

# Corporate Update



Delivering Western Australia's Energy Future



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## Competent Person's Statement

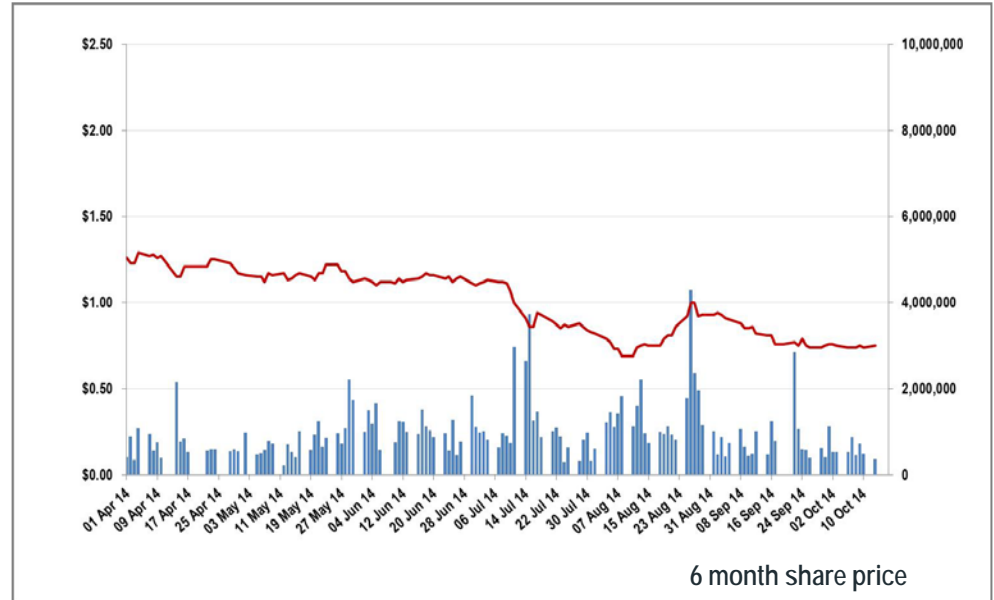
The information pertaining to reserves and resources contained in this presentation is based on information compiled by Mr Eric Streitberg who is Executive Chairman of Buru Energy. Mr Streitberg consents to the inclusion of the information in the form and context in which it appears.

Mr Streitberg has over 40 years' experience in petroleum geology and geophysics, oil and gas exploration, and oil and gas company management. He is a Fellow of the Australian Institute of Mining and Metallurgy, a member of the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists and the Petroleum Exploration Society of Australia, and is a Certified Petroleum Geologist of the American Association of Petroleum Geologists. Information in this presentation has been disclosed to the ASX pursuant to the ASX Listing Rules.

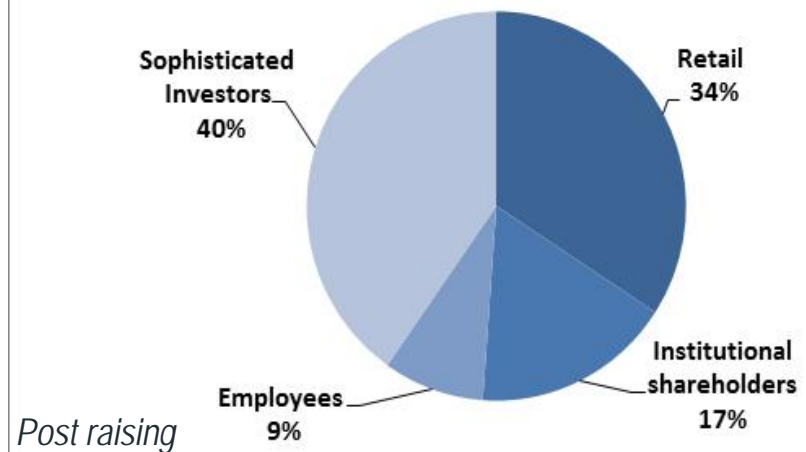
# Corporate and share price performance

## Corporate Overview

Formed	2008
Ticker	ASX:BRU
Index	S&P/ASX300
Shares on issue	336 million
Share price	0.76 cps <i>14 Oct</i>
Market Cap	~\$255 million
Cash on hand	~\$60 million <i>(post Capital Raise - pre SPP)</i>
Net Acreage	~53,188 sq km ~13.2 million acres
Key Partners	Mitsubishi, Apache



