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## **ASX ANNOUNCEMENT (ASX: BRU)      19 February 2009**

### **Corporate Presentation**

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Please find attached a copy of Buru Energy's latest Corporate Presentation.

This presentation can also be found on the Company's website: [www.buruenergy.com](http://www.buruenergy.com)

**For inquiries please contact:**

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Yours faithfully,

A handwritten signature in grey ink, appearing to be "Adrian Cook", written over a light grey circular stamp.

**ADRIAN COOK**  
**Managing Director**



# Corporate Update

February 2009

- **Who is Buru?**
- **Corporate philosophy**
- **Operations update**
- **Forward plan**



**A unique oil and gas exploration and production company with very high leverage to success:**

- Outstanding exploration portfolio**
- Well funded for exploration and investment**
- Strong management**
- Appropriate and targeted exploration program**
- Highly leveraged to exploration success**

# Buru Energy – who are we?



- ▶ Buru is an Australian company with a high potential exploration portfolio in the Canning Basin in Western Australia's Kimberley region
- ▶ Currently reviewing the existing portfolio to high grade exploration areas
- ▶ Reviewing other investment opportunities that can offer Buru shareholders the potential for greater rewards

## Vision and Corporate Strategy

*Buru's vision is to successfully explore for and develop the petroleum resources of the Canning Basin and other areas it identifies as prospective to deliver material benefits to its shareholders, the community and the traditional owners of the areas in which it operates.*

## **Buru's overall Corporate Strategy is to:**

*Apply appropriate and innovative techniques and strategies to exploration and development of the petroleum resources of the areas in which it operates.*

*Achieve technical, operational, commercial and safety and environmental excellence in its activities.*



## Corporate History

- ▶ Buru was formed by the demerger of ARC's Canning Basin assets as part of the ARC/AWE merger
- ▶ Buru's initial shareholders are the existing ARC shareholders plus AWE with 15%
- ▶ Buru listed on ASX on 1 September 2008
- ▶ Has traded in line with Energy Index



# Buru Energy – Corporate structure



▶ Shares on issue	162,119,728
▶ Options - 94 cent 2 year options	
Listed options	55,176,975
Unlisted options	28,300,000
▶ Current share price	\$0.185

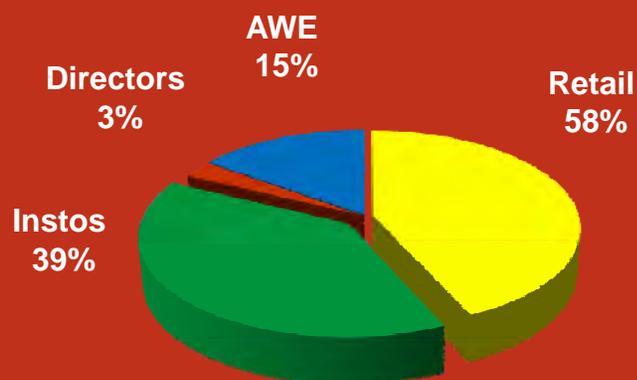
## Financial Position

▶ Cash at Bank	\$80 million
• Alcoa escrow amount	\$20 million
• Free cash	\$60 million (\$0.35 per share)

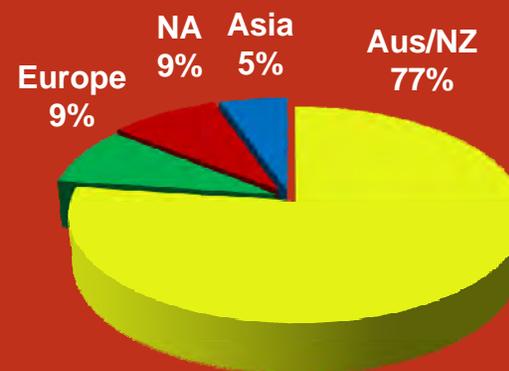
## Shareholding Structure

- ▶ Total 10,000 shareholders (AWE 15% cornerstone shareholding)

