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**ASX ANNOUNCEMENT (ASX: BRU)**

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## **OPERATIONS UPDATE**

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Buru Energy Limited provides the following update on the Company's recent and planned operations.

### **Highlights**

- Yulleroo 4 appraisal well identifies very significant gas column and provides strong support that the Yulleroo accumulation is part of the Laurel Formation regional Basin Centred Gas System (**BCGS**), with RISC identifying over 6 TCF of gas net to Buru in the Yulleroo area of the BCGS.
- Cyrene 1 well intersects Goldwyer Shale as prognosed, confirming significant regional oil and gas prospectivity of the Goldwyer Shale on Buru's acreage.
- Ungani Field continued to deliver strong production performance. Production now suspended ahead of production logging operations.
- Funding secured for 2013 program with sale of interests in Fitzroy Blocks to Mitsubishi and Rey.

### **Drilling Program**

#### ***Yulleroo 4***

The Yulleroo 4 well has now been drilled to total depth, on budget and on time, and the rig has now been released. Logging was completed as planned, and included the acquisition of a comprehensive suite of rotary sidewall cores to enable detailed reservoir property analysis.

The results of the well are particularly encouraging. Gas shows have been encountered over a total interval of some 1,686 metres, from 2,160 metres drill depth in the Lower Anderson Formation down to total depth in the Lower Laurel Formation. Importantly, sands with good gas shows were still being encountered at the planned total depth of 3,800 metres, resulting in the well being deepened to a total depth of 3,846 metres.

The main Yulleroo Gas Sands were encountered as prognosed some 200 metres down dip from the intersection in Yulleroo 3. The top of the overpressured section was encountered at approximately the same depth as in Yulleroo 3, with gas wetness ratios similar to those seen in the other Yulleroo wells and in the Valhalla region, giving confidence that the Yulleroo accumulation is part of the regionally extensive Laurel Formation BCGS.

Several sands were encountered with interpreted reservoir properties that provide encouragement for the development of conventional reservoirs as were identified in Yulleroo 3. These sands are being fully evaluated by analysis of the logs and sidewall cores obtained in this well. As pressure data and gas samples were obtained from equivalent sands in Yulleroo 3, it was not considered necessary to obtain the same data from the sands encountered in Yulleroo 4. No flow tests were planned for the Yulleroo 4 well, as the very high reservoir pressures mean open-hole drill stem tests of gas zones

cannot be safely conducted. It is expected that the interpreted conventional reservoir sections will be flow tested as part of the planned comprehensive test program of the Laurel Formation.

The Yulleroo 4 well was designed to test the reservoir development and gas column extent in the Yulleroo wet gas accumulation. Buru's interpretation, based on the 3D seismic data acquired over the Yulleroo area in 2010, is that Yulleroo 4 has been drilled on the limits of the main field structural closure at the Yulleroo Gas Sands level. There is no clearly defined top seal present in any of wells drilled on the Yulleroo accumulation, however, all of the Yulleroo wells demonstrate a transition into overpressured gas at similar depths, and reached total depth in gas shows. Buru considers that these consistent results, confirmed by Yulleroo 4, demonstrate that the Yulleroo wet gas accumulation is part of the broader Laurel Formation BCGS.

RISC recently completed an independent review of the Laurel Formation BCGS in the whole of Buru's permits in the Canning Superbasin. As part of that review, RISC estimated that the BCGS in the Yulleroo area could hold, net to Buru, over 6 TCF of recoverable gas resources with over 160 million barrels of associated condensate, and additional similar quantities of LPG's which were not included in this estimate.

Confirmation of this potential by Yulleroo 4 is important in the context of the significant broader regional potential of the Laurel Formation BCGS. The trial reservoir stimulation of the Yulleroo 2 well in 2010 demonstrated that the Yulleroo Gas Sands are capable of flowing gas at significant rates with very low CO<sub>2</sub> content and associated high liquids content. This illustrates the potential of the BCGS to flow good quality gas after only a very small reservoir stimulation operation on a restricted number of zones in a vertical well.

### ***Cyrene 1***

This well was drilled in EP 438 to test a conventional oil target in the Willara Formation carbonates. More significantly, the well was designed to core and evaluate the Goldwyer Shale. The Goldwyer Shale has significant unconventional prospectivity for oil and wet gas, and was identified by the US Energy Information Agency in April 2011 as the major unconventional play in the Canning Superbasin with prospective resources of 229 TCF of gas and multi billion barrel oil potential.

The Goldwyer Shale was encountered as prognosed in the Cyrene 1 well and several cores were taken through the section. Strong indications of oil were noted in the Cyrene cores, consistent with Buru's interpretation that the Goldwyer Shale is in the oil window at the Cyrene location. In other areas of Buru's permits the Goldwyer Shale is buried deeper than at the Cyrene location and is interpreted to be in the wet gas window.

