

Tight Gas from the Canning Basin Pathway to Reality

11 March 2014

Delivering Western Australia's
Energy Future



Overview

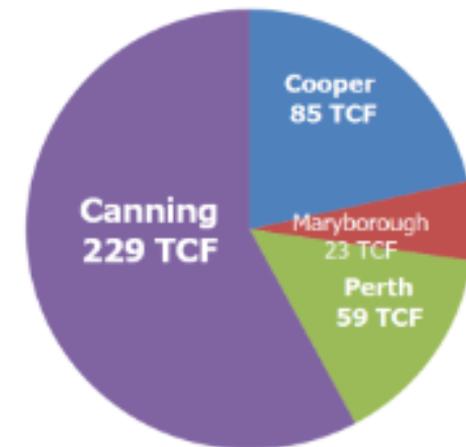
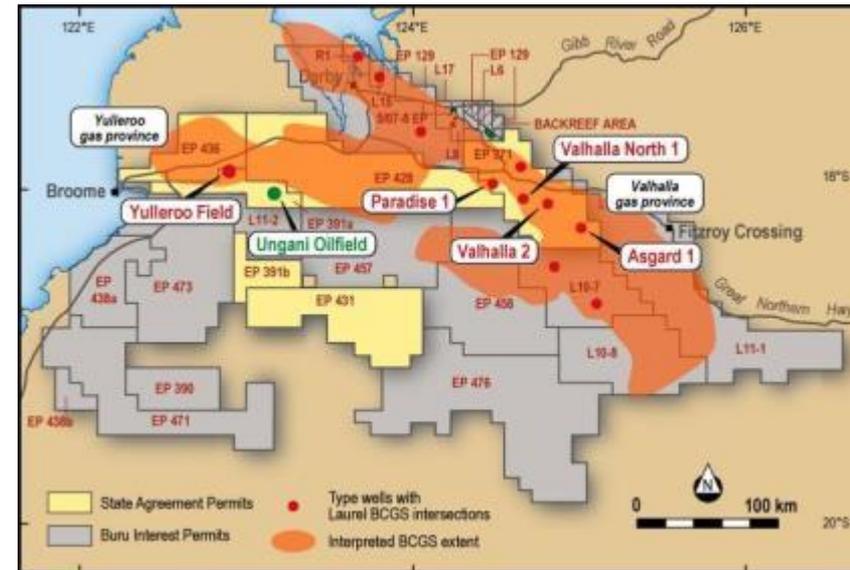


- 🔥 Key Messages
- 🔥 What is Canning basin Centred gas?
- 🔥 Our Program to deliver
 - 🔥 Technical
 - 🔥 Commercial
 - 🔥 Social
- 🔥 Conclusions



Key Messages

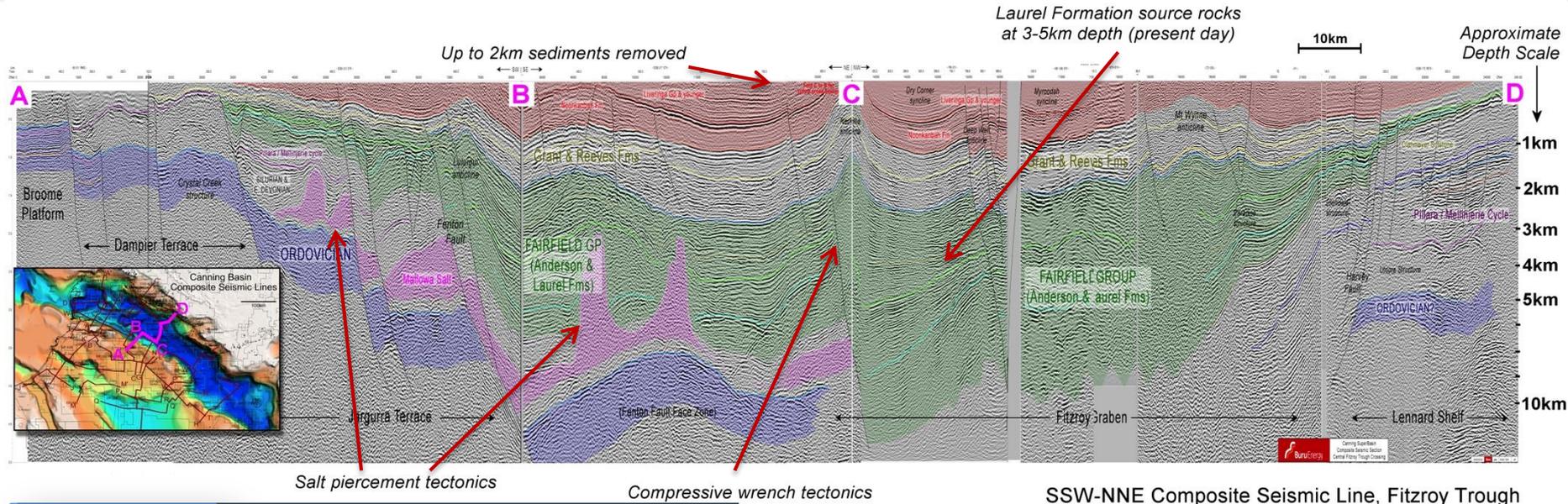
- The Canning has been identified with the largest unconventional gas potential in Australia
- >A\$280 million spent over the last 5 years:
 - 11 wells with significant tight wet gas in Laurel
 - 3 recovered gas from DST & 1 from trial frac
 - Gas is high quality and liquids rich
- The overpressure gas interval extends >38,000kms² aerially & 1600m vertically
- Buru controls 75% of the Laurel potential
- State Agreement enable systematic appraisal
- Buru's program is the most important energy project in the State in 2014
 - Long term energy supply
 - Stabilising long term domestic energy pricing
- Opportunity for sustainable regional employment, opportunities & development