## Shareholder Breakdown



# Capital raising

## Summary

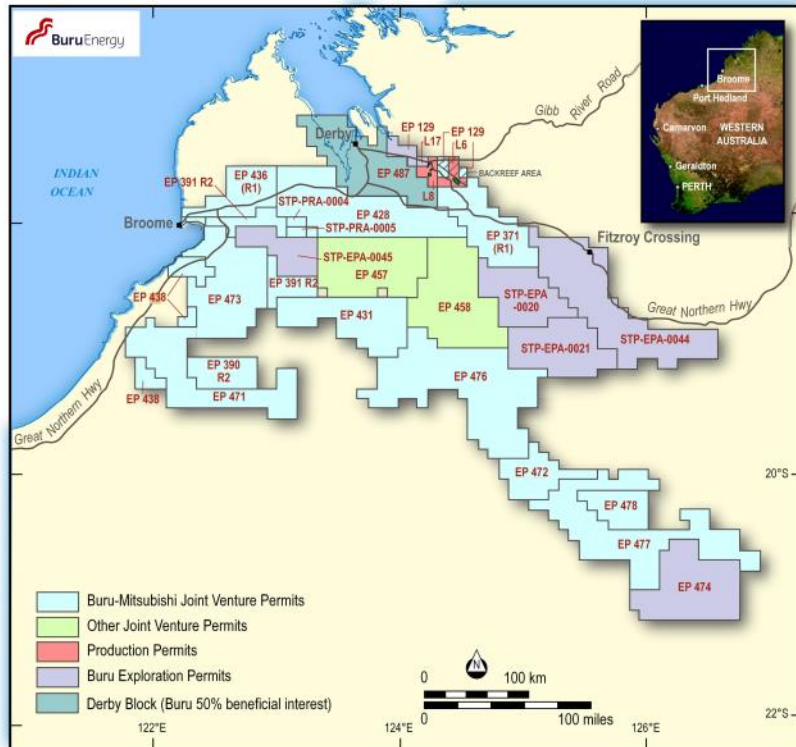
- Cornerstone Investor Placement \$20 million
- Eligible Shareholder Placement \$8 million
- Share Purchase Plan Capped at \$12 million, not underwritten
- Maximum Total Funds Raised \$40 million
- Fully funded 2014/2015 work programs
- Cornerstone Investor - Coogee Chemicals (highly successful private Western Australian company)

## Details of the placement

Cornerstone investor	<ul style="list-style-type: none"><li>• A\$20 million (~8%)</li><li>• Coogee Chemicals Pty Ltd and its holding company, Chemco Pty Ltd</li></ul>
Current shareholders	<ul style="list-style-type: none"><li>• A\$8 million</li><li>• Current Buru sophisticated and professional shareholders</li></ul>
Issue price	<ul style="list-style-type: none"><li>• \$0.75 per share (2% discount to the closing price of Buru on 17 September 2014)</li></ul>
Key date	<ul style="list-style-type: none"><li>• Allotment and commencement of trading of New Shares on ASX - 26 September 2014</li></ul>
Share Purchase Plan	<ul style="list-style-type: none"><li>• Eligible shareholders able to acquire up to \$15,000 of new shares</li><li>• \$0.75 per share</li><li>• SPP amount capped at \$12 million, applicants may be subject to scale back</li><li>• No brokerage or transaction costs payable by subscribing shareholders</li><li>• Offer closes 17 October 2014</li></ul>

# Buru investment drivers

- ✓ Extensive basin wide acreage spread in the most underexplored onshore Australian basin
- ✓ Significant oil and gas potential in conventional reservoirs with current oil production from Ungani field
- ✓ Multi TCF tight gas resource with high liquids content
- ✓ Major international partners (Mitsubishi and Apache)
- ✓ High equities and operatorship
- ✓ State Agreement provides long term tenure over core acreage





# Business structure

## CONVENTIONAL GAS AND OIL



- Ungani Oil Field play opening discovery
- Regional follow-up potential
- Low cost development with short term cash flow generation
- Oil provides benefits to all stakeholders in short time frames
- Good potential for conventional gas resources (inc Yulleroo)
- Conventional gas projects supply local markets with low impact development

## TIGHT GAS



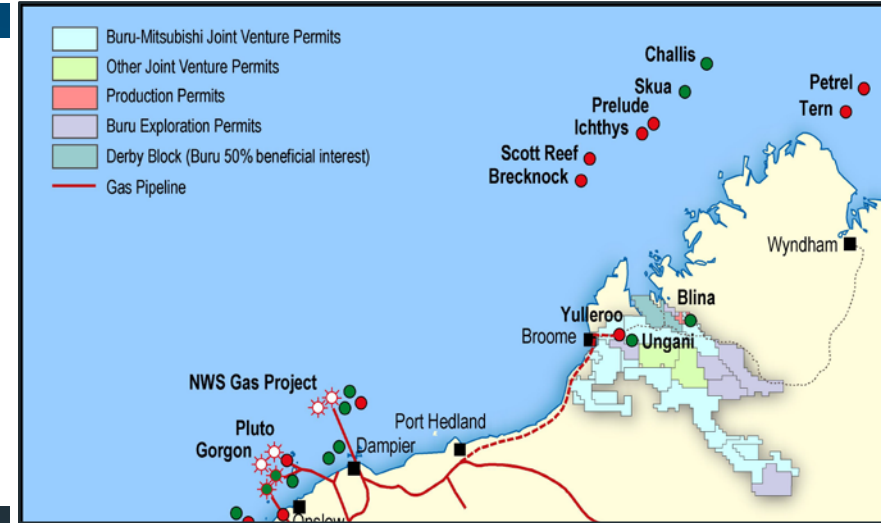
- World class potential defined in Laurel Formation
- Independent assessment of +40 TCF prospective resources\* net to Buru
- Tight gas – not shale
- Previous frac test program (Yulleroo 2) demonstrated excellent potential
- Test stimulation (frac) program planned for early 2015
- Long term value for all stakeholders

