

Attention : ASX Company Announcements Platform

Lodgement of 'Company Interview'



'COMPANY INTERVIEW'-MARKET PROFESSIONALS

Buru Energy Limited

Date of lodgement: 16/09/2013

TITLE: "Company Interview. Discusses funding package & updates Ungani"

Highlights:

- **Discusses funding package**
- **Strong support for capital raising**
- **Updates progress on Ungani production startup**
- **3D seismic work underway at Ungani**
- **Secures long term drilling rig contract**
- **Operating team for Buru**

Keiran Wulff

Record of interview:

Company Interview question:

Buru Energy Limited (ASX code: BRU; market capitalisation \$525 million), has just put in place a substantial funding program – can you comment on the process and how the package was received by shareholders and the market generally?

Managing Director, Keiran Wulff

We had been working on the package for some time and were very pleased to be able to bring all the components together at once with a very good mix of project funding, bank financing and a modest capital raising. The package sets us up very well for the forward program so that we can confidently deliver Ungani production, flow test the Laurel gas wells we drilled last year, and drill some very good oil exploration targets.

Company Interview question:

As part of the funding package you raised \$35 million from an institutional placement. Given the difficult state of the equity markets, how challenging was that?

Managing Director, Keiran Wulff

As we mentioned when we completed the raising, we were nearly three times oversubscribed. We were also very pleased that we were able to attract some high quality Australian institutions onto the register as part of the raising. I think the attractive thing about the package to investors was that we were fully funded and the money was going into bringing already proven oil resources into production. Together with the very substantial upside from the gas in our portfolio, and the strength of the market for companies with oil assets, we were able to set out a compelling growth and value path.

Company Interview question:

You also put in place a Share Purchase Plan for retail shareholders – why was that and why did you limit the amount that it would raise?

Managing Director, Keiran Wulff

We listened to the shareholders at last years AGM regarding their desire to participate in raisings and we felt that it was only fair that retail shareholders should have the opportunity to participate in the capital raising, but we were overwhelmed by the enthusiasm for the SPP which was nearly five times oversubscribed. We had capped the SPP at \$5 million as we felt that was a prudent amount to raise, given the other components of the funding package set us up to fully fund our planned programs. Quite frankly, we underestimated the very strong support we got from our retail shareholders, which was a major difference to the previous SPP we ran, and in hindsight we probably could have adjusted the mix of funding components. We will certainly take the learnings from this capital raising forward should we ever do anything similar in the future.

Company Interview question:

A big component of the capital raising was earmarked for Ungani. How is the project progressing?

Managing Director, Keiran Wulff

Things are going very well on the operational front. We have our crews back in the field preparing the facilities for re-start, which is a great feeling as we have been shut in for most of the year. We will also be mobilising the workover rig in a couple of weeks to prepare the Ungani 1 and 2 wells for restart, we are doing some modifications to the wells that should give us better understanding of the full production potential of the wells, and also a water recycle capability, all aimed at getting production restarted and ensuring the ultimate development is optimally designed to help us build up to our target rates.

Company Interview question:

You also announced that you were underway with the 3D seismic at Ungani – how is that progressing and when do you expect to see some results?

Managing Director, Keiran Wulff

The survey is progressing well, we are in full acquisition mode with what appears to be very good quality data. We should have the data in a form we can use in mid November to help confirm the location of the Ungani 3 well, which is expected to spud in mid December. After the line clearing was completed it took the crew a little longer than we had hoped to get the acquisition into full swing due to getting the source and receivers fully operational, but it now appears we are into full production mode which is pleasing.

Company Interview question:

You mentioned the rig – you have contracted a new rig for your drilling program, can you provide some more details on that?

Managing Director, Keiran Wulff

We have been through a very detailed process over the last six months to ensure we had the right rig for a long term program. The Huisman rig, which is known as Crusader 405, is a major step up in technology, safety and cost efficiency. We have put in place a world class drilling team, and with this rig we should be able to achieve some great results in the program. The rig was imported by an Australian operating company that became frustrated by the lack of access to modern and efficient drilling technology in Australia, and essentially bought their own rig. We have been fortunate to be able to take advantage of their forward thinking and get access to the rig on a long term contract.

Company Interview question:

An important part of your business is dealing with the traditional owners in the areas you operate, how is your relationship with the indigenous community?

Managing Director, Keiran Wulff

We have worked very hard to put in place a framework that allows us to work co-operatively with the Traditional Owners in a way that respects their culture and heritage and also ensures an appropriate sharing of benefits. The negotiations for the agreements we need for long term operations in the Canning are ongoing, and we will keep the market informed as these are progressed. We are looking to be creative in our approach to developing long term relationships to ensure that any benefits that flow through to the Traditional Owners includes a balance of financial support and long term business creation opportunities.

Company Interview question:

You have made good progress in building up the operating team, do you now have in place the people you need to deliver the projects?

Managing Director, Keiran Wulff

We have been able to put together a great technical and operational team who are very focused on project delivery. They are being well supported by a highly experienced health, safety and environment team to ensure the Company is focused on zero incidents in its areas of operations. We have also hired several senior people including a very experienced senior operations executive who will be joining us in mid-November. We have also been fortunate in having Jon Ford join us. Jon is an ex Minister in the WA Parliament, and has deep connections in the Canning and with the Traditional Owners in the area. The fact that Jon joined the Buru team demonstrates the commitment that Buru is making to the community and environmental excellence in our operations.

The Board has also been actively recruiting another senior director with extensive oil and gas experience, and we are hopeful progress on this will be able to be announced in the next 4 to 5 weeks.

Company Interview question:

You have now been in the job since early in 2013, how are you enjoying the experience and what do you see as the major challenges ahead?

Managing Director, Keiran Wulff

I am really enjoying the challenges and opportunities of growing Buru into a significant oil producer from its great foundations as a successful explorer. The Board was very clear when I joined Buru that my first task was to prepare the Company for production of Ungani oil, and make sure we had the right team in place to deliver not only Ungani, but to ensure the company was positioned to deliver sustainable growth and to optimally evaluate the huge potential of the gas resources and create a path to value realisation. I am very pleased with the way that has gone so far and am now starting to change my focus from internal to external and will be spending more time with shareholders and our other stakeholders. This is especially important for me given Eric Streitberg's transition to a non-executive role as previously flagged.

Company Interview

Thanks Keiran.

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