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ASX ANNOUNCEMENT (ASX: BRU) 4 May 2011

Corporate and Operational Update

Buru Energy Limited (“**Buru**” or “**Company**”) provides the attached corporate and operational update.

This presentation and further information on the Company are available on the Buru website at: www.buruenergy.com

For inquiries please contact:

| | |
|------------------------|---|
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Yours faithfully

A handwritten signature in black ink, appearing to read "Eric Streitberg", written over a printed name and title.

ERIC STREITBERG
Executive Director

Overview and 2011 Drilling Program

May 2011

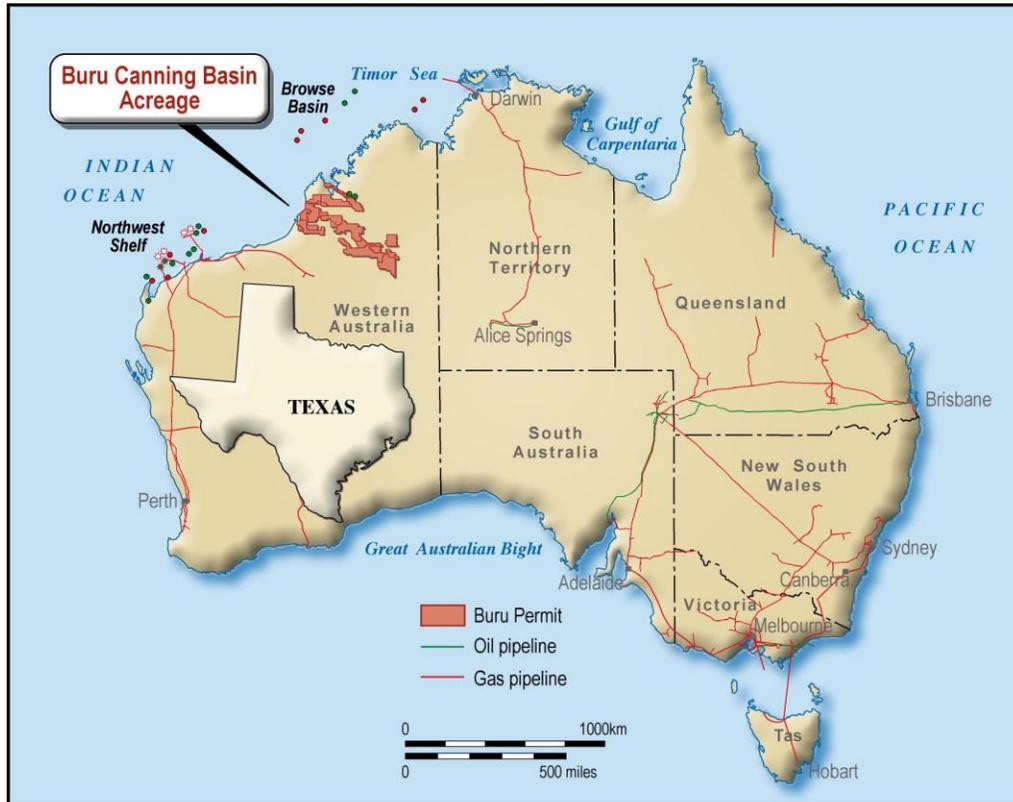


Investment Highlights

Buru is a well funded oil and gas exploration company with a substantial international partner about to commence an exploration program of up to 10 exploration and appraisal wells for very high value targets:

- Huge, contiguous, high quality acreage holding in the Canning Superbasin in the Kimberley region in the north west of Western Australia
- \$25 million in cash and a farm-in agreement with Mitsubishi Corporation for up to \$152 million of exploration and development funding
- Exploration program of up to 10 wells in 2011 expected to commence in late May
- Commercialisation structures in place
- At the forefront of the unconventional (tight gas, shale gas and shale oil) movement in Australia
- Excellent leverage for investors

Corporate Background



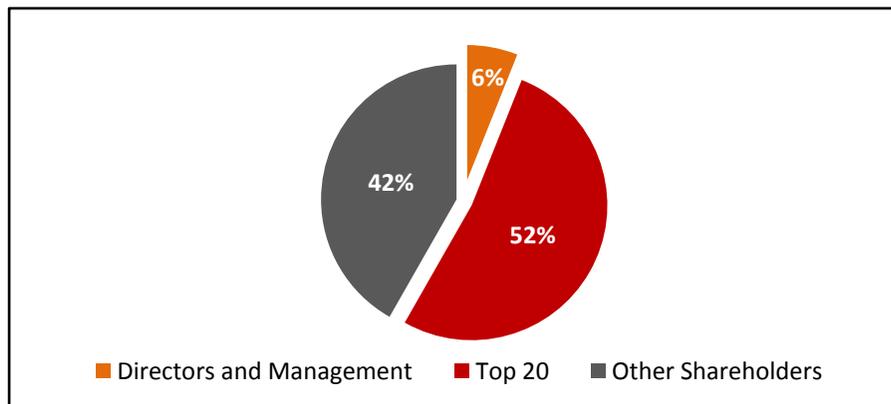
Buru's Canning Superbasin permit locations

