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ASX ANNOUNCEMENT (ASX: BRU) 3 May 2011

Corporate Presentation

Please find attached Buru Energy Limited's ("**Buru**" or "**Company**") presentation given today by Eric Streitberg, Buru's Executive Director, to the RBS Morgans Unconventional Oil & Gas Day.

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

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Yours faithfully

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

ERIC STREITBERG
Executive Director

 **RBS Morgans**

RBS Morgans Unconventional Oil & Gas Day

Tuesday, 3rd May 2011

 **Buru Energy**

Buru is a compelling investment

Buru has:

✓ The Potential

The Canning Superbasin has the highest potential for volumes of unconventional gas and oil in Australia

✓ The Land

Extensive, contiguous, high quality acreage holding in the Canning Superbasin in the Kimberley region in the north west of Western Australia

✓ The Funding

\$25 million in cash and farm-in agreement with Mitsubishi Corporation for up to \$152 million of exploration and development funding

✓ The Activity

Up to 10 wells planned for this year

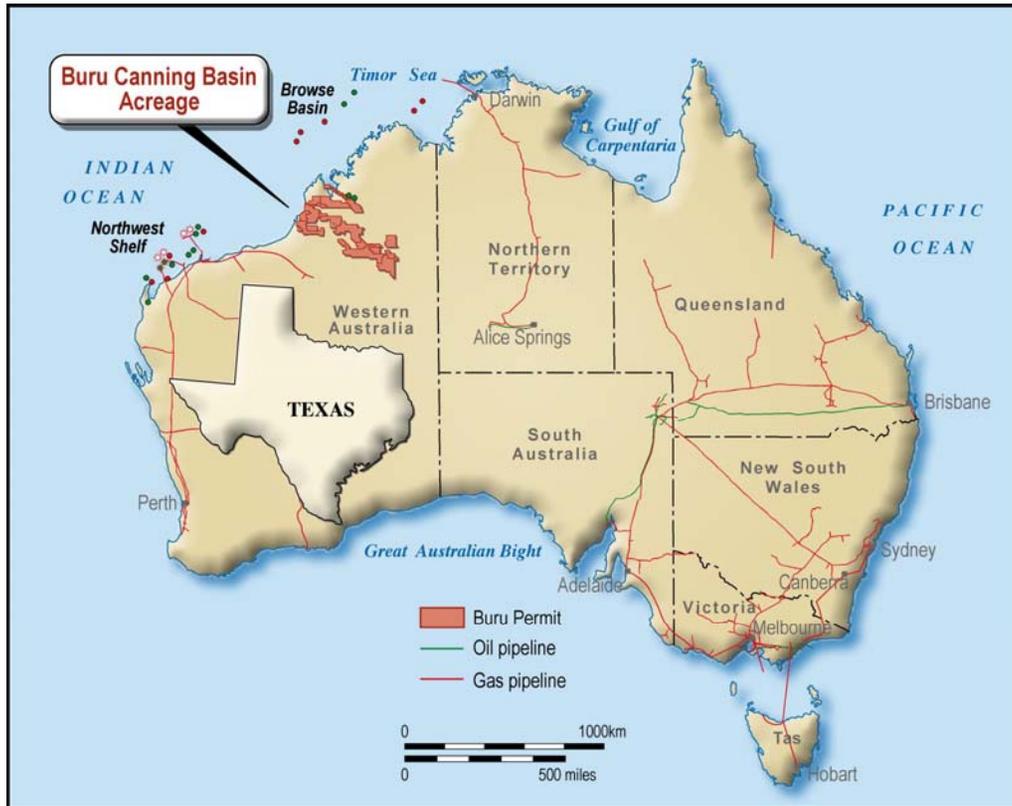
✓ The Planning

Commercialisation structures in place

✓ The Leverage

Huge upside from the 2011 exploration and appraisal program

Corporate Background



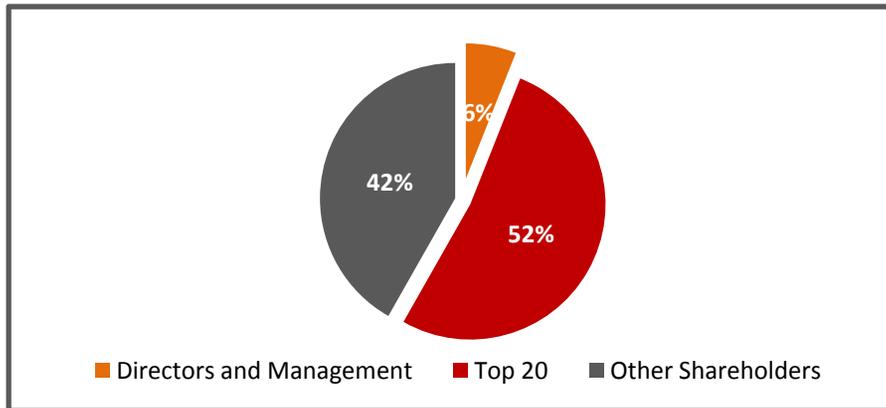
Buru's Canning Superbasin permit locations