Approximate Shareholder categories



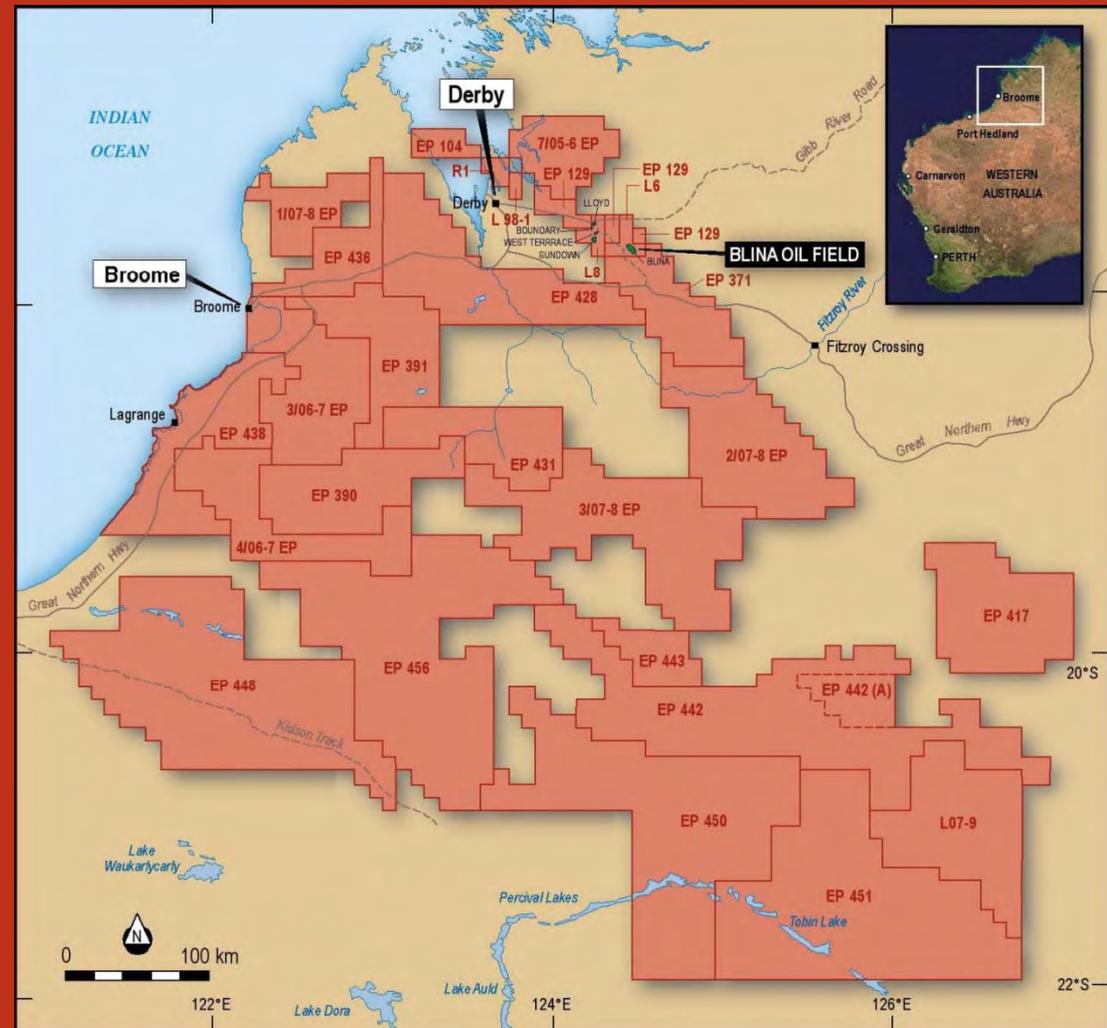
Indicative shareholder domicile



# Canning Basin – What is it?

The Canning Basin is one of Australia's Last Oil and Gas onshore Frontiers

- ▶ Vast under-explored series of onshore Basins
- ▶ Analogous basins worldwide have major reserves
- ▶ Previous exploration has been piecemeal and uncoordinated
- ▶ Buru's Canning portfolio is unique in having large prospect sizes, operatorship and high equities in a very favourable commercial regime
- ▶ "Company making" potential with each well drilled
- ▶ Systematic exploration program underway



*"it is therefore clearly in the national interest to find out just what is in those vast unexplored basins that geologists believe hold similarities to oil and gas bearing basins elsewhere in the world - In a nation as under-explored as Australia, the results of a single well may change perceptions of prospectivity significantly"*

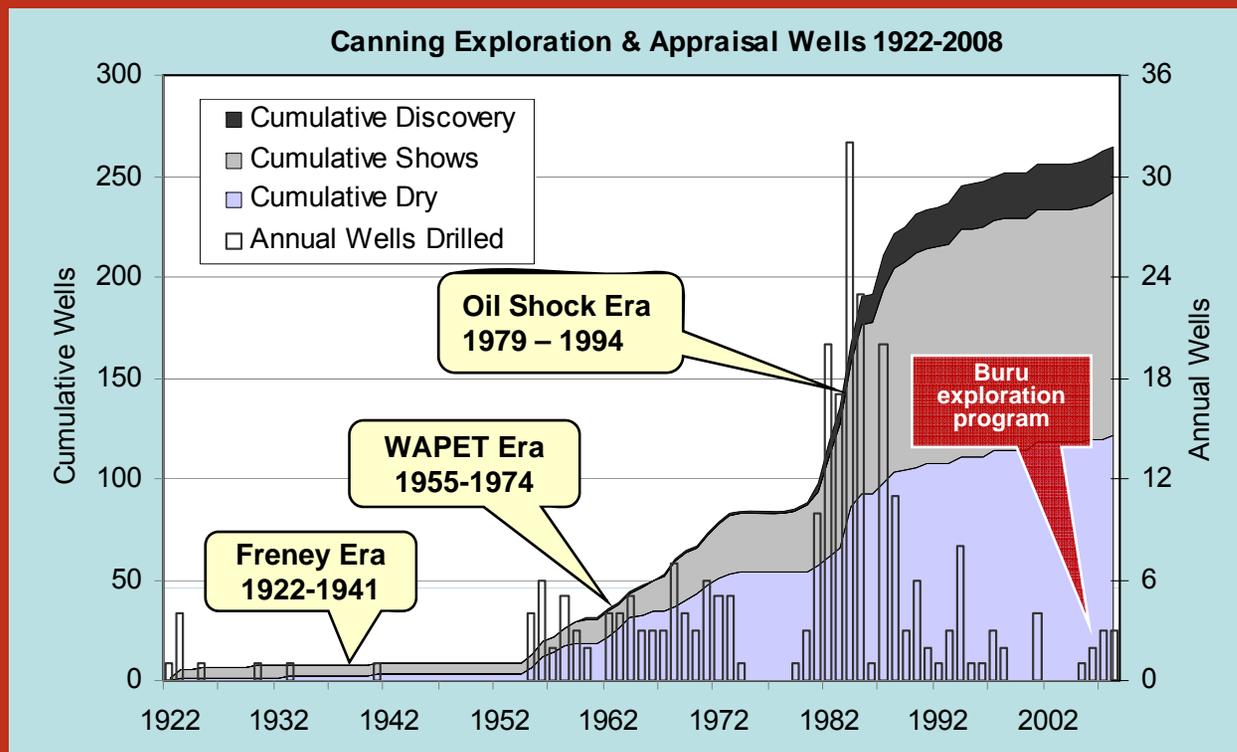
Dr Trevor Powell / APPEA

# Canning Basin – Why is now the time?

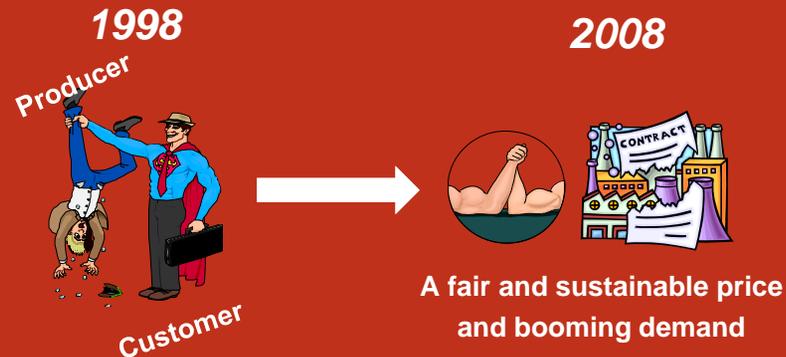


The Basin has effectively been “embargoed” for 20 years

- ▶ Exploration in the Basin picked up in the early 80’s with the increase in the oil price and initial oil discoveries at Blina and associated fields
- ▶ Oil price came off in the mid-80’s followed by the stock market crash in 1987
- ▶ Just prior to the oil price downturn there was the first commercial oil discovery at Blina, followed by a number of smaller oil discoveries
- ▶ Low oil prices, poor equity markets and difficult native title negotiations (the perfect storm) killed exploration for 20 years
- ▶ Current position with strong cash, basin wide acreage and preparing for upswing is laying the foundation for success