Buru is a focused oil and gas explorer and producer in the Canning Superbasin of Western Australia

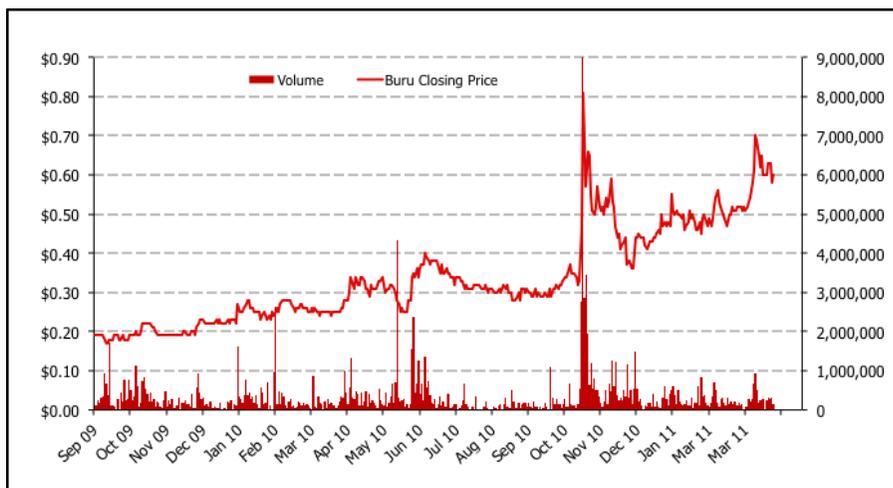
- **ASX listed:** Buru is an Australian stock exchange listed company (ASX code: BRU) with a market cap of ~\$100 million
- **Perth based:** Buru is headquartered in Perth, Western Australia. It was formed from a demerger from ARC Energy in September 2008
- **Focused explorer:** Buru operates solely in the Canning Superbasin in the Kimberley region in the north west of Western Australia
- **Extensive acreage:** Buru holds over a gross 75,000 square kilometers (gross 18 million acres, net 9 million acres) of permits in the most prospective areas of the Canning Superbasin
- **High equities:** Buru holds a 50% interest in the majority of its permits with Mitsubishi holding the remaining 50%
- **Experienced operator:** Buru is an experienced local operator – the Company operates all of its permits, has existing oil production (~50 to 80 bopd) and owns and operates its own drilling and workover rig