EIA estimate of Prospective Resources by basin (shale resources only) – not including tight gas

Canning's geology has all the right ingredients

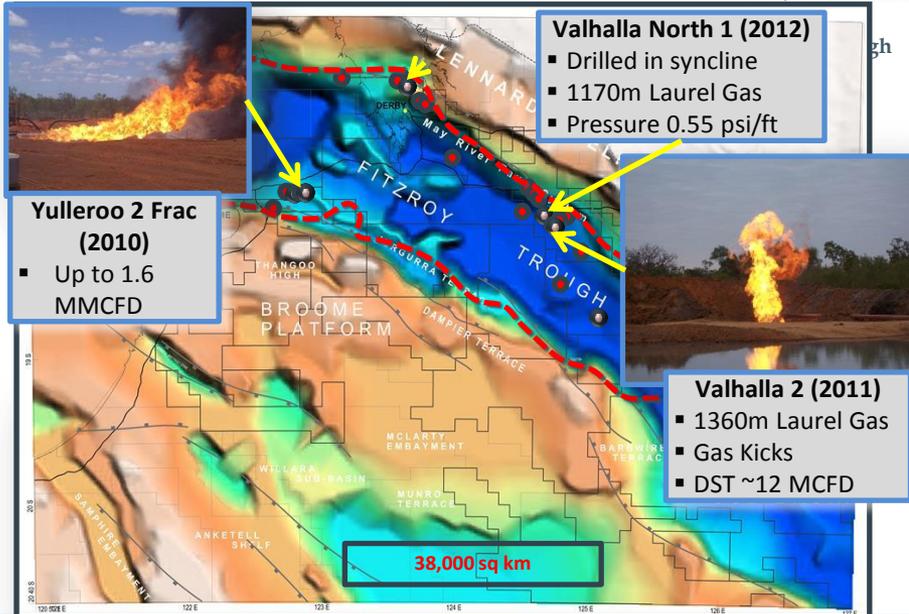
The shear scale of the basin may have hid its potential



Salt piercement tectonics

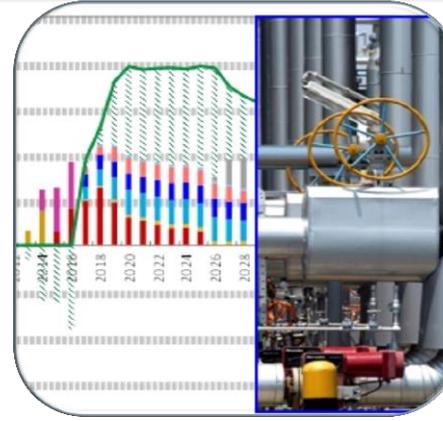
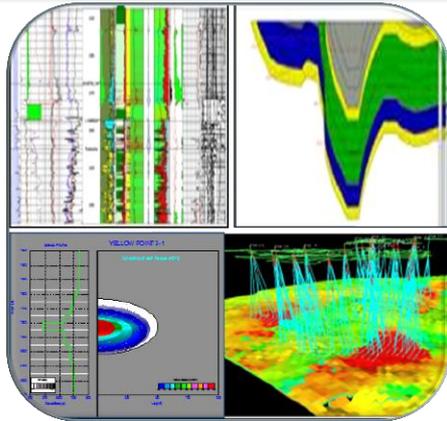
Compressive wrench tectonics

SSW-NNE Composite Seismic Line, Fitzroy Trough



Laurel Gas: Pathway to Full Potential

Systematic, focused, aligning stakeholders & transparent



2013 Feasibility

- ✓ Capability Build
- ✓ Deliverability
- ✓ Baseline monitoring
- ✓ Economic Analysis
- ✓ "Sweet Spot" Study
- ✓ Community Engagement
- ✓ Contracting
- ✓ Approvals
- ✓ Drilling costs
- ✓ Risk management

2014 Pre FEED

- Gas Deliverability
- EUR confirmation
- Liquids confirmation
- Regional Appraisal
- Licence to Operate
- Social Impact study
- Baseline modeling
- Approvals
- JV partnering
- Marketing
- Financing

2015 FEED

- Commercial Viability
- Pilot Project Plan
- Delineation
- Resource certifying
- EIA
- SIA
- Marketing
- Financing
- Approvals
- Licence to Operate

2016+ Development

- FID
- Pilot initiation
- Reserve certification
- Infrastructure Build
- Full field Planning
- Approvals
- Gas Delivery
- Domestic Supply
- Longer term LNG Supply