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

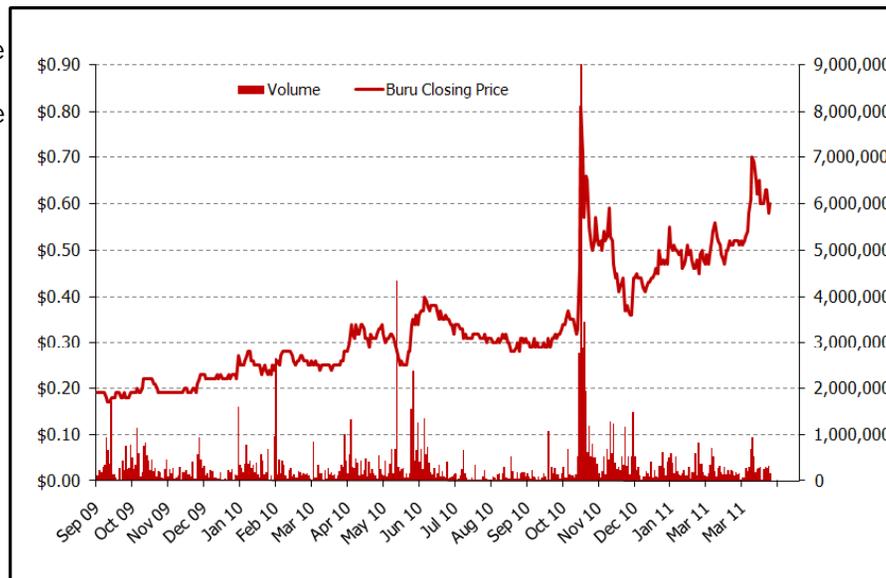
- **ASX listed:** Buru is an Australian stock exchange listed company (ASX code BRU) with a market cap of ~\$100 million
- **Perth based:** Buru is headquartered in Perth, Western Australia. It was formed from a demerger from ARC Energy in September 2008 as a pure Canning Superbasin play
- **Extensive acreage:** Buru holds over a gross 75,000 square kilometres (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 with +20 staff – 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

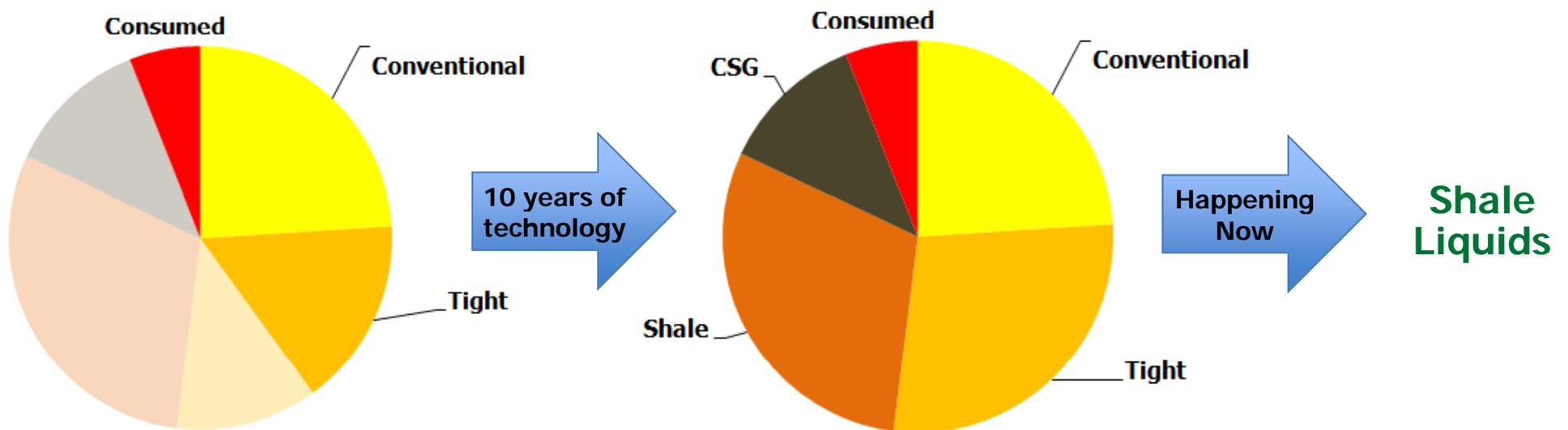


Buru provides material leverage for investors

- **Tightly held:** 182 million shares on issue, 52% held by top 20, 3 shareholders with +10% each
- **Management alignment:** Buru's management has a strong track record in the industry, is incentivised through options and holds ~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
- **Share price appreciation potential:** Initial success in the exploration campaign has already delivered immediate value to shareholders