Corporate Status

Buru's shareholder breakdown



Buru's 20 month share price performance

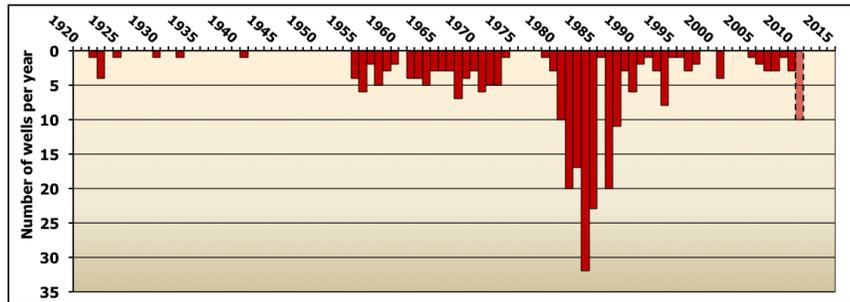


Buru provides material leverage for investors

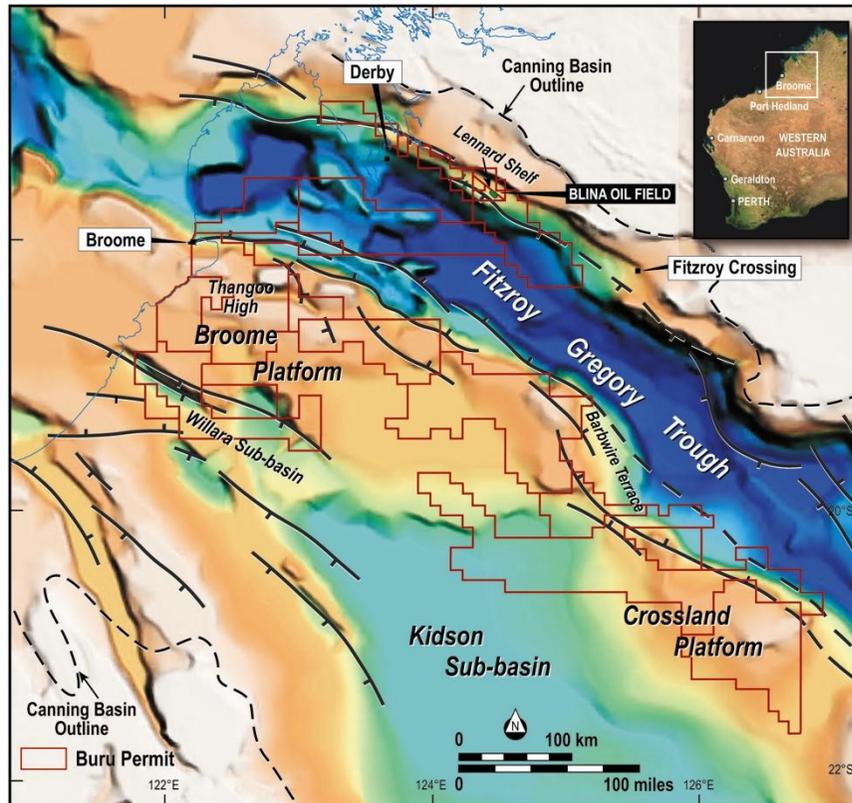
- **Tightly held:** 182 million shares on issue, 52% held by the top 20, 2 shareholders with +10% each
- **Management alignment:** Buru's directors and management have a strong track record in the industry, are incentivised through options and hold ~6% of the shares on issue
- **Comparatively undervalued:** Comparable onshore international frontier basin explorers have much higher market valuations than Buru