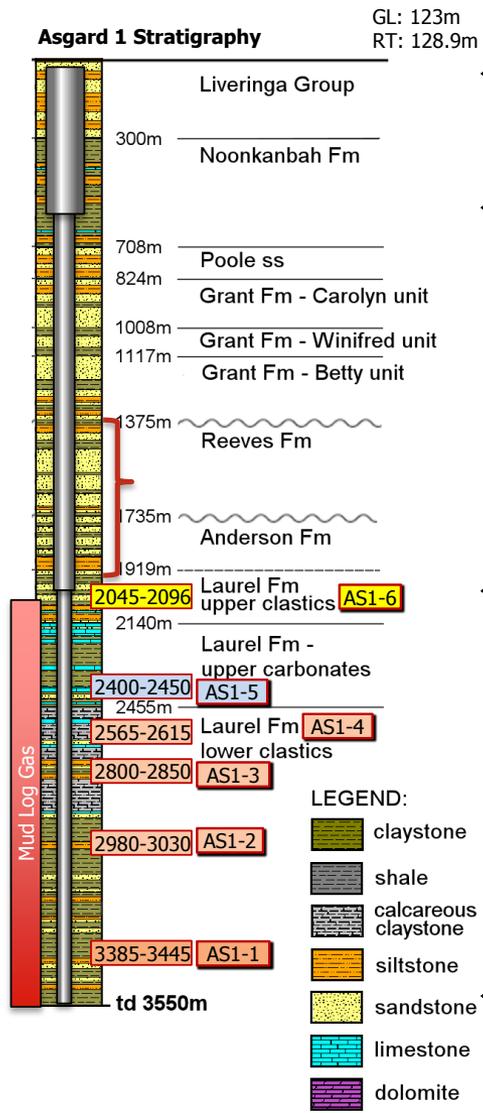
2014 Reservoir stimulation program

~ 2 hours to complete/frac followed by 3+ months flowback

- 2014 4 well gas program
 - 34-38 treatments
 - Yulleroo 3 – 5 stages
 - Yulleroo 4 – High Density 500 m Fractured – 13 stages
 - Valhalla North 1 – 7 stages
 - Asgard 1 – High Density 500 m – 11 stages

- 2014 \$45 million budget

- Flow Test on a Flare for 3 months after Clean Up
 - longer test if required for decline curve.