*\* Refer to ASX Release dated 8 February 2013 (Evaluation date). Deterministic method used. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

# Outstanding whole of basin acreage position

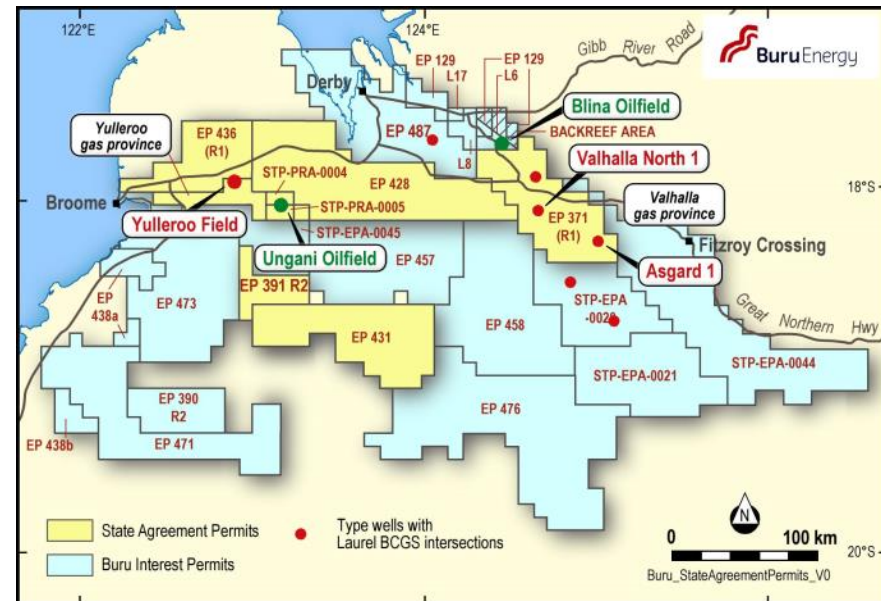
## MAJOR LONG TERM POSITION WITH TENURE CERTAINTY

- **Regional acreage position**
  - Continuous basin wide coverage gross 93,007 sq kms (22.9 million acres), 640km by 250km (~450 miles by ~150 miles)
  - Generally 50% equity and operatorship
- **Unique portfolio**
  - Oil development, gas appraisal, quality exploration
  - Multiple play types with high potential



## ACTIVE ACREAGE MANAGEMENT - STATE AGREEMENT

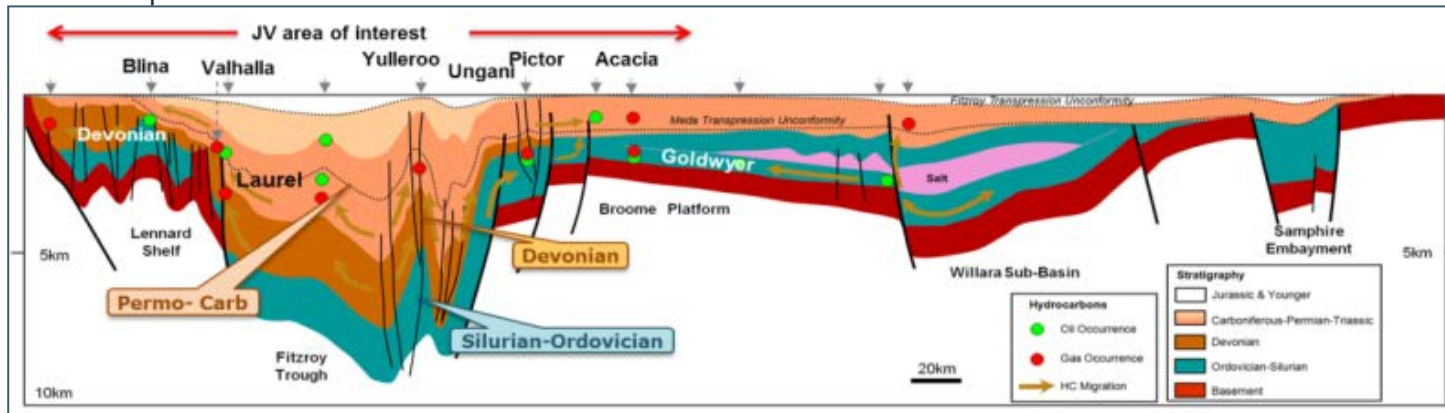
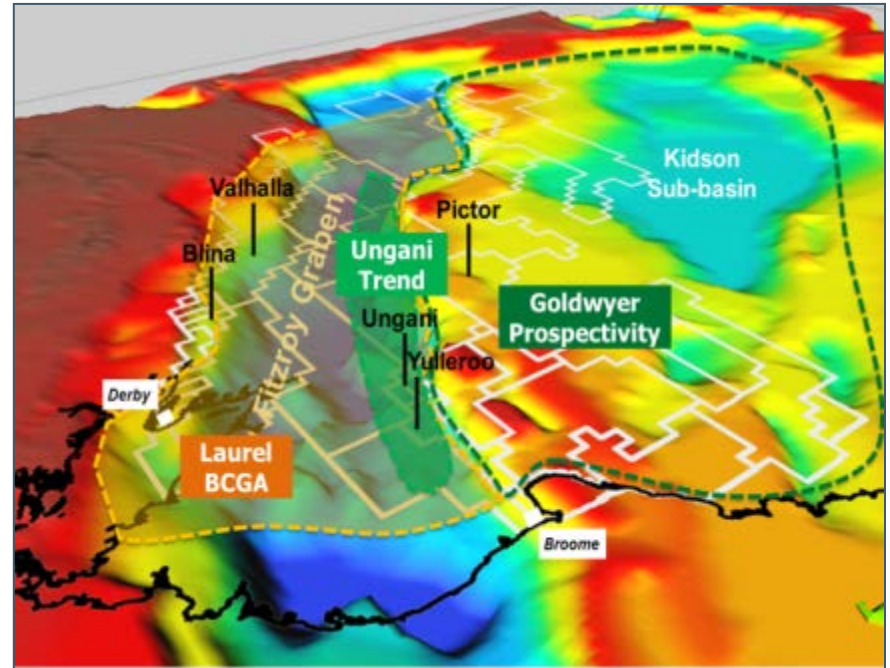
- **Unique agreement**
  - Long term tenure (25 years)
  - Recognises investment to date by JV
- **Work program**
  - Offsetting across permits
  - Systematic appraisal - optimal development
- **Project facilitation**
  - Commitment to major domestic gas project
  - Strong alignment of State Govt with JV
- **Continued compliance**
  - Commitment to Native Title, environmental, heritage, and safety compliance