- **Well funded:** Buru has net cash available for exploration of ~\$25m, of which ~\$10m will be used to fund Buru's share of the 2011 exploration program, Mitsubishi is committed to fund at least \$40m of the 2011 exploration program
- **Share price appreciation potential:** Initial success in the exploration campaign has already delivered immediate value to shareholders
- **Future opportunities:** Buru's partnership with Mitsubishi, high permit equities and its strong financial position ideally position the Company to execute its exploration strategy, successfully develop discoveries, and to take advantage of additional growth opportunities as they arise

The Canning Superbasin Background

The Canning Superbasin drilling history



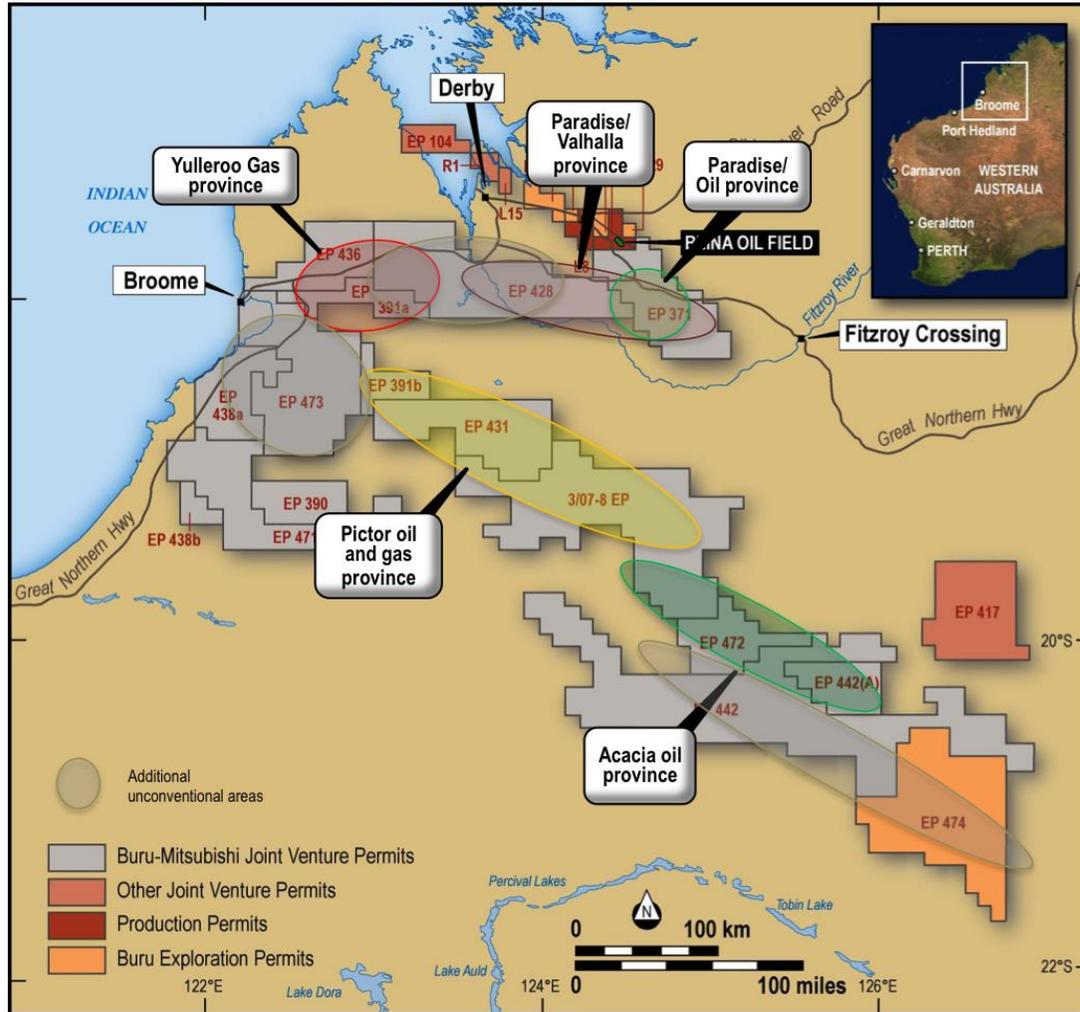
The Canning Superbasin geological framework