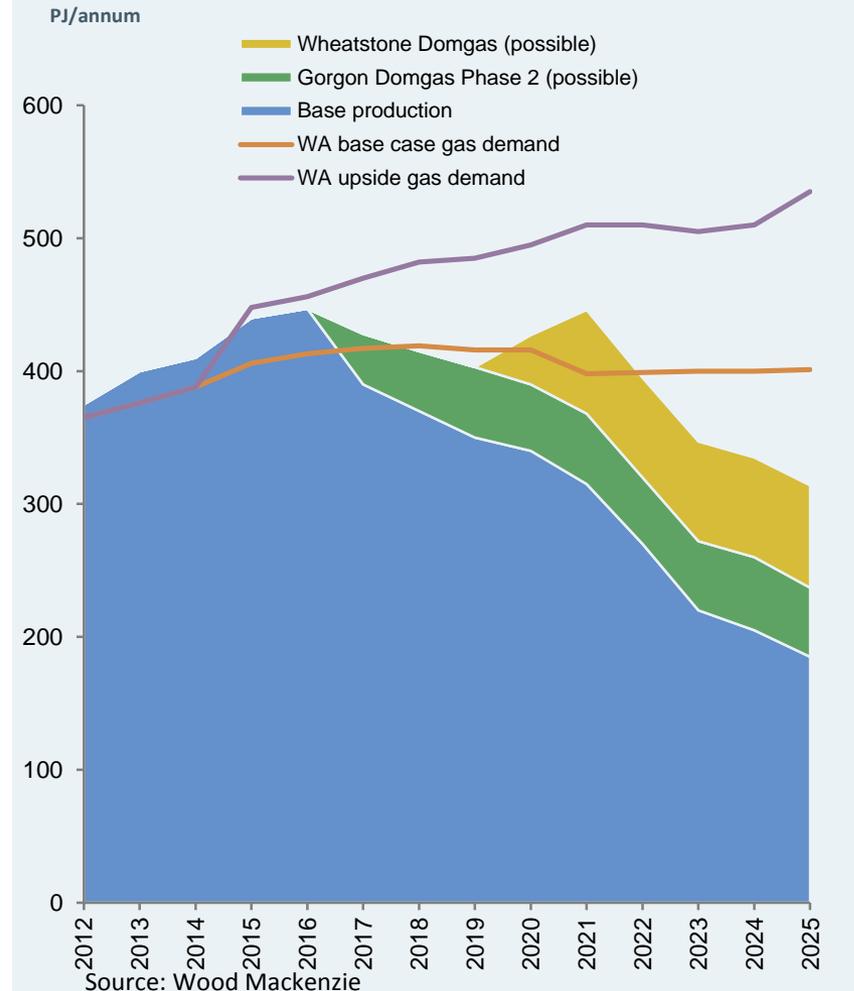
WA's Domestic gas demand

Steady growth, with prices set by competition for LNG supply



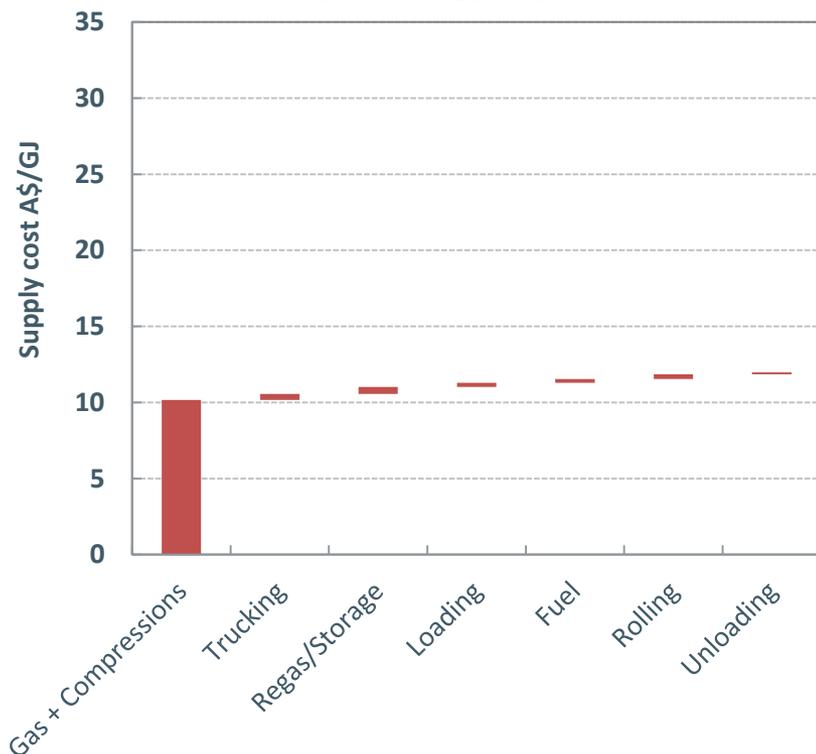
- Increasing electricity demand
 - ideally suited to supply from the Laurel Canning gas resource 2017+
- The majority new generation required by the sector is for projects in the Pilbara region (66%) and Mid West (22%).
 - Pilbara energy demand expected reach up to 4,500 MW by 2020+,
 - predominantly met by gas (~1,000 TJ/day)
- Perth metro area population expected to double
- Major demand for long term gas contracts for other SW projects eg Alcoa