# Buru controls the highest potential acreage

## THREE MAJOR PETROLEUM SYSTEMS

- Ungani oil trend
  - High quality conventional reservoirs
  - Prolific oil source rocks
  - Well defined prospects
- Laurel Formation
  - Potential giant gas accumulation
  - Basin centred tight wet gas accumulation
  - Conventional reservoirs present with potential high deliverability
- Goldwyer/Acacia
  - Large scale conventional oil potential in the Acacia Sandstone and Nita Formation
  - Apache farmin provides low cost evaluation





# Ungani EPT overview

Ungani Field

Transport to  
Wyndham Tank  
Farm

Storage & export  
from Wyndham

Shipping to  
refinery



## EPT production

U2 well producing strongly with the rate constrained

U1ST1 Workover first stage successful. Rates up to 1,200 bopd at ~25% watercut down from 60% water pre workover

Overall average field production rate constrained to ~1,250 bopd aligned with transportation configuration

U3 Workover planned for production test/injectivity potential

UN Production test planned

**Production Facilities**  
upgraded to improve operability and uptime



## Oil Trucking

900km to existing tank farm at Wyndham

Local contractor with excellent reliability

Trucking system sized to port storage and ship capacity



## Port Facility

Wyndham Port using existing Cambridge Gulf Limited facility

Required modifications to the tank farm completed on time and on budget

Storage currently limited to 30,000 barrels with 50,000 bbls ship size

Potential to increase storage to streamline ship schedules



## Crude shipping

Wyndham to regional refineries.

Export carrier size is constrained to SR carriers (50,000 bbls) by storage tank size and draft at jetty

Ship contracted on a time charter

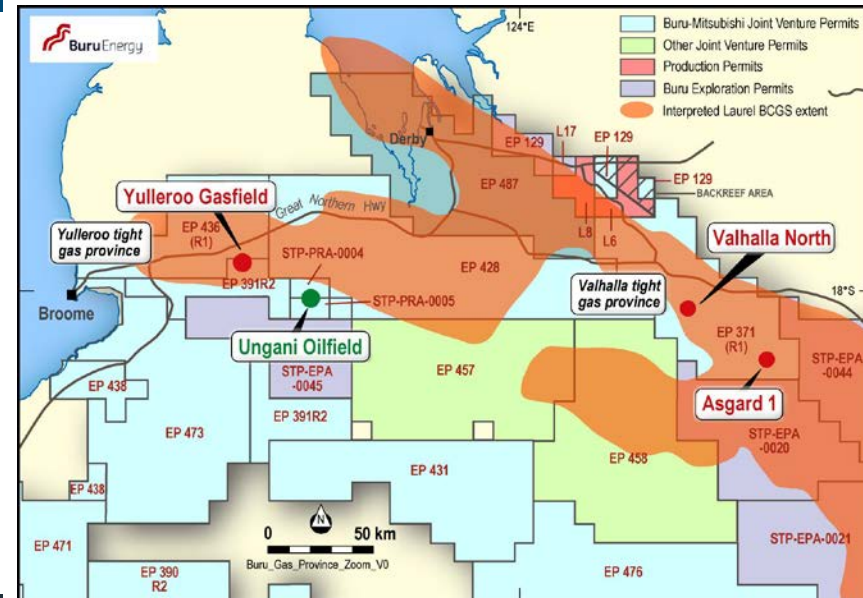
Shipping and sales by Petro Diamond Company Limited (Mitsubishi subsidiary in Singapore)