Enormous potential for conventional and unconventional oil and gas

- **Proven petroleum systems:** The Superbasin has working and proven petroleum systems, existing production and plenty of prospects
- **Underexplored:** Only some 170 wildcats have been drilled in an area the size of France with very little drilling since the 80's oil price and stockmarket crashes
- **Aggressive exploration:** Buru has revived exploration in the basin. 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; and
 - commenced the first systematic exploration program since the 1980s
- **2010 exploration program:** In the 2010 program Buru drilled four exploration wells with a potential oil discovery and a successful test of a large tight/shale gas resource. In addition ~750 kilometers of new 2D seismic was acquired

2011 Drilling Program Overview



2011 program of up to 10 wells to commence in late May

• Two drilling rigs

- Ensign Rig #32 under contract for up to 6 wells
- Century Rig #7 under LOI for up to 4 wells

• Timing

- Ensign Rig #32 now mobilised with expected spud date of first well in late May
- Century Rig #7 expected to be mobilised in mid-June with spud date in late June or early July (subject to contract)
- Well order and timing is subject to weather and operational constraints

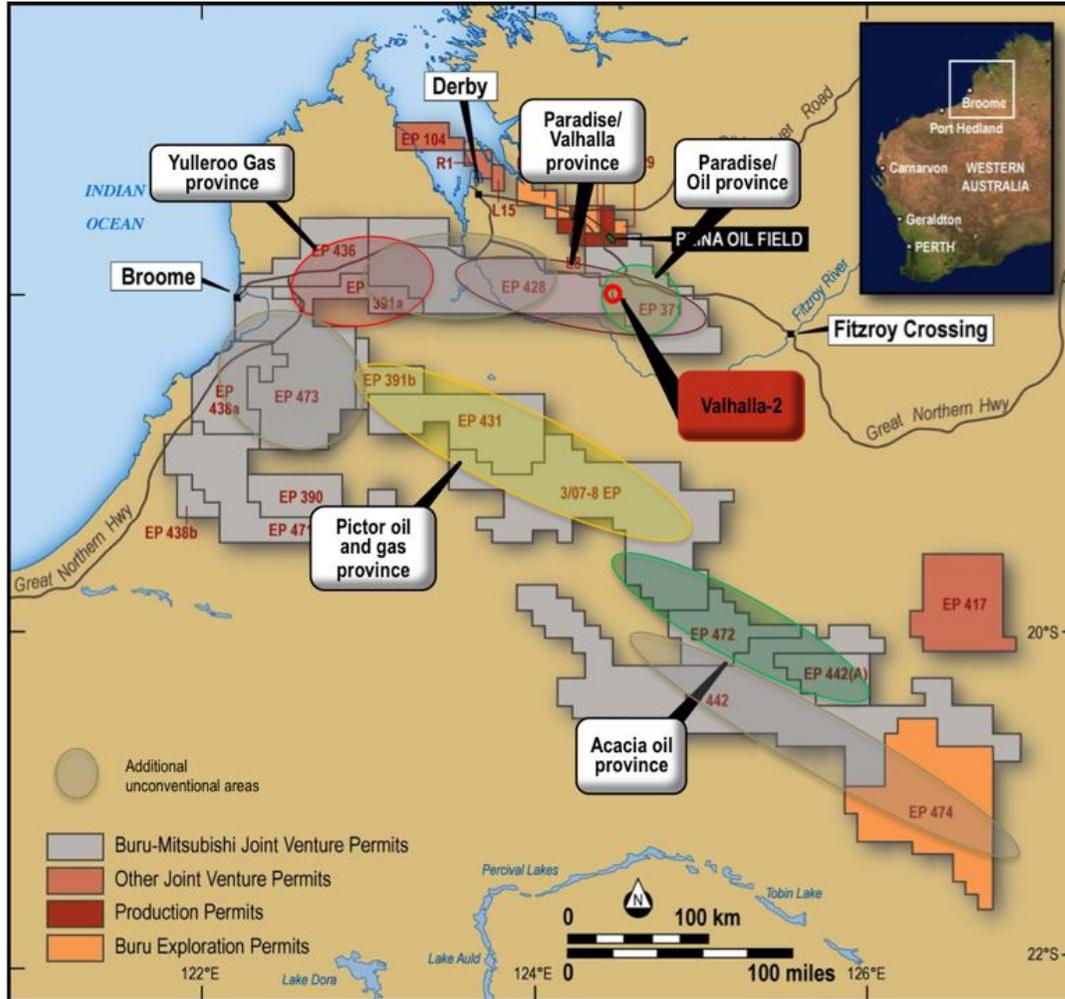
• Indicative Drilling Program – Buru & Mitsubishi