W.A. domestic supply/demand balance

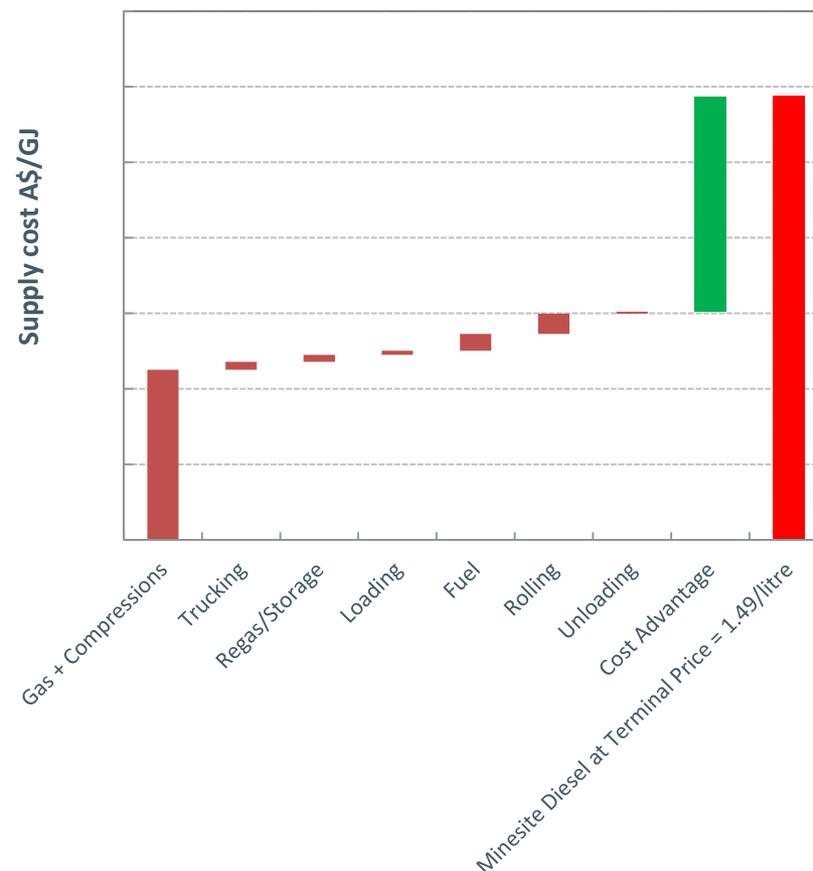


Canning Gas offers potentially highly competitive and stable energy

Cost component of delivery for CNG
Yulleroo to Broome



Cost component of delivery for LNG
Yulleroo to Pilbara Resource Project



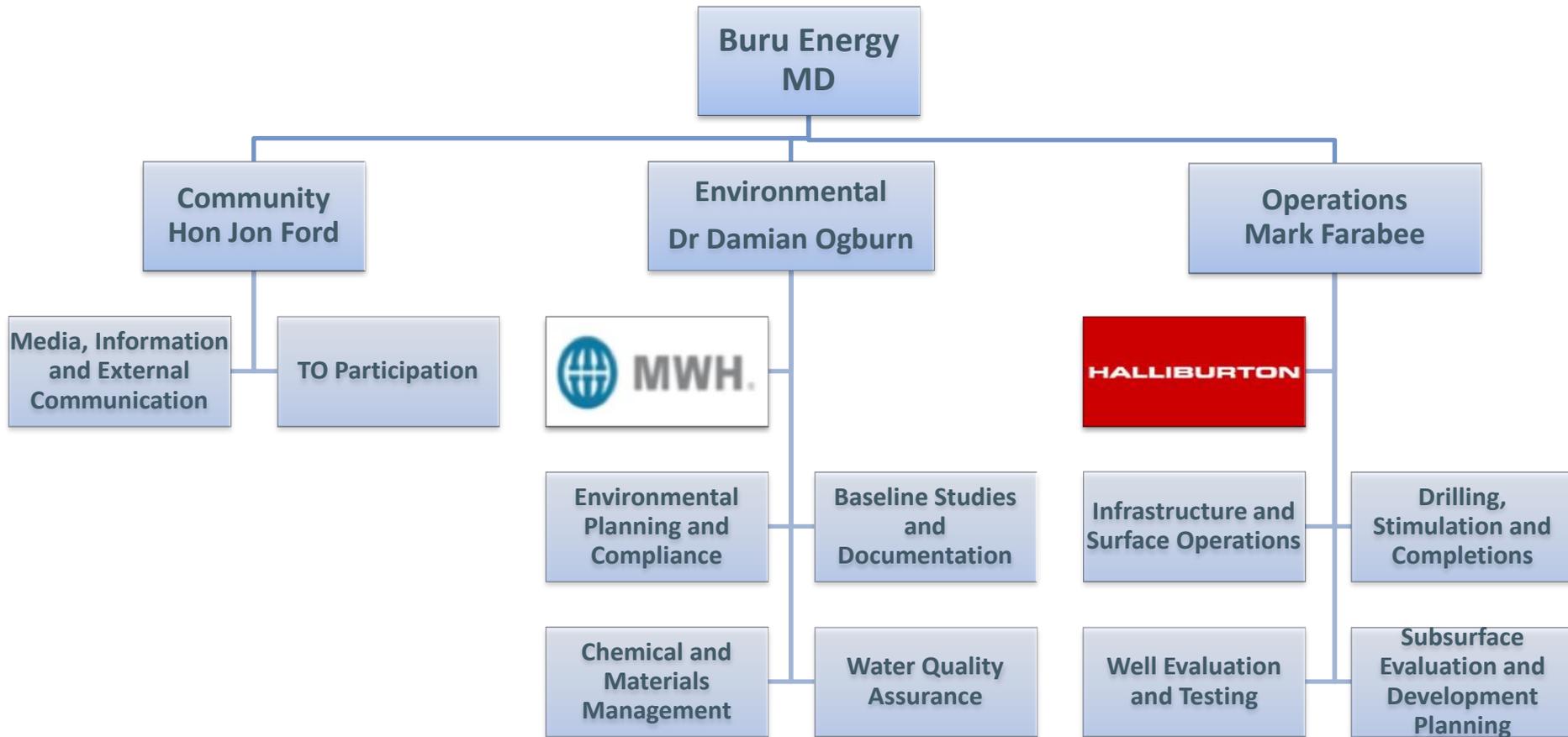
Displacement of diesel fuel for existing and proposed off grid generation in the Pilbara and Canning areas represents an opportunity for Canning Basin gas in the short to medium term

Dedicated project management

Buru focused on world class application and proven expertise



- Dedicated Team structure augmented by alliance with World class experts
 - Halliburton – operations
 - MWH – water and environmental excellence
- Monitored by independent review process