## Gas – now a high value product

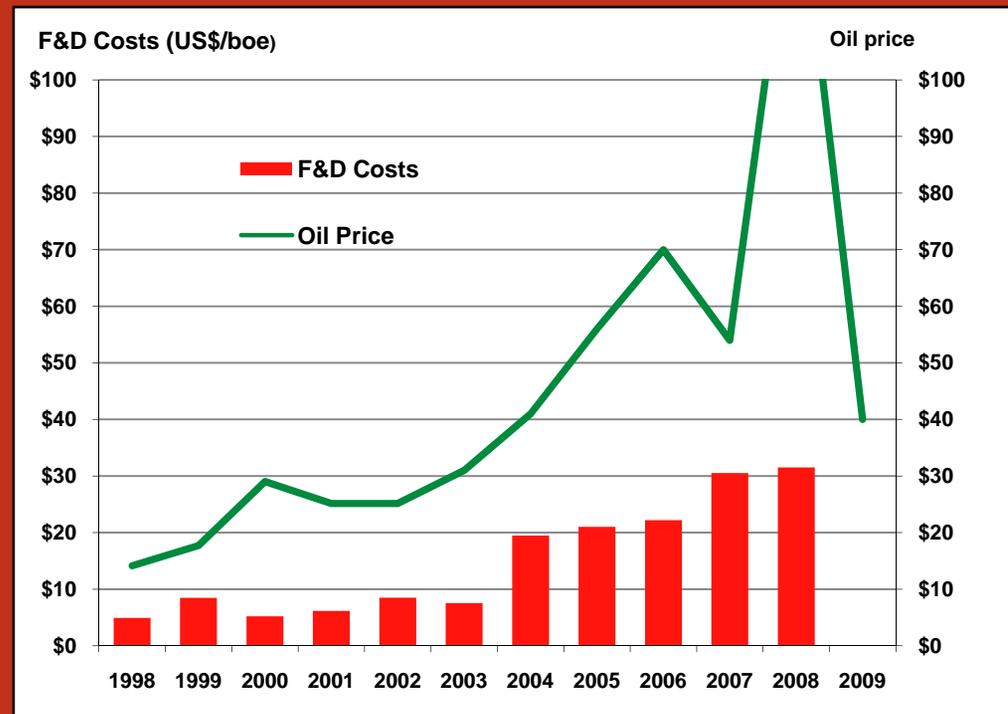


- ▶ Buru has sales contract with Alcoa for up to 500 PJ of gas from the Canning Basin
- ▶ Buru is also a key member of the consortium proposing to build an onshore gas transport line from the Kimberley to the Pilbara

## Oil price

- ▶ The current price collapse is not sustainable. Finding and development costs have escalated to over \$30/bbl with full cycle prices required for re-investment close to \$50/barrel.
- ▶ Contractor costs are still at boom time prices as existing contracts work their way through the system.

Patience is required.

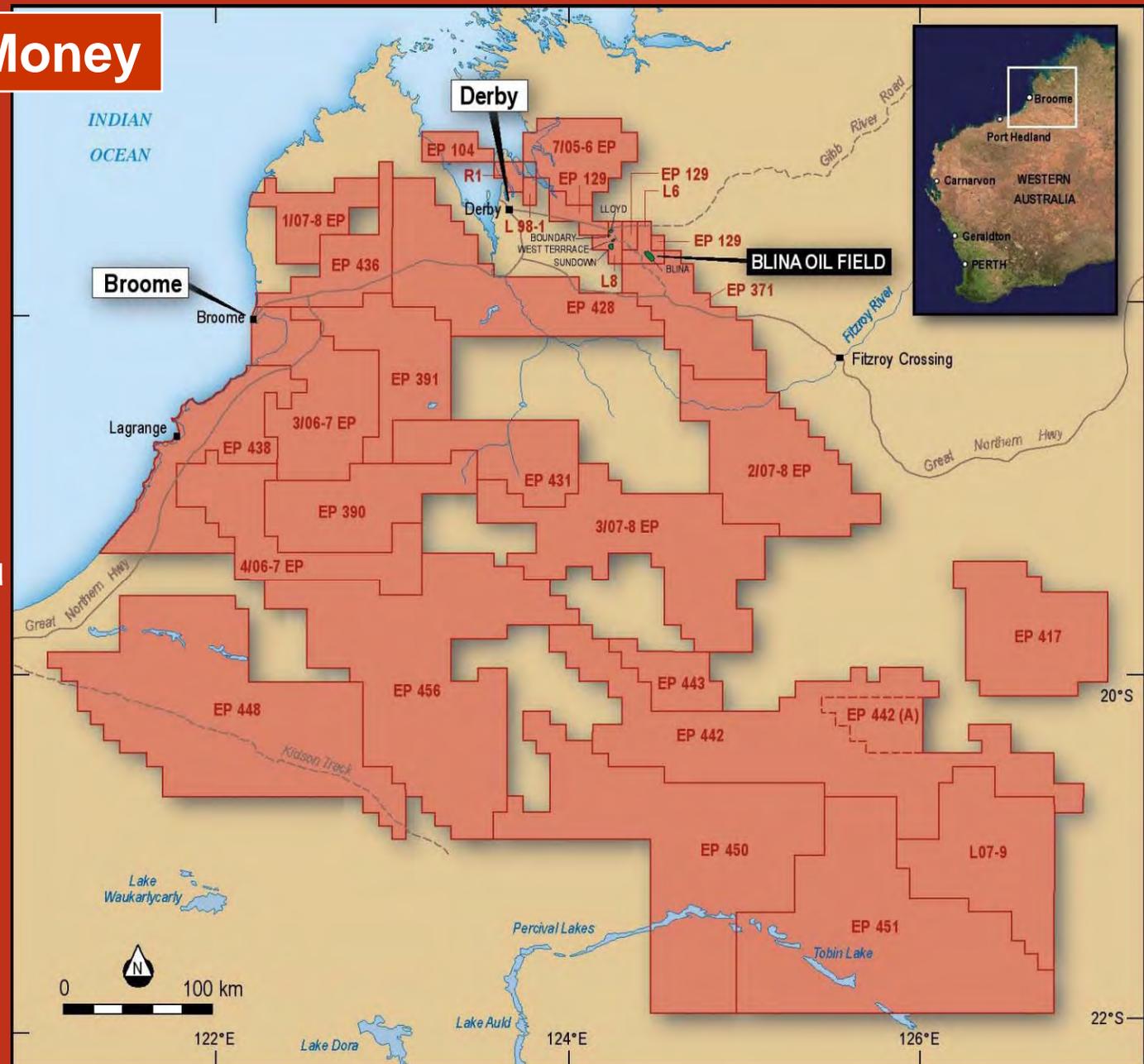


# Canning Basin – What will it take?

## Acreage and Money

### Buru has:

- ▶ Basin-wide acreage position with ability to high grade for sweet spots
- ▶ Total current acreage position is some 135,000 sq kms (+33 million acres)
- ▶ Operatorship across the portfolio to allow rational exploration
- ▶ Digital database
- ▶ Systematic regional exploration program driven by detailed technical interpretations
- ▶ Strong cash position with no requirement for equity injection (major competitive advantage)



## ► Data



Exploration in the Basin missed the digital revolution in the industry – Buru now has, for the first time, a full basin-wide digital data set.