- Valhalla-2 and Paradise Deep are likely to be the first two wells drilled in 2011. They are both located in the Paradise/Valhalla province and will test the Laurel formation conventional and unconventional gas play which has the potential to hold very significant quantities of gas and condensate in each well. The wells will also test the Grant-Anderson oil play identified in the Paradise-1 well in 2010
- Two wells are likely to be drilled in the Yulleroo gas province to test highly prospective large gas and condensate targets (each targeting +200bcf of gas and 14mmbbls of condensate), indicatively Ungani-1 and Jackaroo-1
- Pictor East-1 is an appraisal well of the Pictor-1 oil and gas discovery in the Pictor oil and gas province
- Two wells are planned for prospects in the Acacia oil province, each targeting very significant oil accumulations
- A further shallow well is being considered for the Paradise oil province to test the Grant-Anderson oil play

• Other Joint Ventures

- The Cyrene-1 well is under consideration for drilling in EP438 with Empire Oil & Gas
- The Lawford-1 well in EP417 is under consideration for deepening and testing with New Standard Energy

First Well - Valhalla-2



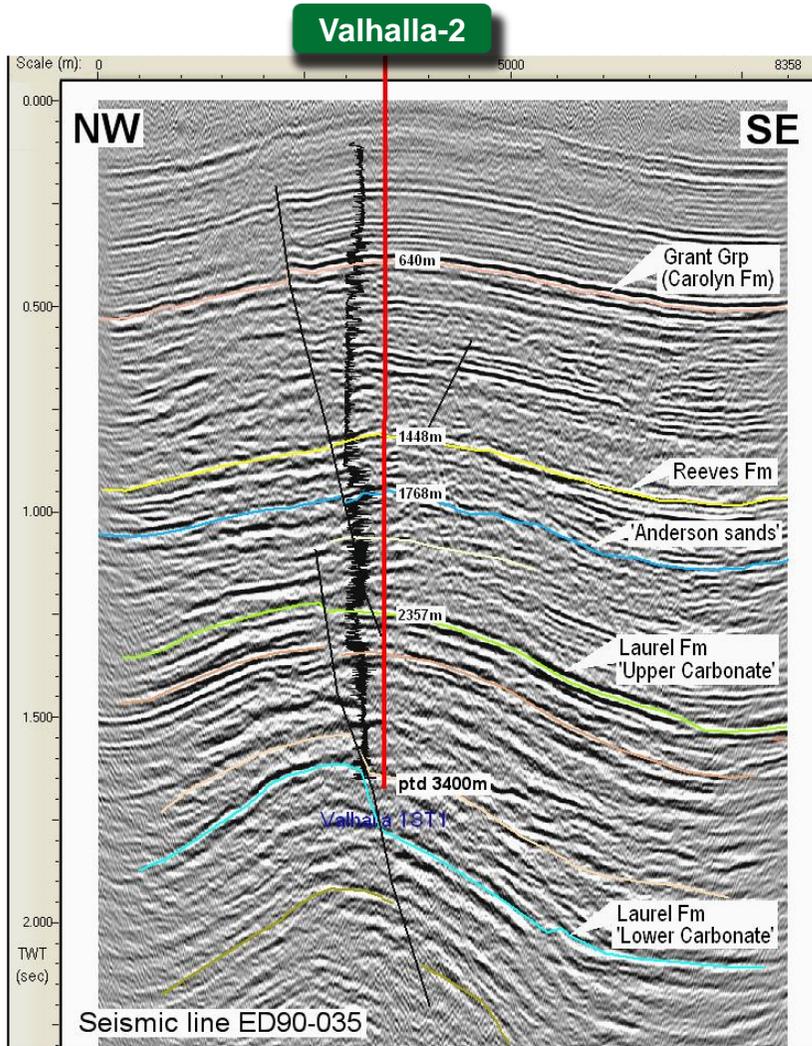
Valhalla-2 well location

Valhalla-2 is targeting multiple conventional and unconventional gas reservoirs with the potential for more than 300bcf of recoverable gas on a P50 basis if hydrocarbons are present as expected

- Valhalla-2 is an offset well designed to appraise the Valhalla-1 oil and gas discovery
- The well is located in the Paradise/Valhalla province in exploration permit EP 371, approximately 150 kilometres south east of Derby
- Buru and Mitsubishi each have a 50% interest in this well
- Valhalla-1 was drilled by ARC Energy in 2007 and encountered numerous good oil and gas shows but was not tested due to mechanical problems
- Valhalla-2 has two conventional targets:
 - The Upper and Lower Laurel gas reservoirs with the potential to hold ~60bcf of recoverable gas and 3mmbls of condensate on a P50 basis
 - The Anderson oil play – Valhalla-1 encountered an interpreted 5m oil column in the Anderson section which will be evaluated in Valhalla-2
- Valhalla-2 is also targeting the Lower Laurel unconventional gas reservoirs that have the potential to hold ~260bcf of recoverable gas and 7mmbls of condensate on a P50 basis