TGS14 Environmental Plan Objectives

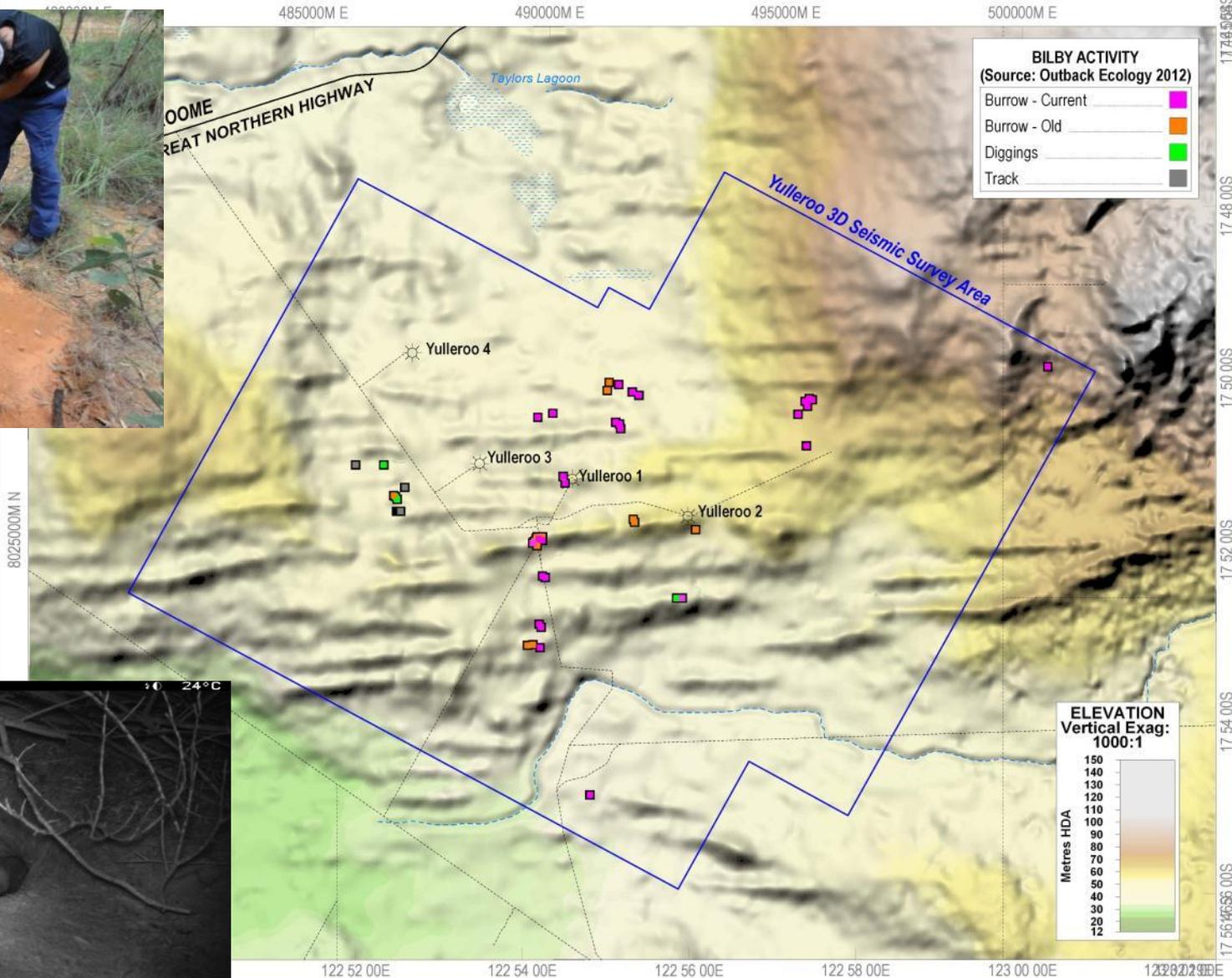
extensive regional flora, fauna and water baseline modelling



- Flowing gas at sustainable rates
 - measure decline curves and
 - composition analysis
- Demonstrate Sustainability
- Demonstrating flowback water can be :
 - recycled to minimise the small amount of water to be taken from the aquifer
- Demonstrating there are no solid, fluid or air emissions that pose any risk to humans or the environment
- Optimise the deep hydraulic stimulation design for the Laurel formation in order to:
 - minimise land footprint and
 - maximise resource recovery in a commercially viable manner
- Establish regional environmental baselines