Potential - The Unconventional Paradigm Shift

Gas Reserves in Place and consumed



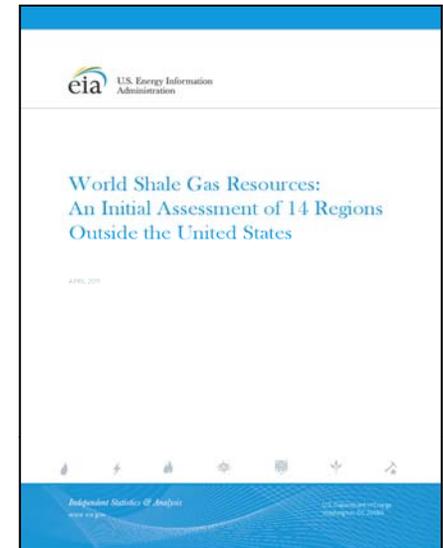
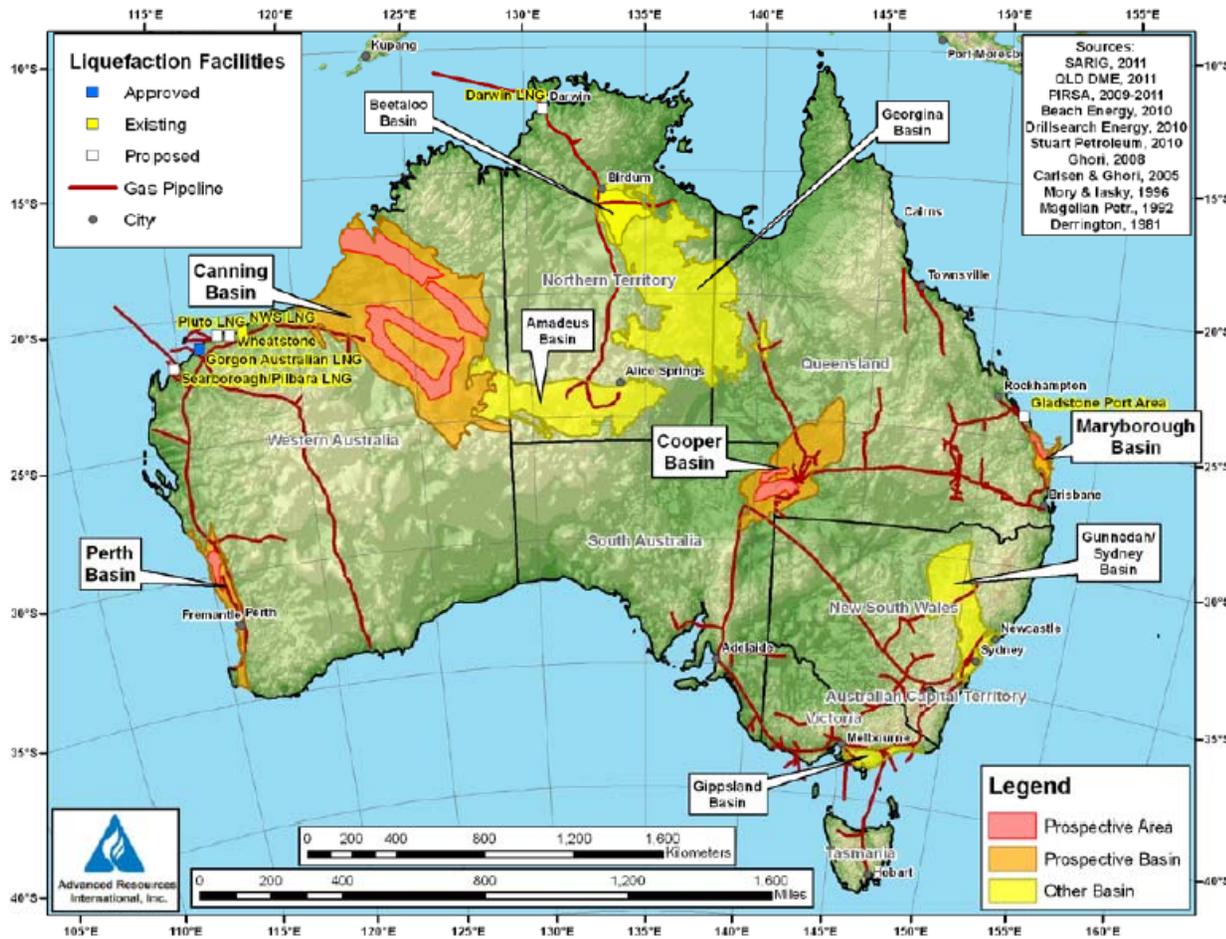
The Unconventional becomes the new Conventional