Buru has the internal skill sets required

## ► Political transformation

1980 - seminal land rights confrontation on Noonkanbah Station

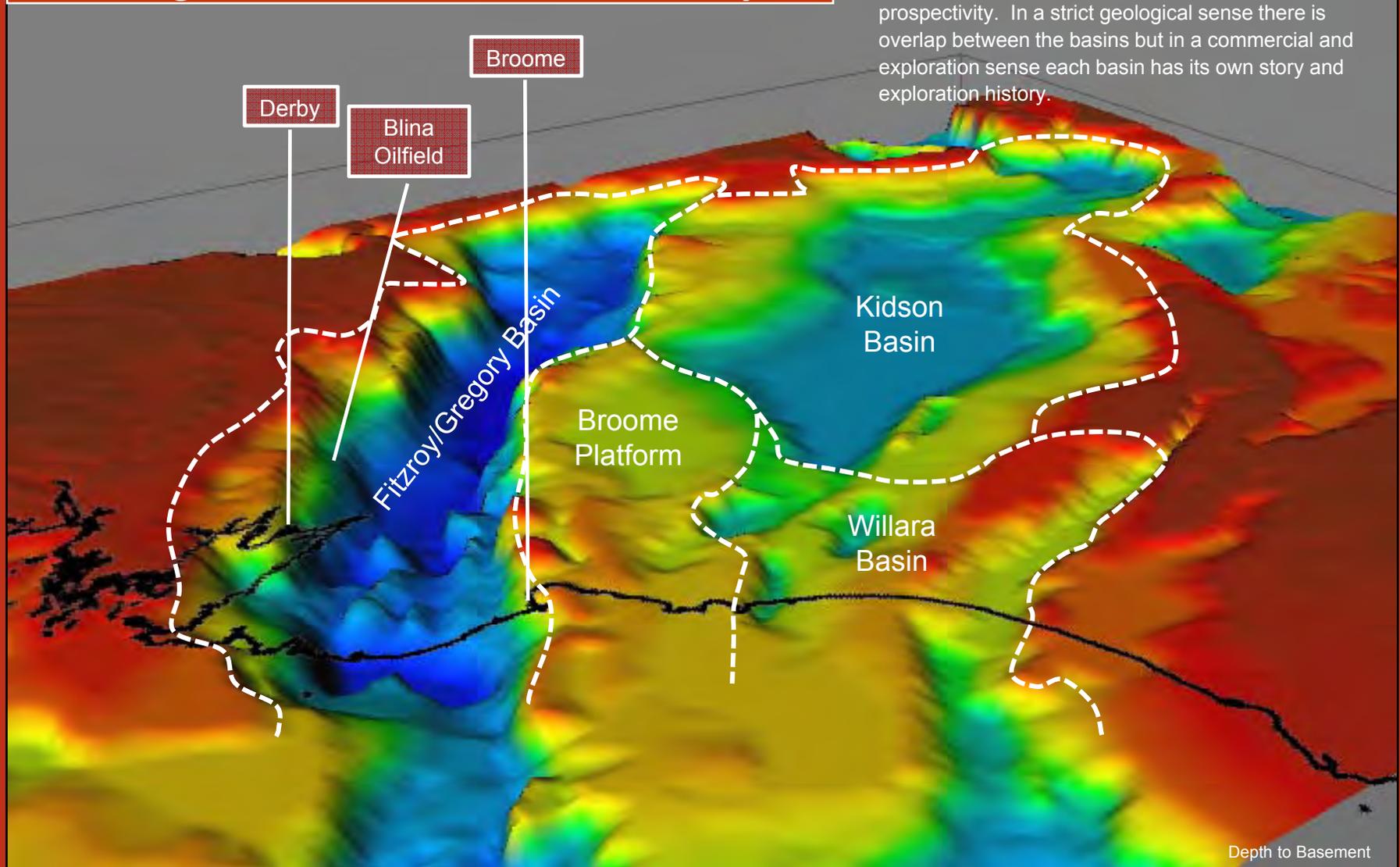


2007 – Buru and the Noonkanbah community sign the Heritage Agreement at Noonkanbah Station



# Canning Basin – What are we doing?

## Looking at the Basin with fresh eyes

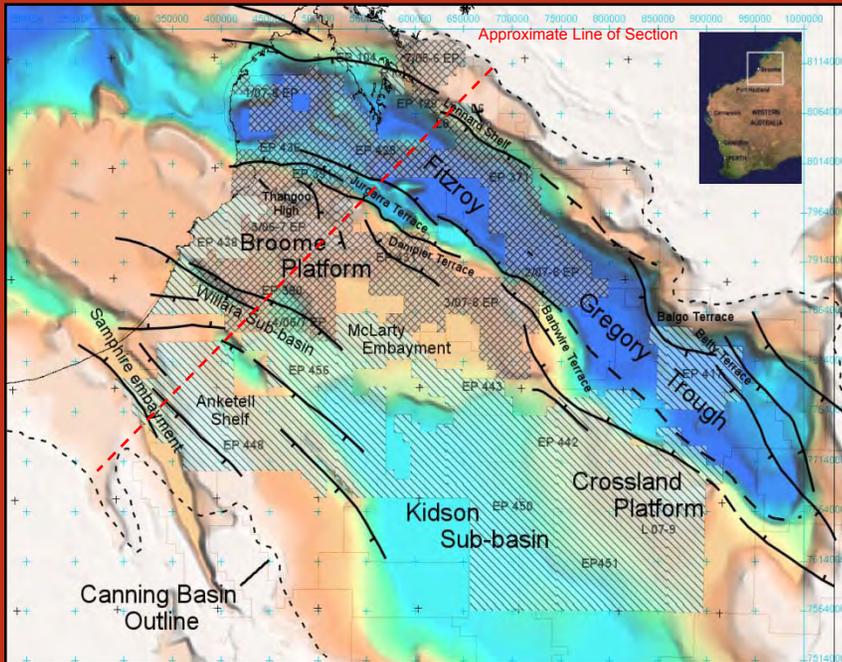


The Canning Super-Basin has three major Basins contained in it, each with its own geology and prospectivity. In a strict geological sense there is overlap between the basins but in a commercial and exploration sense each basin has its own story and exploration history.