Valhalla-2 – timing and evaluation

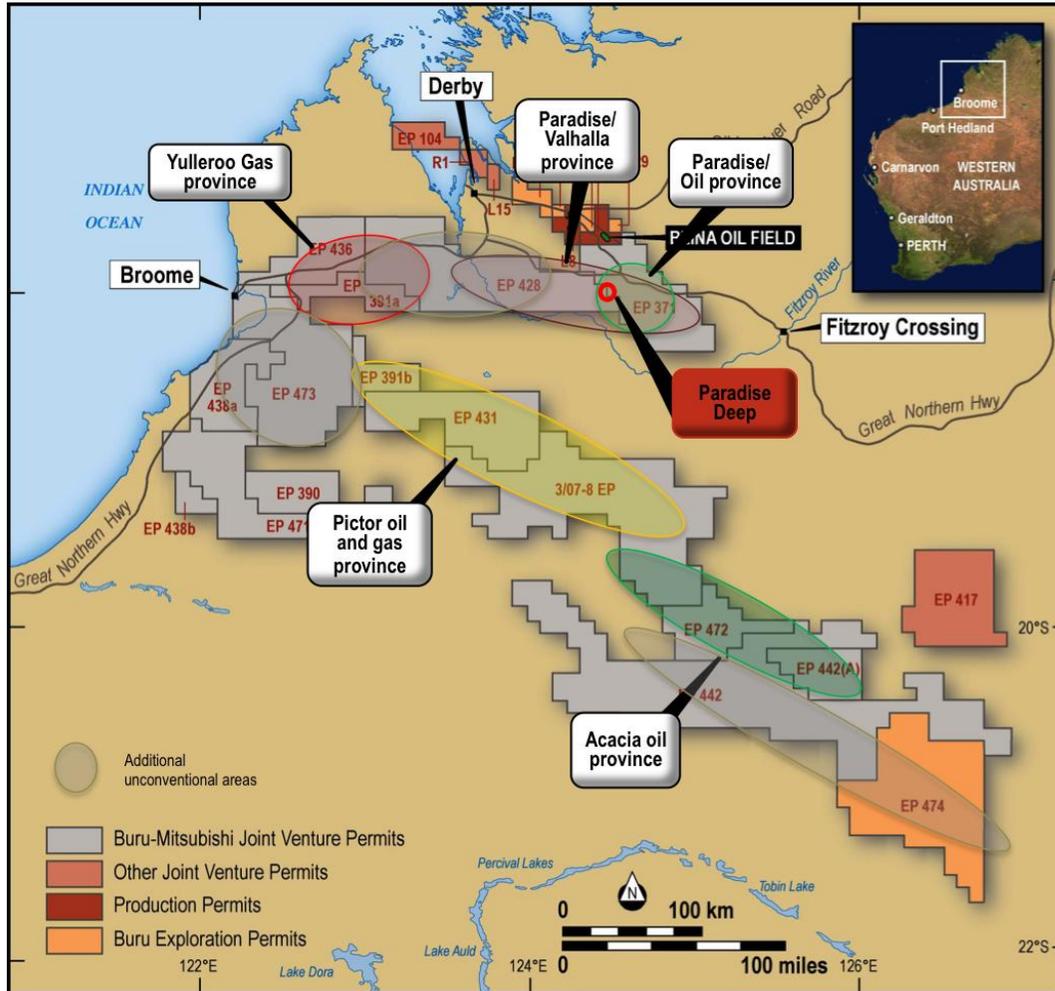
Valhalla-2 seismic line



Valhalla-2 is expected to commence drilling in mid to late May

- Valhalla-2 will be drilled using Ensign Rig#32
- Ensign Rig # 32 has been mobilised to the Canning Superbasin and is expected to arrive in the next two weeks
- Subject to weather and rig-up time, drilling is expected to commence in mid to late May
- Valhalla-2 will be drilled to a total depth of 3,400m
- Estimated drilling time is 35 days
- An open hole drill stem test will be conducted to test the Upper Laurel gas zone
- During drilling a further drill stem test may be conducted to test the Lower Laurel gas zone
- In the event of an oil discovery Valhalla-1 could be quickly brought into production with produced oil being trucked to Perth. In the event of a more material discovery, production would commence initially through trucking to Perth to establish cash flow with future production at greater rates being trucked to Broome after development of an export facility for shipping to Singapore or Perth
- A gas discovery would require further appraisal to prove total reserves, but would be an important cornerstone resource for the development of the Great Northern Pipeline and validate the unconventional gas resources of the Canning Superbasin

Indicative Second Well - Paradise Deep



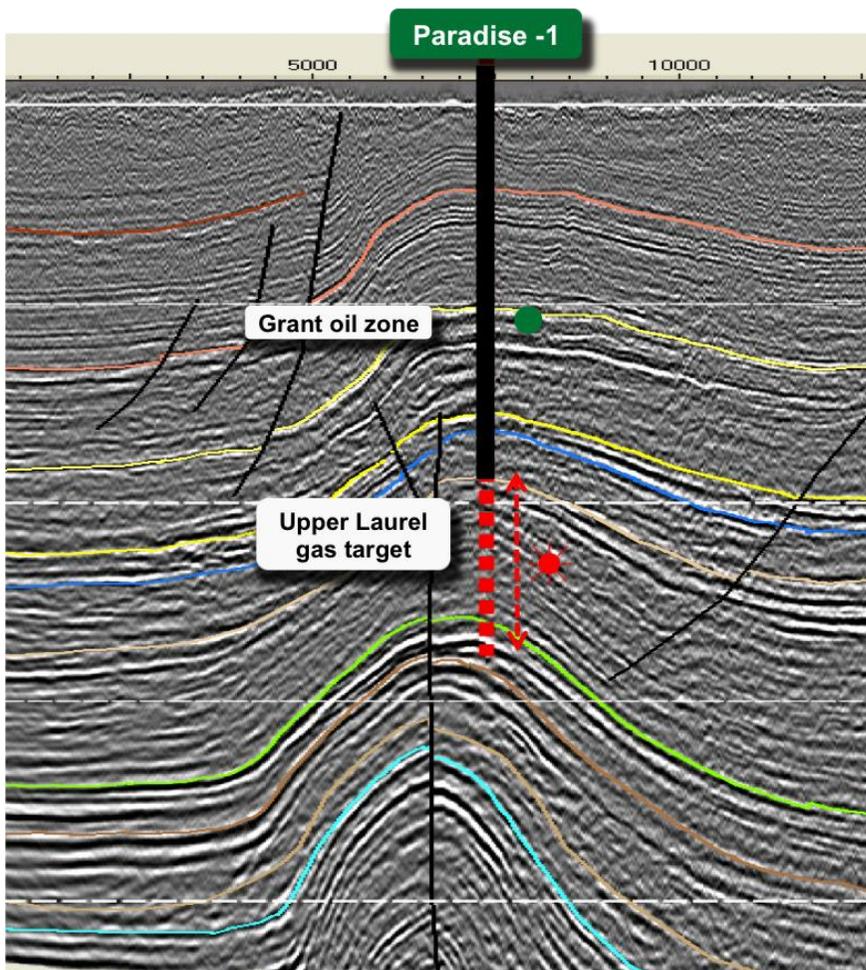
Paradise Deep well location

Paradise Deep is the most likely second well. It is a deepening of the Paradise-1 well to test conventional gas reservoirs with the potential for more than 200bcf of recoverable gas on a P50 basis if hydrocarbons are present