- 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

Potential - the Canning Superbasin

The EIA identifies the Canning as the largest potential in Australia

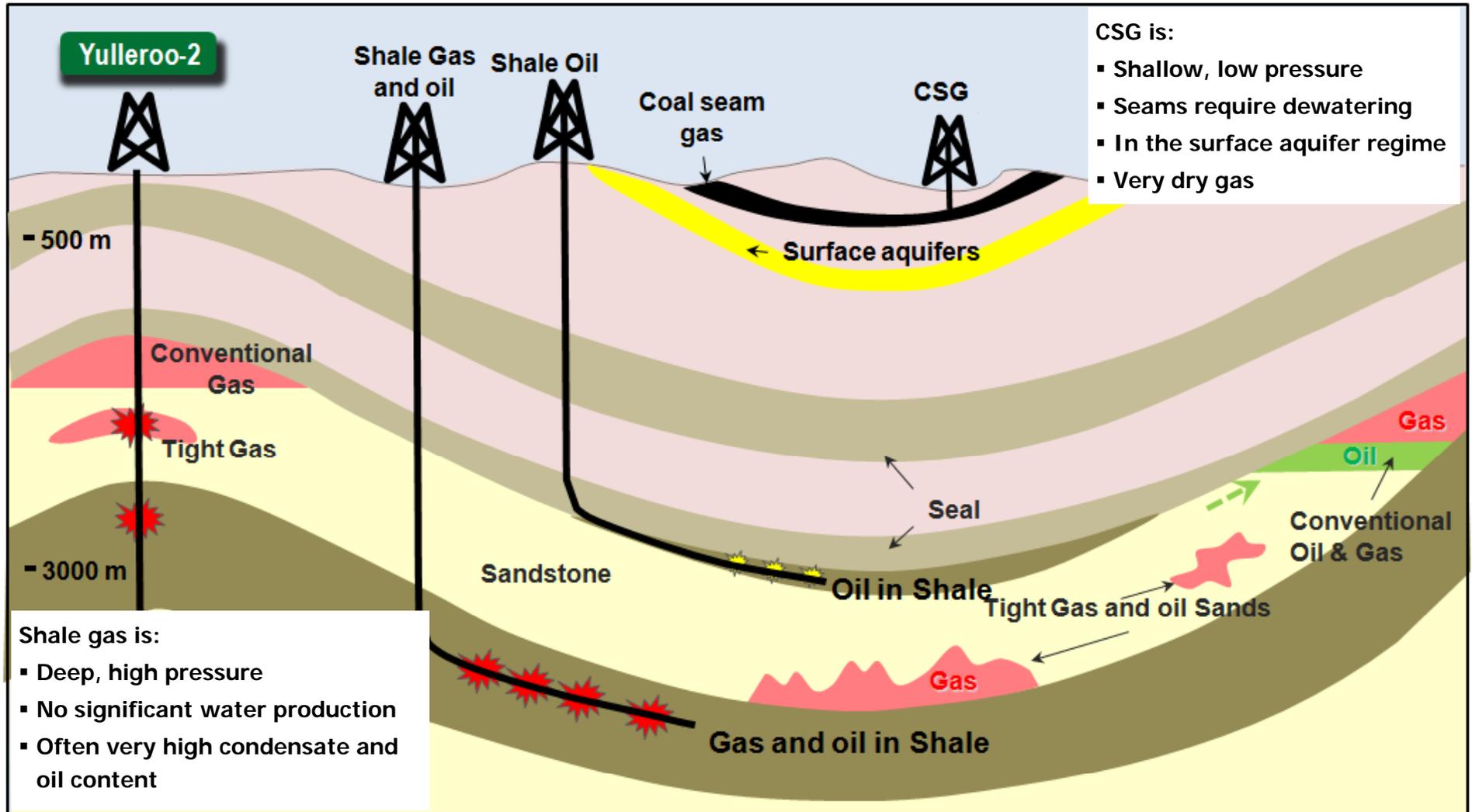
Figure XIV-1. Australia's Prospective Gas Shale Basins, Gas Pipelines, and LNG Infrastructure



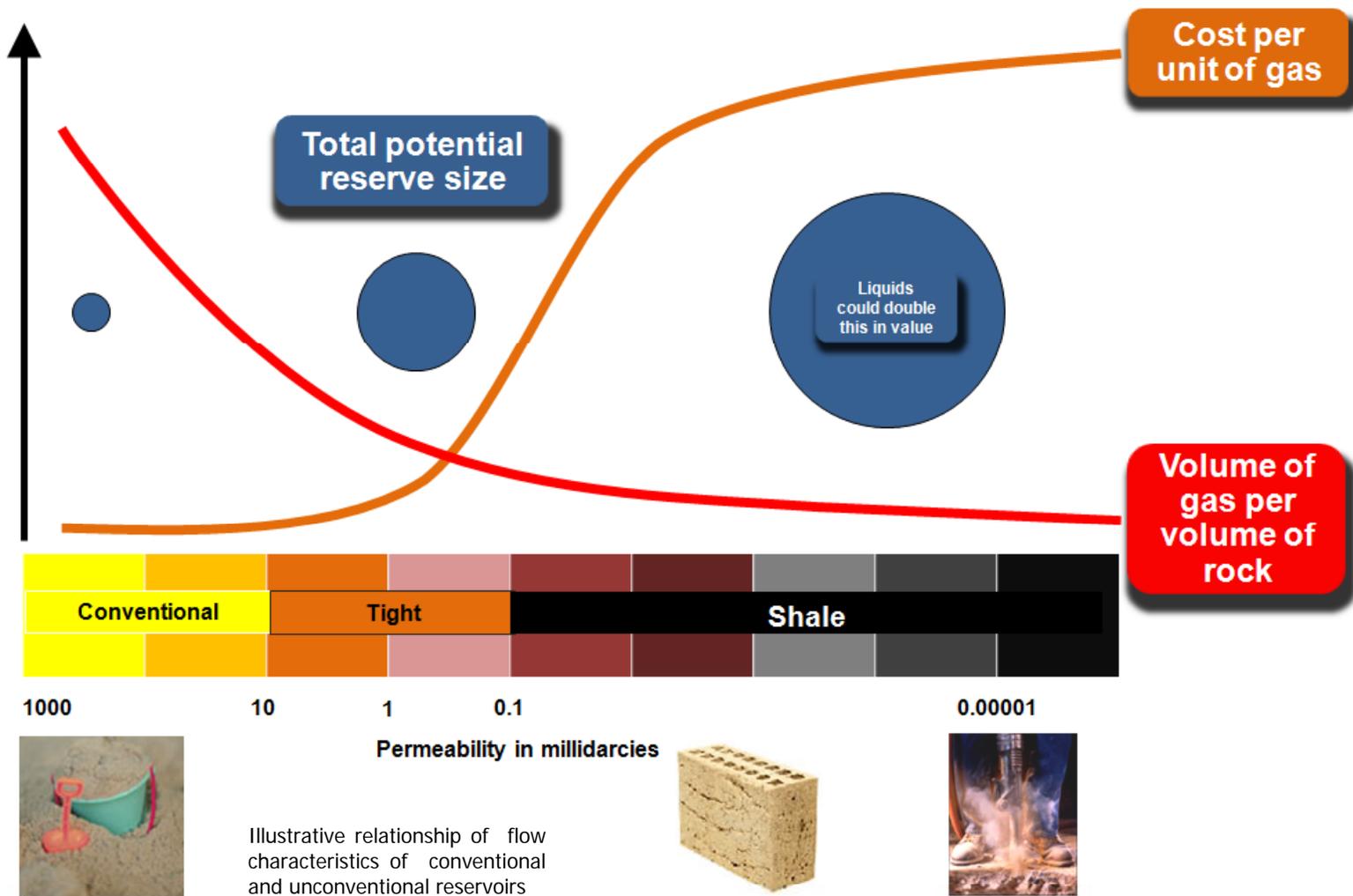
- The US Energy Information Administration (EIA) 2011 report estimates Australia's shale gas reserves at about the same as Canada's (both about half the US)
- EIA have identified only four Australian Basins with major potential, of which the largest is the Canning
- Buru has a commanding strategic position in the Canning Basin