Bilby Monitoring Program

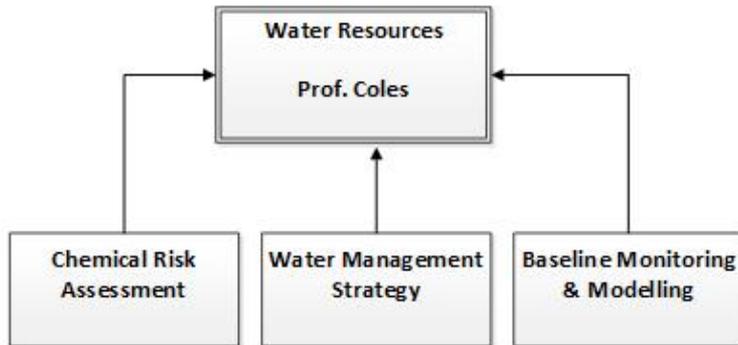


Independent oversight

ensures commitment to best practice & transparency



Water and Chemical Management Review Process



ECOSUS



MWH

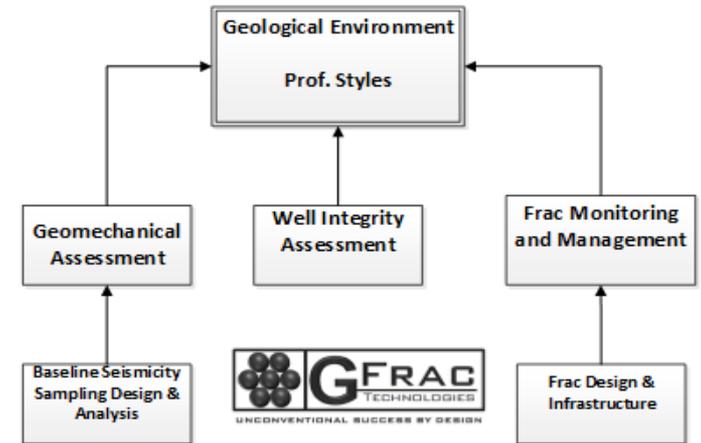
Rockwater

ChemCentre
EXPERT SOLUTIONS

Geological & Well integrity Management Review Process



Keele University



Schlumberger

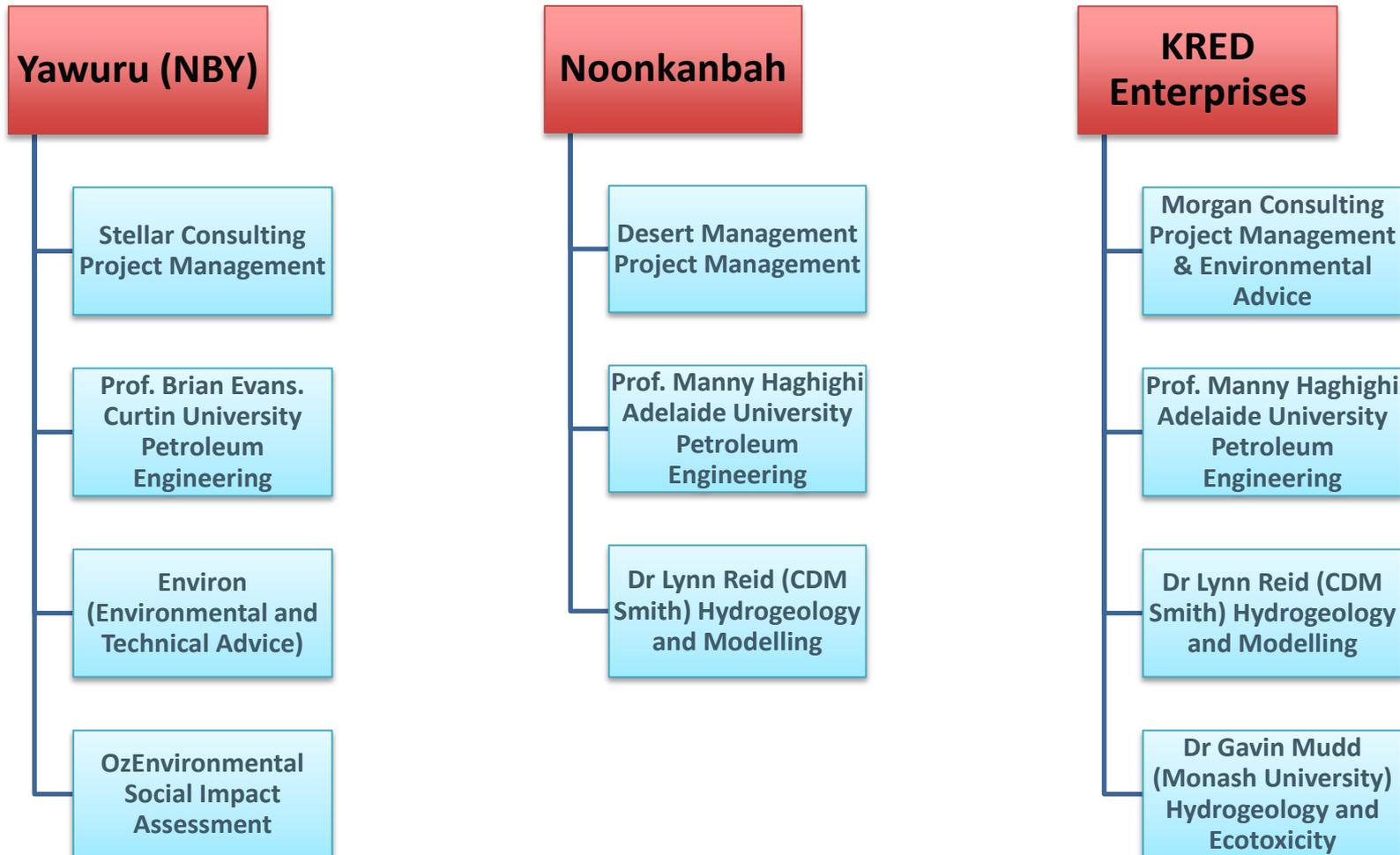


Buru : Committed to Transparency

ensuring the Traditional owners have independent expert advice



Enables TO groups to independently assess risk on environment and social impact to confirm that TGS14 program is Low Risk and incorporates best available techniques, management & monitoring



Environmental Science Cadets



11 Traditional Owner community members applied for Environmental Trainee cadetships to acquire formal qualifications and integrate their cultural knowledge with environmental monitoring and oversight.