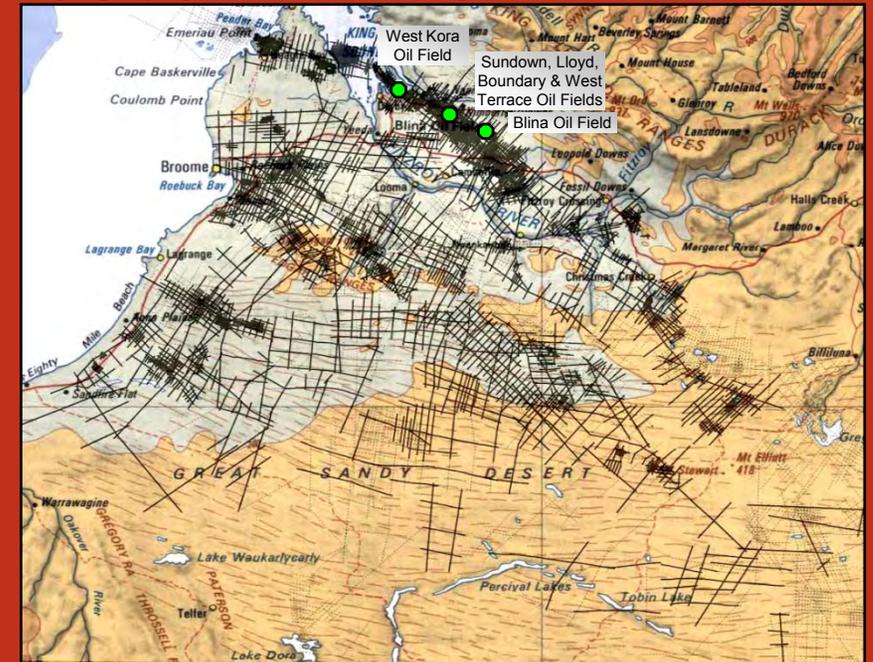
# Canning Basin – regional prospectivity