Potential – The geology and operational parameters

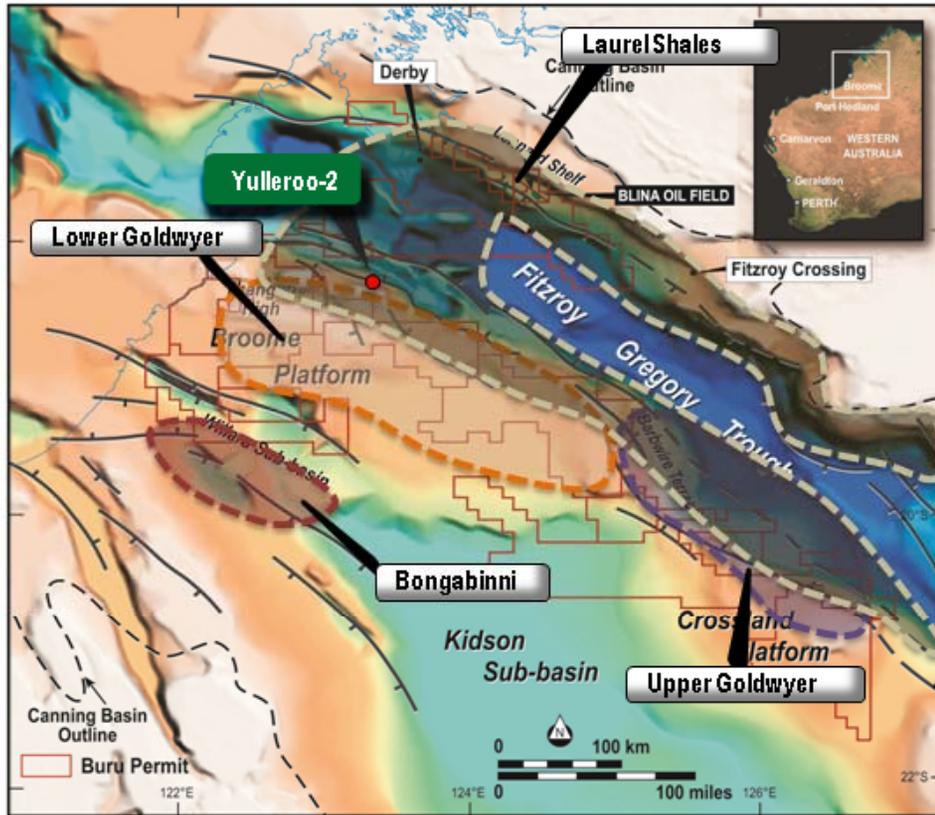
CBM/CSG and Shale Gas are two different industries



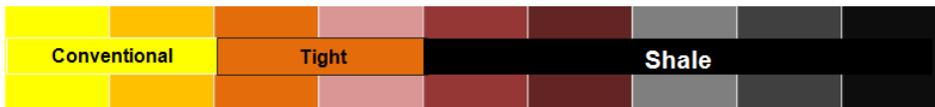
Potential – Gases ain't gases



Potential – Canning Superbasin



Major unconventional provinces



Yulleroo, Pictor, Valhalla, Exploration prospects

Laurel Tight Gas

Laurel, Anderson, Goldwyer, Frasnian, Noonkanbah, Bongabinni Shales

The Canning Superbasin has widespread potential for the whole range of unconventional play types including direct US analogues.