Sales to date into SE Asian refineries

# Laurel Gas

## CONTROLLED BY BURU/MITSUBISHI JV

- **Upside**
  - Regional scale gas accumulation
  - Basic centred tight wet gas (BCGS)
  - High deliverability conventional reservoirs present
- **Resource**
  - +100 TCF in the BCGS and +1Bn bbls oil (gross) - with 47 TCF gas net to Buru (independent estimates of prospective resources)
- **Hybrid Play**
  - Combined package of sands, silts and limestones with >1,500 meters of gas saturations



## BCGS CHARACTERISTICS

- **Well defined**
  - Highly elevated mud log gas shows over a 1,500m+ interval in 10 wells
  - Recognised and appraised in the last three years by Buru/MC JV
- **High quality gas**
  - Gas is sweet with low CO<sub>2</sub>, no H<sub>2</sub>S and interpreted high liquids content (~25bbls/mmcf condensate and ~25bbls/mmcf of LPG)
- **Conventional potential**
  - Intensive systematic program underway to identify the conventional sweet spots (plums in the pudding)

Product	Prospective Resources (net to Buru)		
	Low Case (MMbbl/TCF)	Best Estimate Case (MMbbl/TCF)	High Case (MMbbl/TCF)
Condensate	226	1,177	4,717
Natural Gas	12	47	150
Values have been rounded to the nearest TCF and MMbbl			

Refer to ASX Release dated 8 February 2013 (Evaluation date). Deterministic method used. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

# Trial reservoir stimulation proves tight gas potential

## THE YULLEROO 2 STIMULATION AND TEST VALIDATES THE TIGHT GAS POTENTIAL OF THE BASIN

- Yulleroo wells have defined a 700 to 800 meters tight gas column with thin conventional sandstone reservoirs over a large area
- Sufficient data exists to be able to calculate prospective resources for the accumulation. RISC has estimated prospective resources in both conventional and unconventional reservoirs of over 6TCF of gas net to Buru as set out below:

	Low	Best	High
Net recoverable gas (TCF)	1.76	6.56	20.17
Net recoverable condensate (mmbbls)	33.30	164.30	622.90

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- The 2010 stimulation (frac) and flow test in the vertical Yulleroo 2 well was designed to gather data on rock parameters, gas quality and potential flow rates
- Pinpoint stimulation over three zones was undertaken by BJ Services
- Injection rates were limited by casing design in the exploration well
- Results were very positive demonstrating:
  - formation is “fraccable” with good injection characteristics,
  - strong flows of gas to surface (+1.6 mmcf/d),
  - very good quality of the gas (no H<sub>2</sub>S, very low CO<sub>2</sub>),
  - high condensate and LPG content with condensate loading on shutin (estimated from basin wide recoveries of ~25bbls/mmcf condensate and ~25bbls/mmcf of LPG)
- Stimulation proceeded without incident and detailed monitoring has demonstrated no detectable effect on the ground surface or in the aquifer
- Yulleroo 2 results have ticked most of the boxes for a successful development
- TGS program to define commercialisation parameters – recovery per zone and decline rates