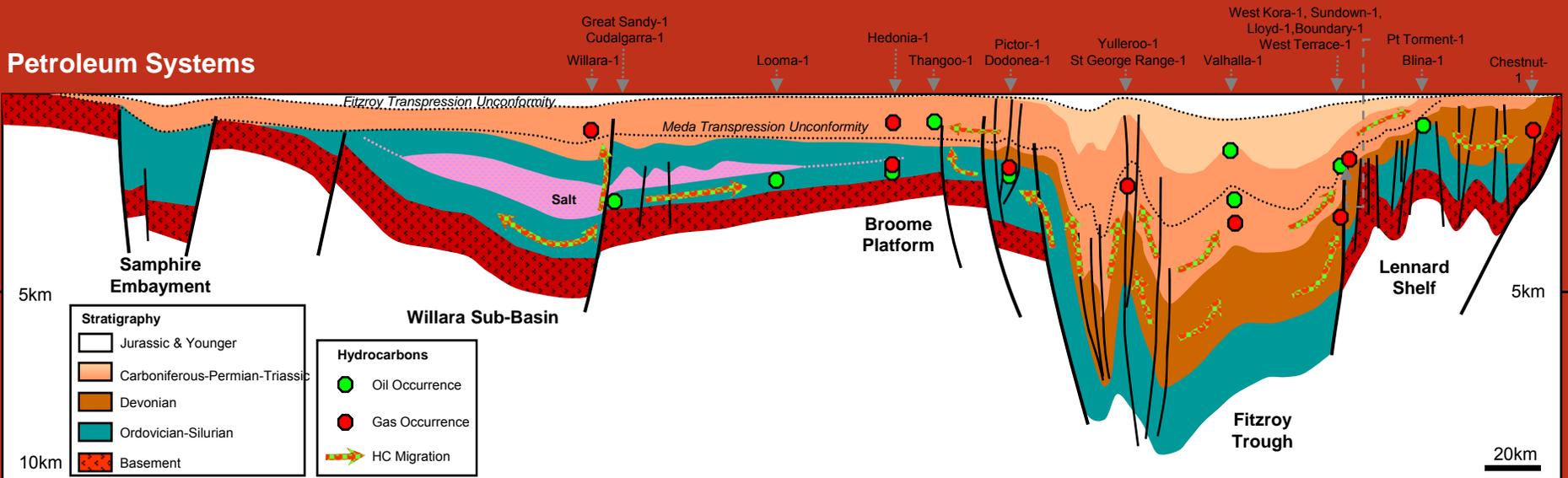
## Structural Elements



## Topography, Seismic Coverage & Fields



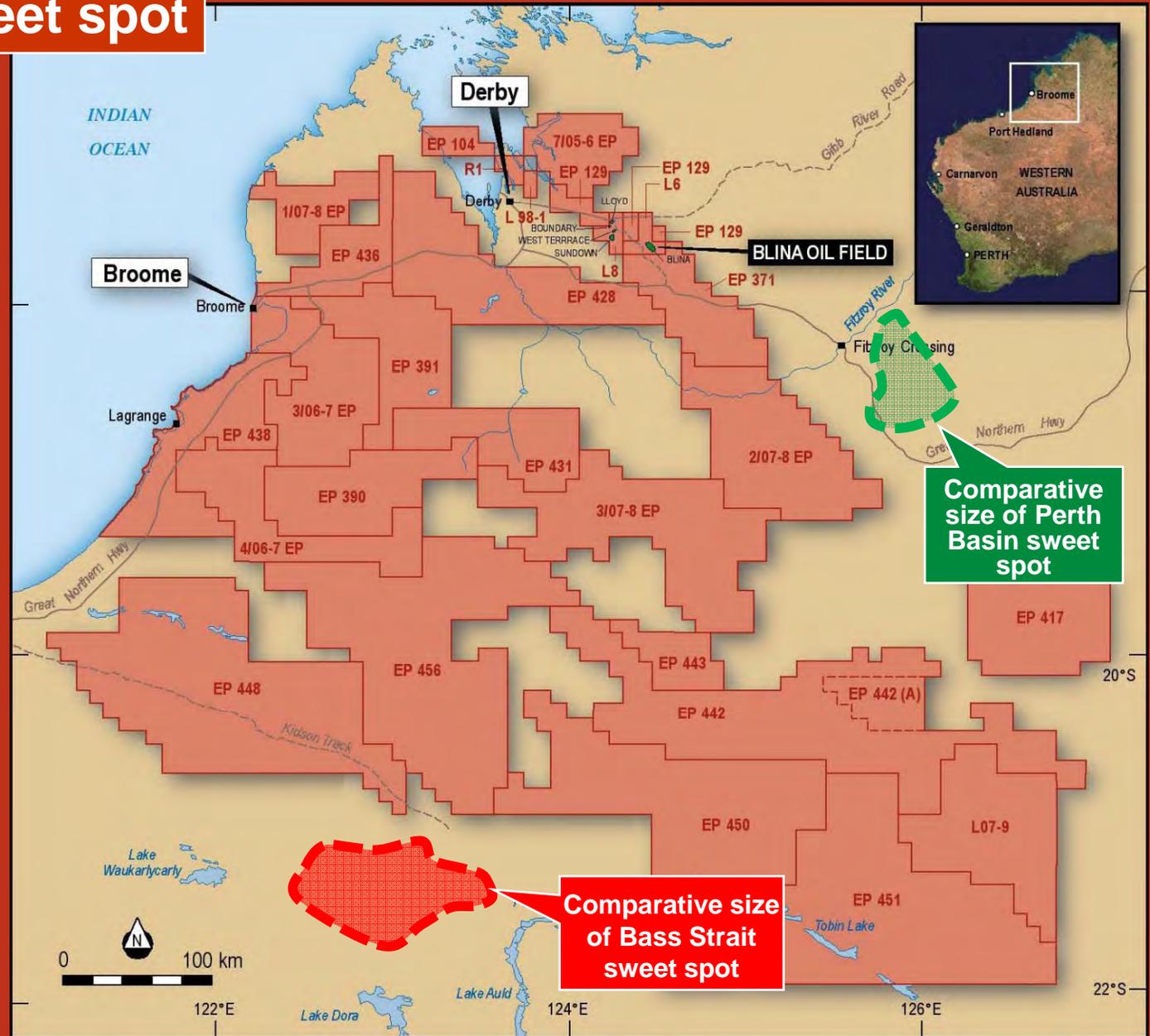
## Petroleum Systems



# Canning Basin – prospectivity

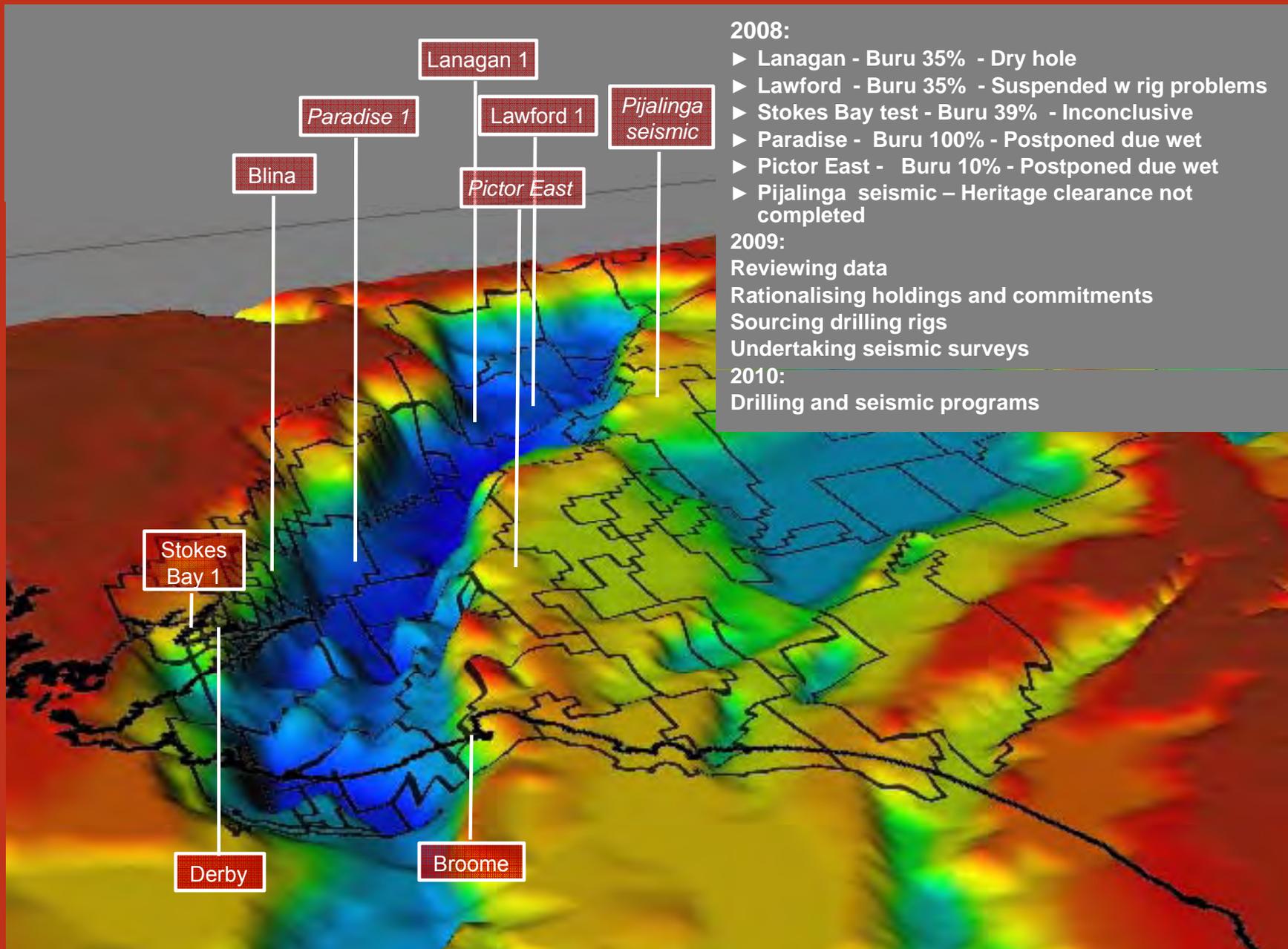
## Finding the sweet spot

- ▶ The Canning Basin contains several petroleum systems which cover very large areas.
- ▶ The “sweet spots” that contain the majority of reserves in other Basins occupy a small area compared to the size of the Canning Basin
- ▶ There is a reasonable expectation that the Canning will contain a sweet spot for each of the petroleum systems





# Canning Basin – Exploration progress



## 2008:

- ▶ Lanagan - Buru 35% - Dry hole
- ▶ Lawford - Buru 35% - Suspended w rig problems
- ▶ Stokes Bay test - Buru 39% - Inconclusive
- ▶ Paradise - Buru 100% - Postponed due wet
- ▶ Pictor East - Buru 10% - Postponed due wet
- ▶ Pijalinga seismic – Heritage clearance not completed

## 2009:

- Reviewing data
- Rationalising holdings and commitments
- Sourcing drilling rigs
- Undertaking seismic surveys

## 2010:

- Drilling and seismic programs

## Ensuring we are making money

### *Current production :*

- Blina Field workovers increased production from 30 bopd to +200 bopd
- Reviewing field production and costs in light of the current oil price
- Will now manage the fields in a way that reduces production to around 100 bopd and reduces field costs
- Will still generate material positive cash flow from the producing fields with the ability to quickly ramp up when the oil price improves.