- The Paradise Deep well is located in the Paradise/Valhalla province, on the border of exploration permits EP 371 and EP 428, approximately 22 kilometres to the west of Valhalla-2
- Buru and Mitsubishi each have a 50% interest in this well
- Paradise-1 was drilled to 1,700m before the commencement of the 2010/11 wet season forced drilling operations to be suspended
- The well is designed to test the Upper and Lower Laurel conventional gas reservoirs
- These reservoirs have the potential to hold ~200bcf of recoverable gas and ~6mmbbls of condensate on a P50 basis
- Paradise Deep will also be used to further assess the Lower Laurel unconventional play being targeted in Valhalla-2, which has the potential to hold significant quantities of hydrocarbons
- The well will also allow additional data to be gathered on the interpreted 9m oil column identified in the Anderson section during the drilling of Paradise-1

Paradise Deep – timing and evaluation

Paradise seismic line

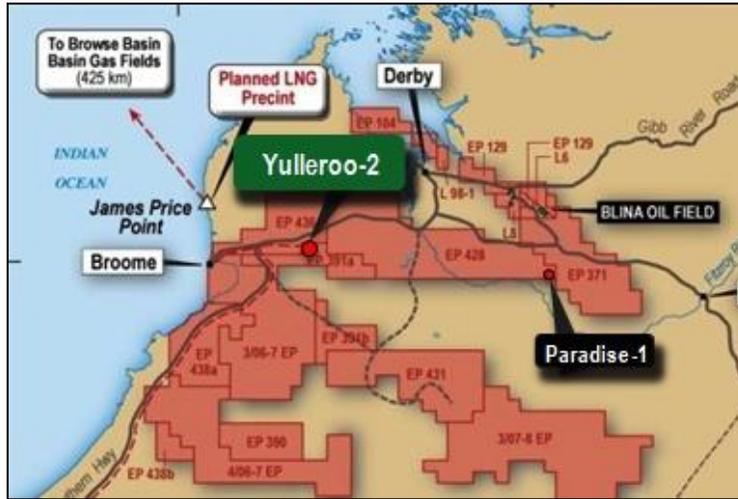


Paradise Deep will commence drilling either as the second well using Ensign Rig #32 following completion of Valhalla-2 or the first well using Century Rig #7, depending on rig timing

- Paradise-1 was originally planned to be drilled to 2,500m, a depth limit set by the Fairway Rig
- Total depth for Paradise Deep is 3,200m which allows both the Upper and Lower Laurel sections to be tested
- Paradise Deep will be drilled by either Ensign Rig #32 or Century Rig #7, both of which have the capacity to drill to TD
- Estimated drilling time is 26 days
- Due to the well design it is not intended to conduct an open hole drill stem test on the Laurel sections. If potentially commercial quantities of gas are encountered in the Laurel sections the well will be cased and completed and a cased hole test run using the Fairway Rig at a later date. Consideration will also be given to drilling an immediate appraisal well in that case
- In the event that the well is not completed to allow testing of the Laurel sections a test of the interpreted 9m oil column identified in Paradise-1 may be undertaken
- In the event commercial hydrocarbons are identified, the pathway to commercialisation is the same for Paradise Deep as for Valhalla-2, with commercial gas discoveries at both Valhalla-2 and Paradise Deep substantially fulfilling the minimum volumes required to develop the Great Northern Pipeline

2011 Evaluation Program Overview

Yulleroo-2 location map



Yulleroo-2 clean-up flare



In addition to the drilling program, Buru is undertaking an active geological, geophysical and evaluation program during 2011

- **Testing of Yulleroo-2:** the Yulleroo-2 well is currently shut-in as data recovered from the well test is analysed. The well will be re-completed to enhance lift efficiency in late May or early June using the Fairway Rig. The re-completion will assist in the clean-up of the well and establishing a stabilised flow rate
- **Resource estimates**
 - RISC has been engaged to analyse the results of the Yulleroo-2 well test and provide an independent estimate of the resource volumes of the Yulleroo accumulation
 - Netherland, Sewell & Associates has been engaged to review and analyse the results of Buru's unconventional resource (tight gas and shale oil and gas) analysis and provide an independent assessment of the estimated volumes of unconventional hydrocarbons contained within Buru's permits
 - Preliminary reports are expected in May from RISC and NSAI
 - The 2011 drilling program is being structured to allow resources identified by these reviews to be quickly converted into reserves
- **Seismic**
 - **Yulleroo 3D Seismic** – approximately 250 square kilometres of 3D seismic will be acquired over the Yulleroo accumulation in 2011. Acquisition is expected to commence in mid to late June
 - **2D Seismic** – approximately 1,250 line kilometres of 2D seismic will be acquired across the most prospective regions of the Canning Superbasin during 2011

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