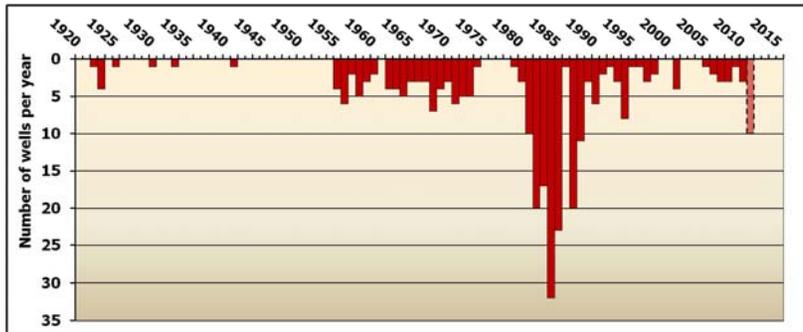
- **The basin is underexplored:** only some 170 wildcats have been drilled in an area the size of France with very little drilling since the 80's oil price and stockmarket crashes. No previous targeting of unconventional resources
- **Conventional gas accumulations:** identified in previous wells but not appraised because of prior gas market conditions
- **Tight Gas Sands:** very thick Laurel Formation gas columns (+1,000 metres), possible "basin centered" accumulation with high liquids – Analogue to Granite Wash fields in the US
- **Laurel and Lower Anderson Shales:** very thick gas mature sections over 100's 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 analogue of Bakken accumulations in the US

Buru estimates there are several hundred TCF of gas in place in the basin.

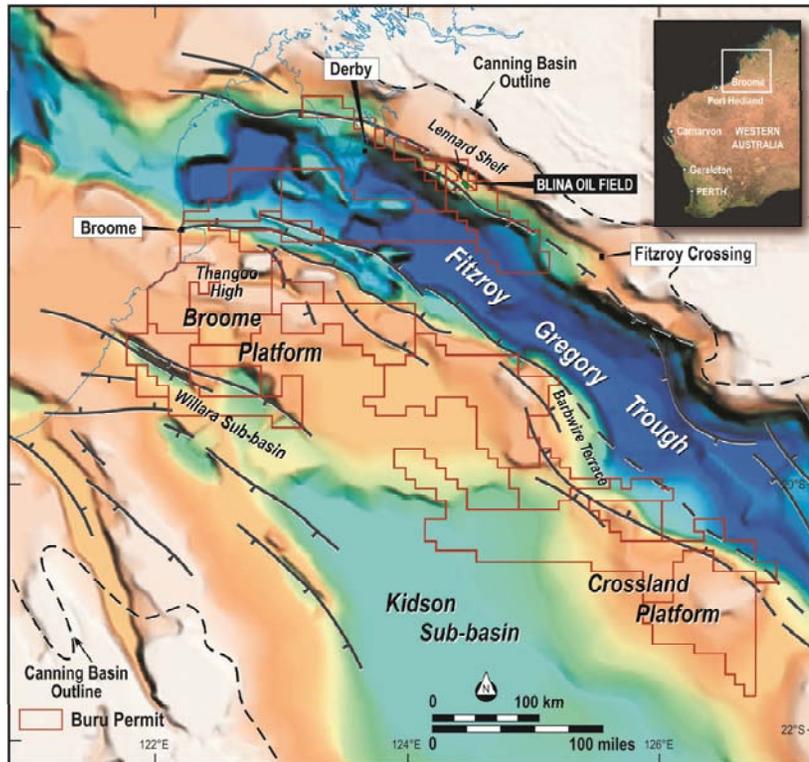
The huge hidden value is that like the EagleFord Shale in the US, the gas is liquids rich – the oil/condensate is worth more than the gas

Land and Funding

The Canning Superbasin drilling history



The Canning Superbasin geological framework



Commanding and strategic land holding built up since 2007 (+9 million acres net)

Buru (and previously ARC) has:

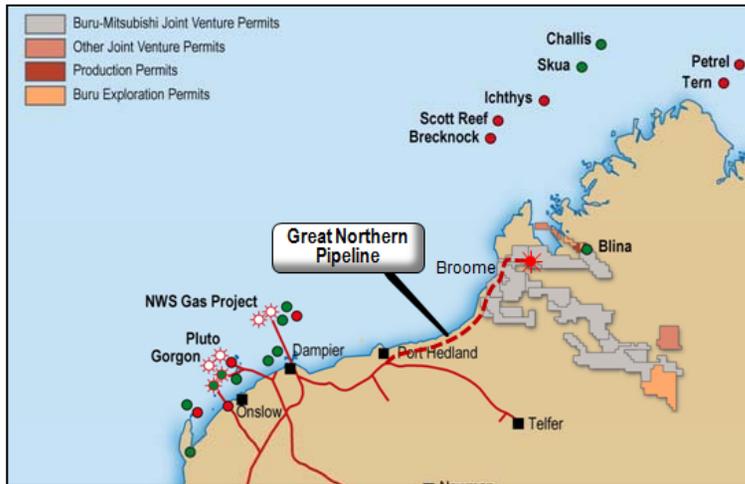
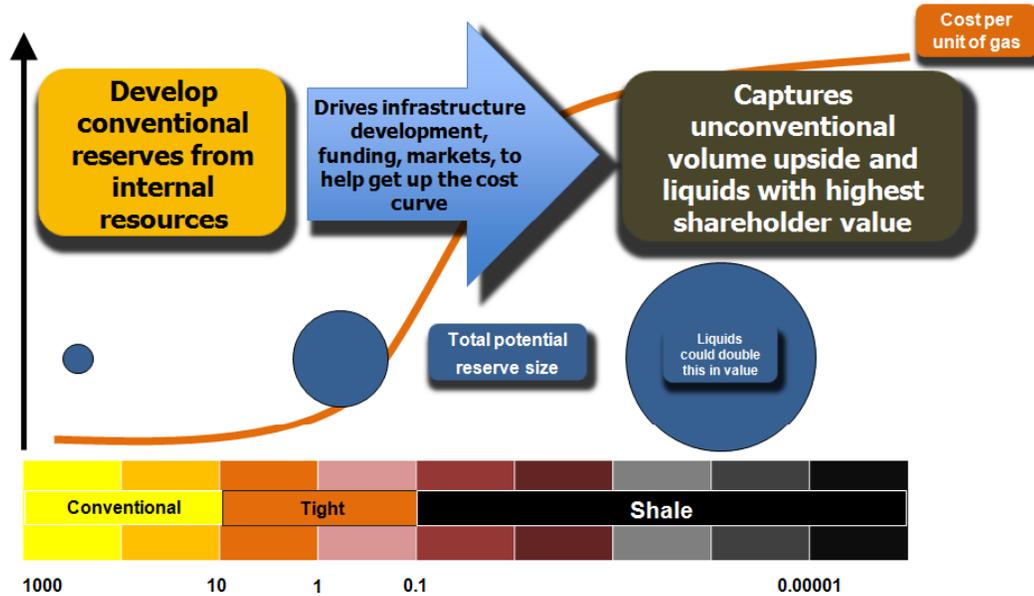
- acquired the first and only modern digital data set (seismic and wells) for the Superbasin;
- acquired and high graded strategic permit holdings over the main prospective areas;
- rationalised the access and commercial framework;
- attracted a major international farmin partner (Mitsubishi Corporation) who is committed to contributing up to \$152 million to the basin;
- commenced the first systematic exploration program since the 1980's with up to 10 wells this year

The WA Government has acknowledged the potential of the basin, with the WA Minister for Mines and Petroleum Hon Norman Moore saying on Wed 20 April, 2011:

WA's petroleum sector continues to attract international interest.

- *"The Canning Basin is one of the world's last frontier onshore provinces and has the potential for major shale gas reserves.*
- *Investors aware of the gas revolution in the United States due to unconventional gas developments believe the same thing could happen in WA.*
- *Important market drivers for this development include increasing demand, increasing price and the presence of markets (local resources projects and infrastructure development). "*

Commercialisation pathway



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

Conventional gas and Domgas sales:

- prove up sufficient conventional gas reserves to support the Great Northern Pipeline (GNP) (~250/300 PJ)
- sell the gas into the Buru-Alcoa gas sales contract and other domestic gas markets

Unconventional gas and liquids:

- prove up the high cost/unconventional gas
- sell that gas into the domestic market initially, with the option to sell into the LNG market as the reserve base is built up
- capture the liquids (condensate, LPG and oil) from the gas production.

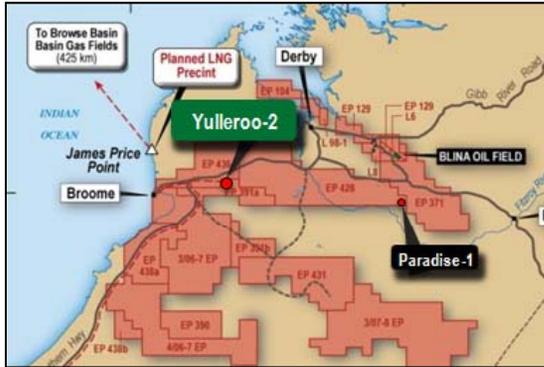
Liquids:

- initial production will continue to be trucked to Perth
- As little as 1,000,000 barrels 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

Costs and Timing:

- the GNP is the major capex required - ~\$500mm and two years to build – funding underpinned by the Alcoa sales contract
- Ongoing conventional development relatively low cash cost
- Unconventional requires rolling expenditure of up to \$100 mm per year to finance up to 20 wells per year
- Conventional discoveries can be brought into production quickly and at low cost