- OEPA determined that TGS14 does not require assessment under Environmental Protection Act
- 81 appeals lodged against this decision
- Buru Energy preparing response to submissions and will lodge on 4 March, 2014
- Indicative timeframe for decision from Appeals Convenor is later April
- Best case – DMP decision to approve TGS14 in early May
- Mobilise equipment in early June from east coast for dry season
- TGS14 hydraulic fracturing will be completed at 4 wells by October 2014

The way forward

Unlocking value is achieved by aligning key stakeholders



Strong and enduring Traditional Owner relationships

- Proactive Community engagement and transparent activities
 - Skills development, job creation and contracting
 - Sustainable business creation
- Equitable value sharing that drives alignment



Strong JV partners, funding support building partnership

- Support long term programs and strategy
- Support funding and Buru's capability to deliver
- World class with the ability to commercialise all assets



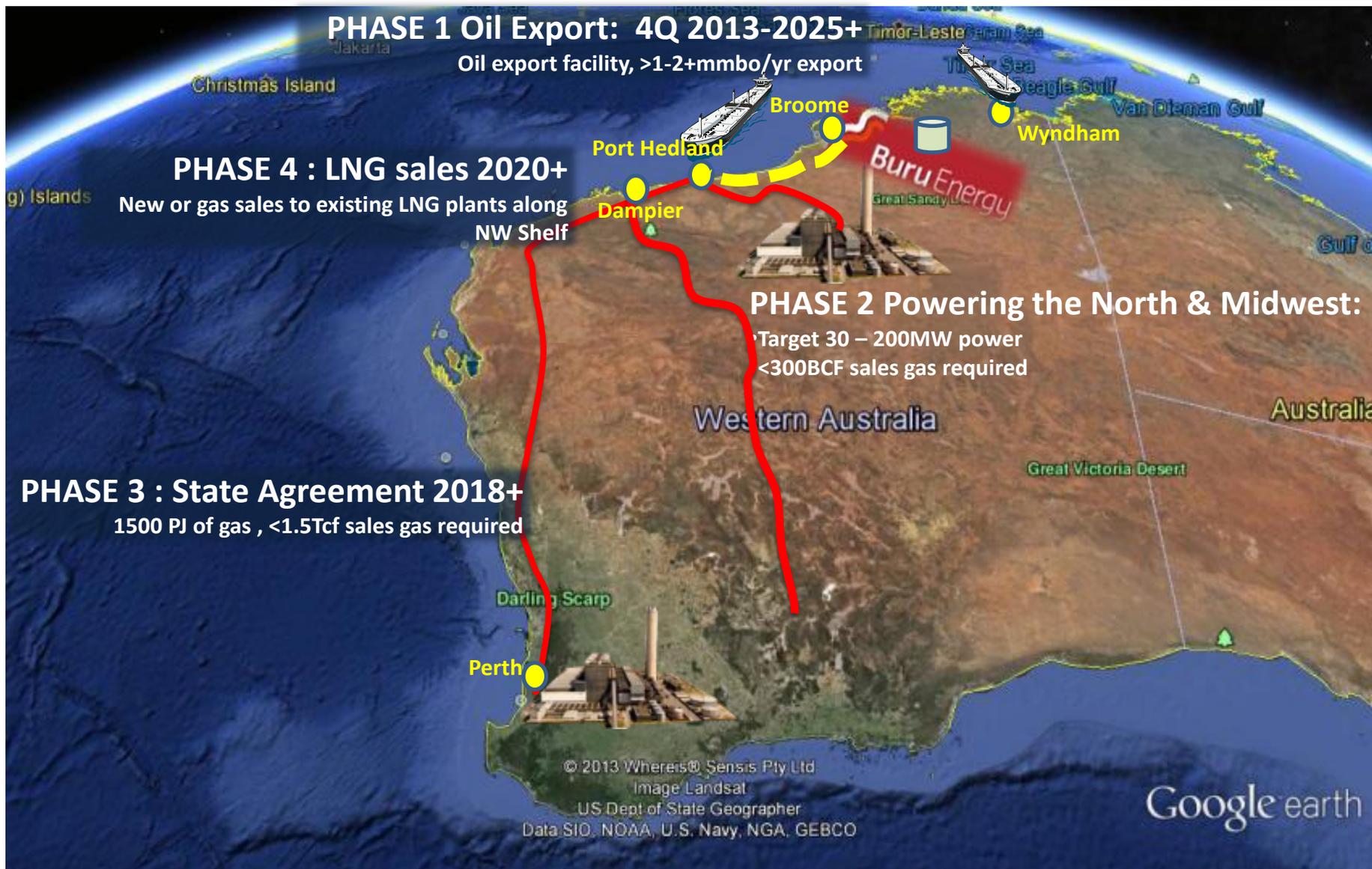
Contractor Partnerships: Right Equipment & Right Structures

- Modern equipment driving:
 - Safety
 - Environment
 - Operational best practice



- Testing and evaluating the Canning gas is the single most important long term energy impact project in WA in 2014.
- The project has the potential to provide:
 - Potential long term energy security for the State,
 - Massive sustainable social & community benefits for the Traditional Owners.
- Full benefits of project to all Western Australians must be clearly communicated:
 - Debate must be based on scientific fact,
 - Need to actively counter misinformation from a minority which lead to decisions to the detriment of regional communities and the State.
- The 2014 program has the potential to make the canning basin one of the most sought after long term energy sources in Australia and regionally.
- The objective is to make the Canning Project the model for Stakeholder alignment and deliver a strategically important project in the best interests of the State.

Buru's vision WA's own powerhouse



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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.