### *New production :*

One phrase that isn't used in Buru:

*"Finding something would be a nice problem to have"*

Our drivers are to create wealth for shareholders, the community and the traditional owners by early and appropriate development

Careful and rigorous "pre-commercialisation process:

- ✓ Oil - mobile early production system (MEPS)
- ✓ Gas - Alcoa gas sales contract – provides immediate commercialisation of gas and has been recognised as a major commercial "first mover" advantage for Buru in its negotiations with other explorers
  - ✓ Pre-FEED and approvals for Great Northern Pipeline for gas export
  - ✓ Joined consortium to promote Dampier to Derby pipeline
  - ✓ Pre-FEED on gas recycle system for small gas volumes
  - ✓ MOU with Energy World for "coastal LNG"

# Canning Basin – Oil value realisation



## ***Current production***

- From Blina and associated oilfields:
  - ▶ Ultimate recoverable 2P reserves of all fields ~3 mmbbls
  - ▶ Discovered 1981 - first production in 1983 at ~1,000 bopd
  - ▶ Production of 30 bopd when Buru acquired the fields
  - ▶ Recent workover program increased production to +200 bopd
  - ▶ Robust economics –
    - Field opex ~\$10/bbl
    - Trucking costs to Perth ~\$25/bbl
    - Current A\$ oil price ~\$65/bbl
    - Projected annual net revenue at 100 bopd rates ~\$2.4 million



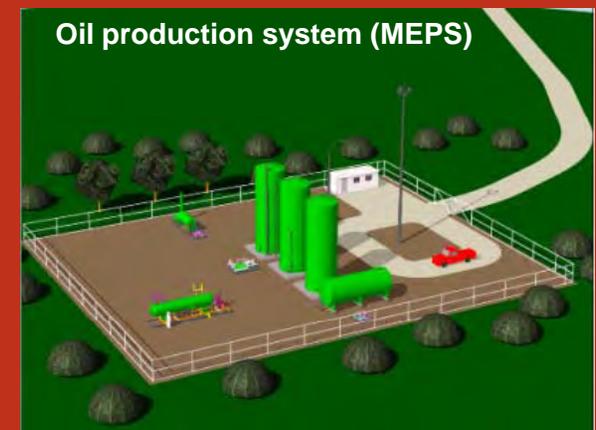
**Blina oil production facility**



**Blina beam pump**

## ***New discoveries***

- ▶ Mobile early production system (MEPS)
- ▶ Oil production system developed and used by ARC in the Perth Basin
- ▶ Allows quick “test” production from any discoveries
- ▶ Production commencing in weeks from discovery



**Oil production system (MEPS)**

**Making money is our driver!**

# Canning Basin – Gas value realisation

## **Contingent gas resources**

- ▶ Until now there has been no market for gas and in any case the price made gas uneconomic
- ▶ However, numerous gas discoveries have been made in the Basin
- ▶ Some were not even tested and none were followed up for the gas potential
- ▶ The 2007 ARC program encountered potentially economic gas at Valhalla and Yulleroo
- ▶ Buru will follow up these ARC discoveries and prior discoveries
- ▶ Alcoa contract allows reserves to be booked quickly for financing and value

## **New discoveries**

Monetisation via Alcoa gas sales contract:

- ▶ Building block for major projects
- ▶ Access to SW WA gas market
- ▶ Blue chip bankable customer
- ▶ Contract terms
  - 400 PJ with an option for another 100PJ.
  - Includes a \$40 million pre-payment for gas for which Buru has escrowed \$20 million as security.
  - Flexible delivery times and volumes



The discovery of commercial hydrocarbons in the Canning Basin will add very substantial value to Buru.

- ✓ Netbacks in onshore in Australia are very favourable
- ✓ Australia has low development costs, favourable tax regime, no PSC burdens, stable environment

## **Gas**

- ▶ Analysts have calculated the value of a 400 PJ gas development into the Alcoa sales contract would be worth up to \$1.70 per share for Buru
- ▶ A gas recycle project would be economic at much smaller volumes and could be worth up to \$0.30 per share
- ▶ The Coastal LNG project provides a “floating pipeline” to the southwest market and a potential gas storage project which can add very significant value

## **Oil**

- ▶ The NPV per barrel in the Canning with trucking to Perth is some A\$40/bbl, a 3 million barrel discovery (similar to the existing Blina field) would be worth some \$0.77 per share.
- ▶ A 10 million barrel discovery (like many prospects in the portfolio) would be worth at least \$2.50 per share

# Buru – Forward Strategy



## ***Buru is responsible and careful***

Our shareholders have entrusted us with \$80 million

Alcoa has entrusted us with \$40 million

The Traditional Owners have entrusted us with access to their lands



## ***Buru is proactive:***

On 12 January, Buru's Managing Director, Adrian Cook, said that:

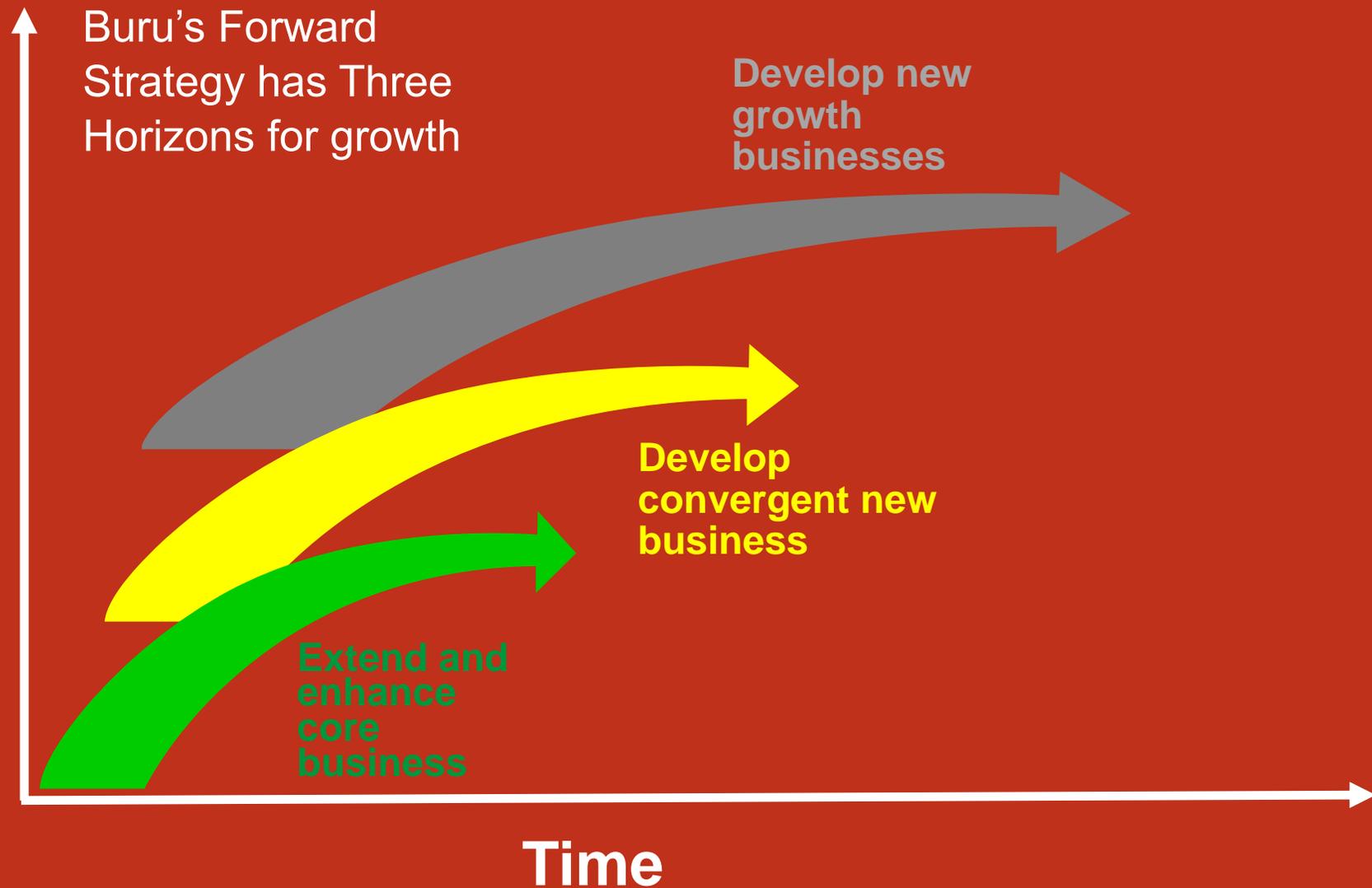
“Following a Board level review, Buru has taken a considered approach that is focused on firstly protecting and then generating shareholder value in these difficult and uncertain times.

We are not committed to exploring in the Canning Basin “at any cost” or without due regard to the risks involved relative to the expected rewards.

We are also prepared to adapt the Company's strategies as circumstances dictate and we're prepared to exploit opportunities that fall within our sphere of expertise and provide greater risk / reward fundamentals for our shareholders.”



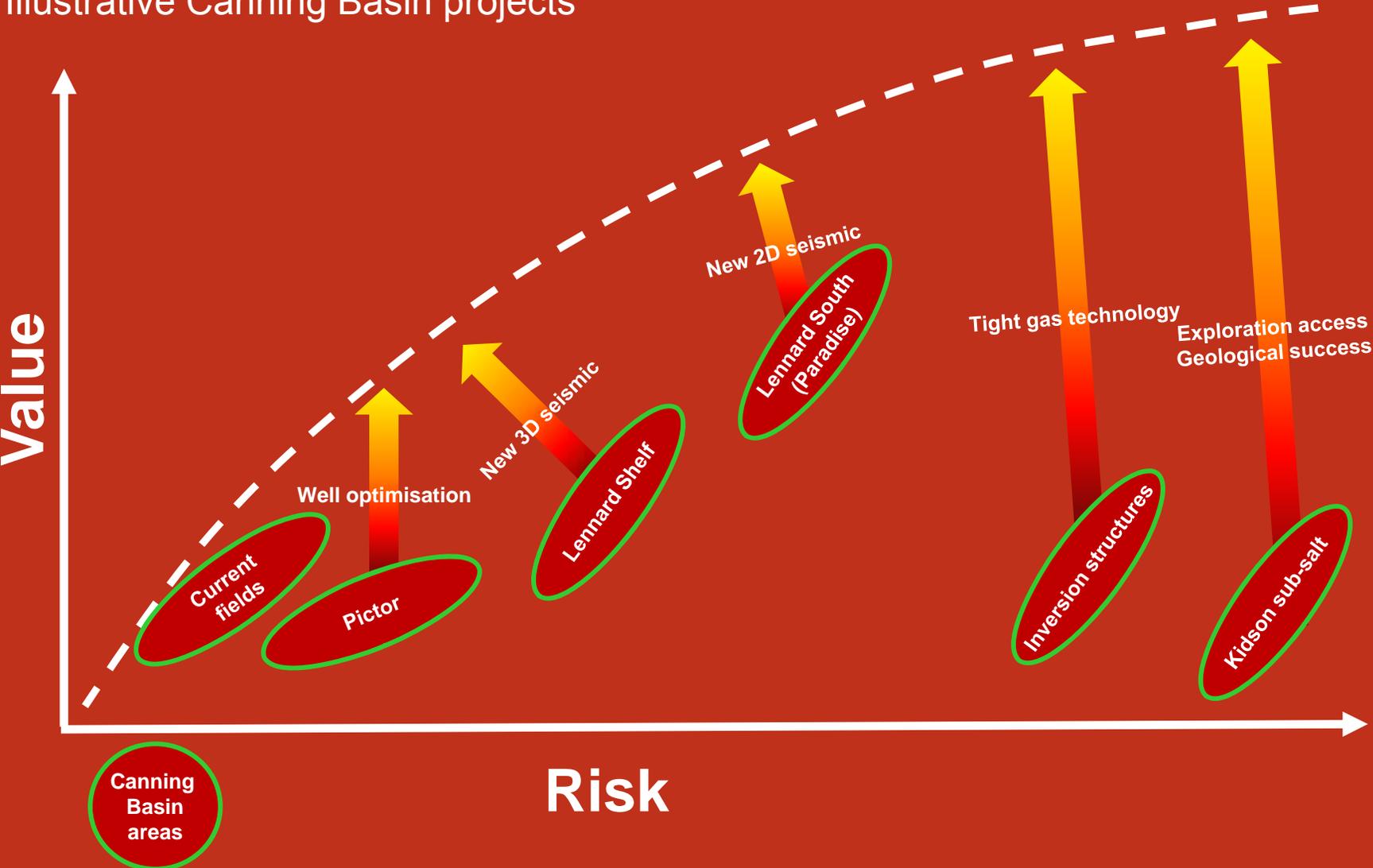
## **BURU has the ingredients for success**



# Buru Energy – Portfolio Balance



Aiming for the Efficient Frontier – with a wide spread of projects to get there:  
Illustrative Canning Basin projects





**A unique oil and gas exploration and production company with very high leverage to success:**

- Outstanding exploration portfolio**
- Well funded for exploration and investment**
- Strong management**
- Appropriate and targeted exploration program**
- Highly leveraged to exploration success**