BJ Services stimulation units at Y2

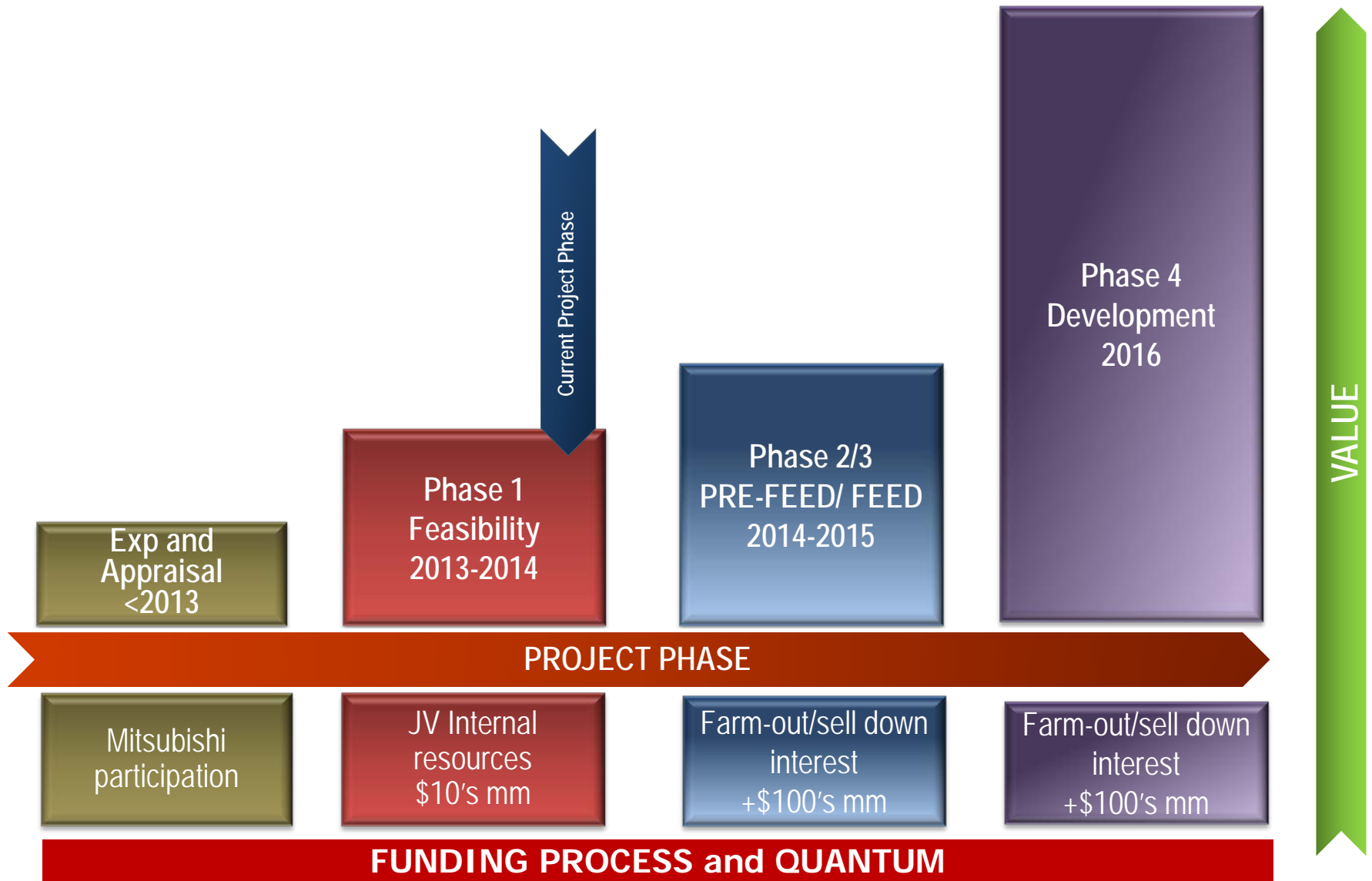


First gas from Yulleroo 2



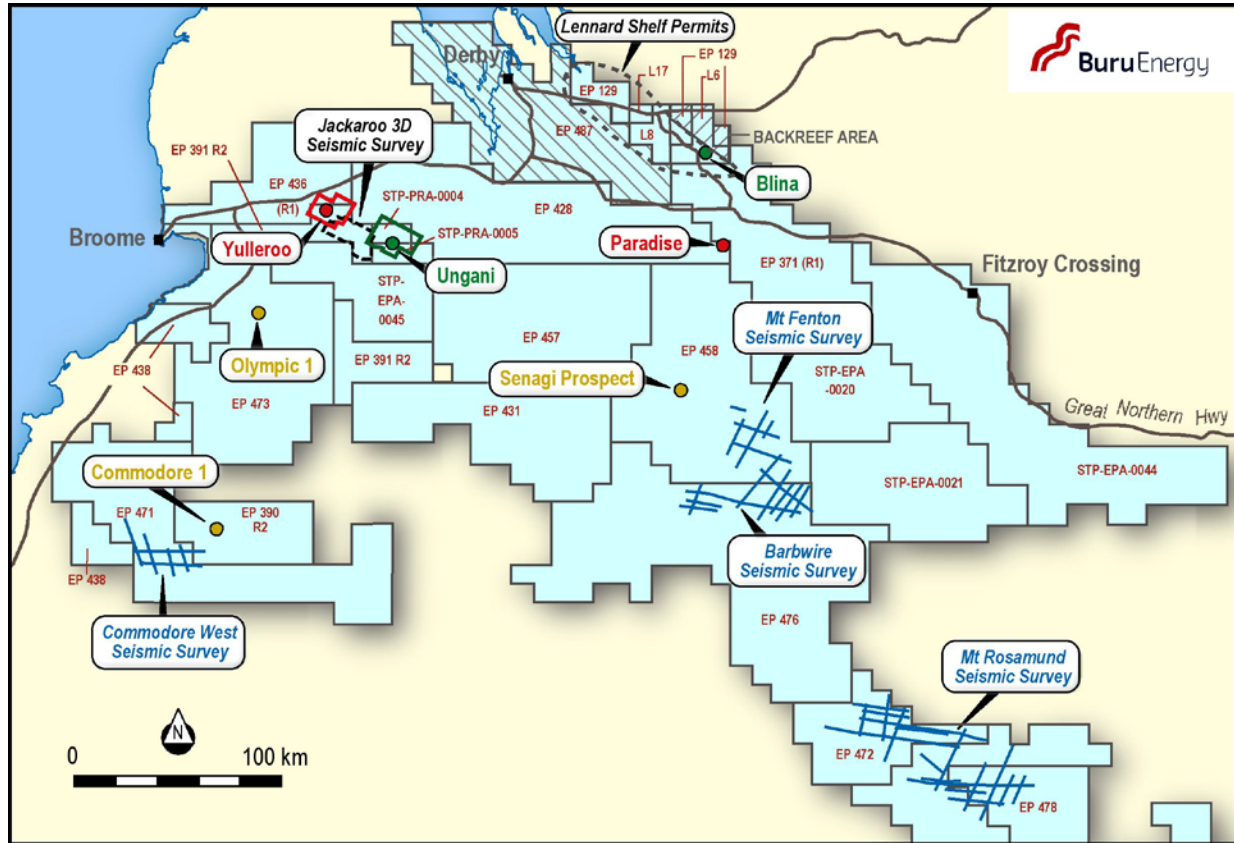
Yulleroo 2 cleanup flow

# Laurel Gas value creation - systematic process





# Exploration and appraisal program



## APPRAISAL AND TEST

- Ungani 1 - workover
- Ungani North - test
- Ungani 3 - workover and test
- Paradise 1 - test