Yulleroo-2 proof of concept of tight/shale gas



Yulleroo Location Map



BJ Services stimulation units



First gas from Yulleroo-2



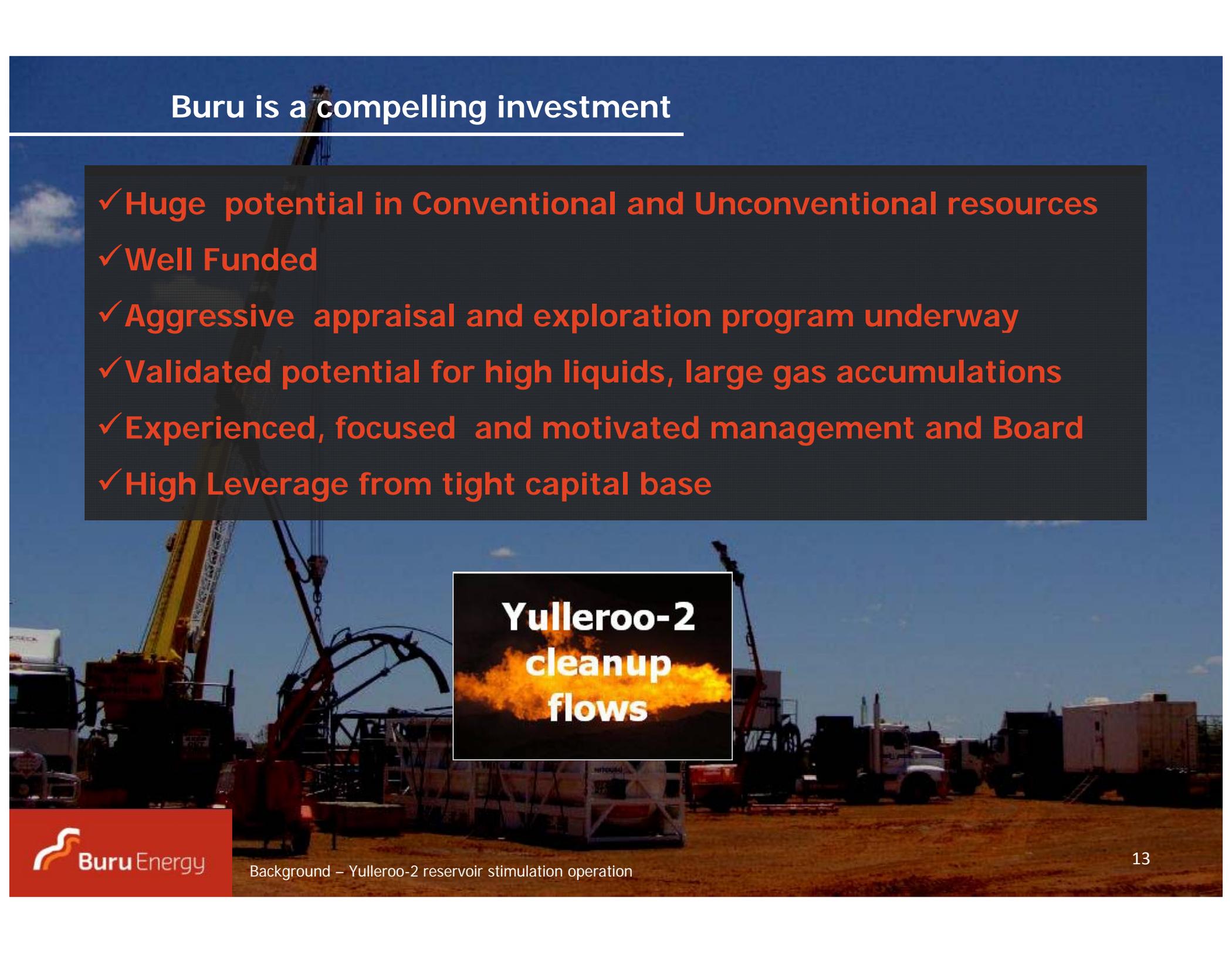
Yulleroo-2 cleanup flow

The Yulleroo-2 stimulation and test was a major validation of the tight gas/shale gas potential of the basin.

- The stimulation and flow test was designed to determine the potential for the commercial development of the Yulleroo gas and condensate accumulation
- Two wells have defined a gas column with an interpreted height of some 700 to 800 meters with thin conventional sandstone reservoirs, and extensive tight gas and shale gas potential.
- Sufficient data exists to be able to calculate contingent recoverable resources for the accumulation. These range at the P50 probability level from 200 Bcf to over 800 Bcf of dry gas and 5 mmbbls to over 20 mmbbls of condensate, and 7 mmbbls to 30 mmbbls of LPG
- Pinpoint stimulation over three zones was carried out in the vertical Yulleroo-2 well to determine rock parameters, gas quality and potential flow rates
- Initial indications are very positive, the flow of gas to surface, the very good quality of the gas and its high LPG content are all very encouraging
- Currently preparing to run a velocity string in the well to assist with cleanup (9,000 barrels of water injected and only 5,000 recovered so far at low rates)

Buru is a compelling investment

- ✓ Huge potential in Conventional and Unconventional resources
- ✓ Well Funded
- ✓ Aggressive appraisal and exploration program underway
- ✓ Validated potential for high liquids, large gas accumulations
- ✓ Experienced, focused and motivated management and Board
- ✓ High Leverage from tight capital base



**Yulleroo-2
cleanup
flows**