or order presented or at all.

No representation or warranty, expressed or implied, is made by Buru or any other person that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Buru, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence if any information in this presentation or any error or omission there from. Neither Buru nor any other person accepts any responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person nor any obligation to furnish the person with any further information.

All dates in this presentation are for calendar years unless stated FY for financial year.

All references to \$ are in Australian currency, unless stated otherwise.

# New Australian Frontiers

July 2011