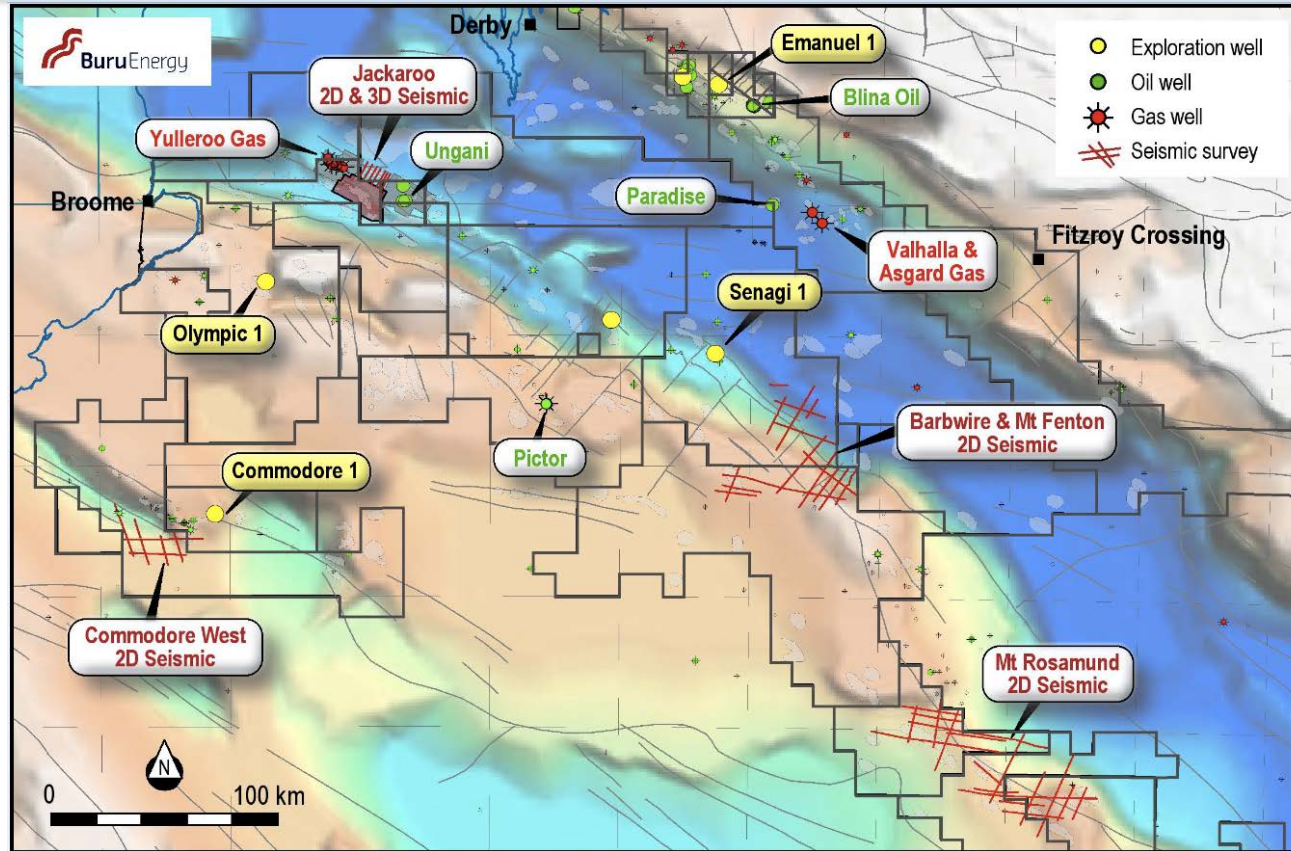
## EXPLORATION DRILLING

- Commodore 1
- Olympic 1
- Lennard Shelf - 2 wells
- Ungani trend - Senagi 1

## SEISMIC ACQUISITION

- 2D surveys (988 kms)
- 3D survey (240 sq kms)

# High value conventional oil exploration



## UNGANI OIL DISCOVERY IS A 'PLAY OPENER'

- Conventional vuggy dolomite reservoir
- Ungani Nth proved extensive petroleum system
- Structures are readily imaged by geophysics
- Ungani Oil Trend covers over 120 kms by 40 kms (+1 million acres)
- Buru controls entire trend
- Senagi well planned as operational conditions permit

## OTHER CONVENTIONAL OIL PLAYS

- Paradise area - test of Paradise oil discovery planned, many additional prospects in that area
- Lennard Shelf - historic oil area, potential for Ungani Dolomite style plays, two wells planned
- Coastal and Acacia Provinces - Two wells to be drilled shortly

# Funding secured for 2014/2015 planned programs

## CURRENT SITUATION

- **Ungani development**
  - Relatively low cost - main cost is wells
  - Export facility - off balance sheet funding
  - Strongly cash flow positive when in production rather than EPT mode
  - Mitsubishi Funding agreement resetting under negotiation (\$27.5 million)
  - NAB facility potentially being restructured for more corporate flexibility
- **Oil exploration program**
  - Coastal wells funded via Apache farmin
  - Lennard Shelf wells funded by farmin party
  - Senagi funded from internal resources
  - Majority of 2D seismic funded by Apache
  - 3D seismic funded internally
- **Laurel Tight Gas pilot program**
  - Funded from Alcoa escrow agreement
- **Capital raising**
  - Fully funded through planned 2014/2015 programs

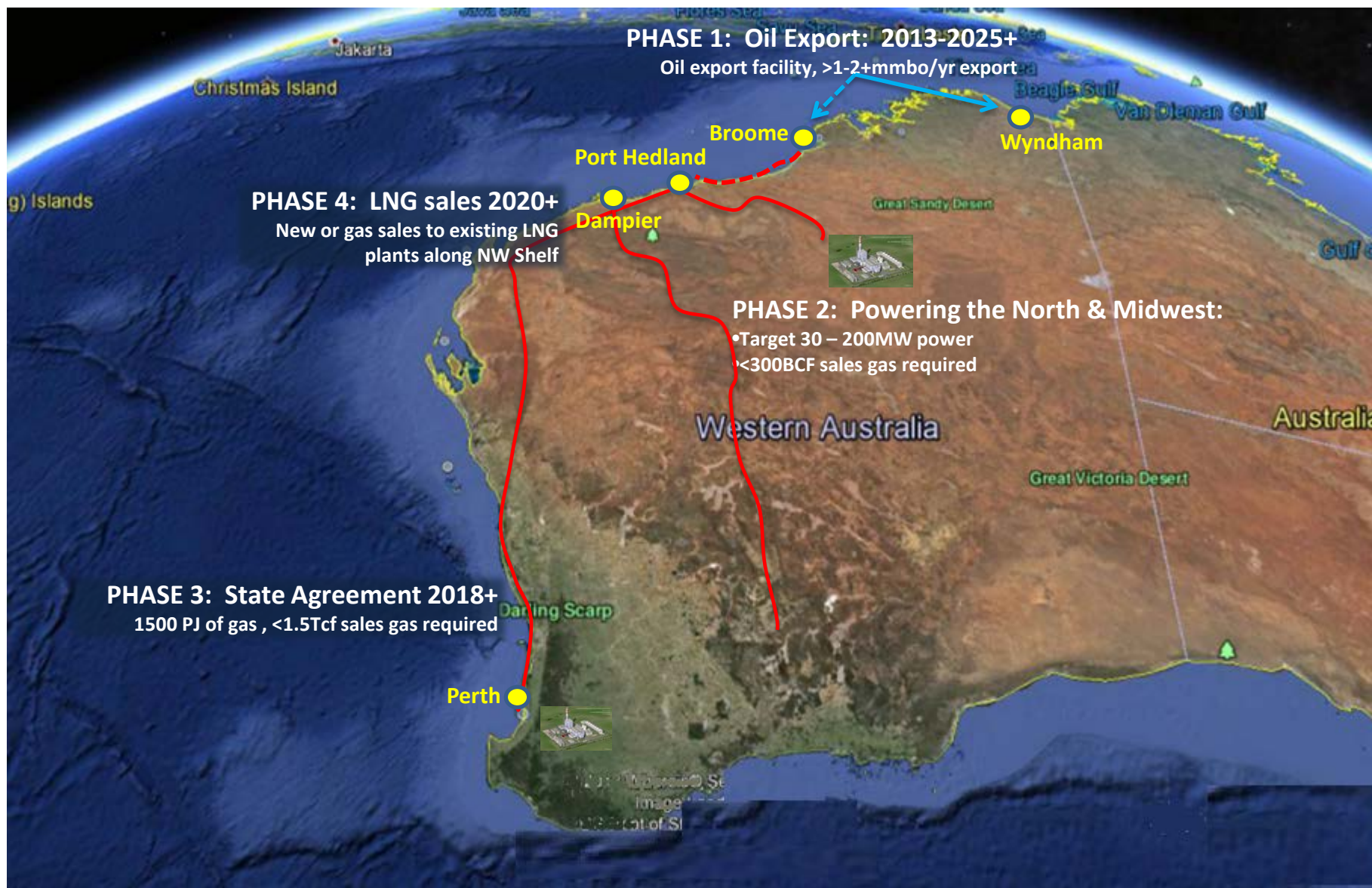
## FORWARD FUNDING

- **Oil exploration**
  - Wider exploration via excess cash from Ungani and internal sources
- **Gas appraisal**
  - Laurel farm-in partner introduced after flow testing
- **Gas development**
  - Funded through project dilution and debt





# Buru Energy's vision





# Energising Western Australia



**Buru**Energy