The Cyrene cores are now being analysed for organic carbon content, oil generative capacity and maturity for hydrocarbon generation, and will provide a valuable modern data set to complement Buru's existing extensive data set for the Goldwyer Shale. This most recent data will be incorporated into Buru's regional evaluation of the Goldwyer Shale which will assist in planning future activity in this highly prospective area.

The conventional oil target in the Willara Formation carbonates was encountered as prognosed, but no flow was obtained from a drill stem test.

### ***Forward drilling program***

Buru and Mitsubishi are currently in discussion about the drilling program for the remainder of 2013 and for 2014. Those discussions include considering the suitability of various drilling rigs for the forward program, which is likely to include vertical oil exploration wells, horizontal oil and gas appraisal wells and deep vertical gas exploration and appraisal wells. Despite its excellent service to date, Ensign Rig#32 is not the most suitable rig for the forward program. The rig is therefore being

released at the end of Yulleroo 4. Details of the forward drilling program will be released in due course once the program is agreed and rig selection finalised.

## **Ungani Area Appraisal and Development**

### ***Ungani Field production test update***

The Ungani Field production test continued for part of February with the Ungani 2 well on production during the month. The Field was shut-in as planned on 23 February. Oil production was curtailed several times during the month due to transport and weather limitations, however, the Ungani 2 well continued to produce very strongly with consistent water cuts of 25% to 30%, in line with predictions.

The oil production statistics for the field for the month are as follows:

#### **Monthly oil production (bbls)**

<b>Month</b>	<b>Ungani 1ST1</b>	<b>Ungani 2</b>	<b>Field Total</b>	<b>BOPD*</b>
Pre October 2012	8,211	29,603	37,814	NA
October 2012	4,650	5,704	10,354	334
November 2012	0	13,932	13,932	464
December 2012	0	14,509	14,509	518
January 2013	0	14,383	14,383	514
February 2013	0	9,603	9,603	432
<b>Total to date</b>	<b>12,861</b>	<b>87,734</b>	<b>100,595</b>	

*\* Average for days on production*

### ***Ungani Field production test forward program***

As set out in the last update, the data gathered from the production test to date has confirmed the very high productivity and excellent permeability and connectivity of the reservoir. Analysis of the pressure response of the reservoir has also confirmed that the two wells are “seeing” a volume of moveable oil similar to the volumetric estimates recently made by RISC of 9.9 million barrels recoverable. Advice from RISC and other independent reservoir engineers is that quantification of the upside of the Field will now require wells to be drilled to intersect the reservoir outside the radius of investigation of the existing wells.

The Field has now been shut-in in preparation for the acquisition of production logs. The data gathered from these logs will be used to plan a workover program to increase dry oil production ahead of moving into the full development of the Field.

The joint venture is currently undertaking detailed planning for the full development of the Field, with a target of producing 5,000 bopd for export through a northwest port in the first half of 2014. The joint venture is moving towards commitment to an export facility in the coming months, providing sufficient time to allow construction to be completed in the required timeframe.

### ***Ungani North 1***

Further analysis of the results of the Ungani North 1 well is currently being undertaken, including analysis of the sidewall cores from the well. The results so far are very encouraging with good evidence of both primary and secondary porosity being developed in the dolomitic reservoir section, lending further support to RISC’s initial independent estimate of gross 2C contingent resources in the Ungani Dolomite of ~6 million barrels of oil. The potential for significant upside from this initial estimate exists.

Work on the design of a test program for consideration by the joint venture is continuing with a view to recommending to the joint venture that a test is carried out during the dry season in conjunction with the proposed workover of the Ungani wells.

### **Geological and Geophysical Projects**

As a result of the significant conventional reservoir potential identified in the Yulleroo wells, Buru has commissioned Isis Petroleum Consultants to carry out a comprehensive review of the potential for the development of conventional reservoirs in the Laurel Formation. The first phase of this review has been completed and has also generated additional geological insights into the development of Ungani Dolomite reservoir systems in the basin. Isis has now commenced work on the next phase of this review, which will include work on a detailed structural and thermal maturity history of the Superbasin.

In parallel with this project, Buru has embarked on a major seismic reprocessing project which will allow enhanced interpretation of the structural history of the Superbasin and better definition of prospective trends.

### **Corporate Update**

As set out in a separate release, the Company has entered into an agreement to rationalise the interests in the EP 457/EP 458 permits (Fitzroy Blocks) which will result in the receipt by the Company of some \$21 million in cash. These funds, together with existing cash on hand, will provide funding for the Company's planned expenditure program for 2013, and removes the need for any capital raisings in the near term. The transaction also confirms Buru's focus on capital management and adding value for shareholders.

The Company has also reported that it has been in discussion with a number of parties who have expressed interest in participating in its unconventional oil and gas resources. These discussions are continuing, but the Company does not need to introduce a farmin partner at this time to progress its Laurel BCGS evaluation to the next stage, and will only do so on terms that are commercially and operationally appropriate. The recent farmin deals in the Cooper Basin have also demonstrated the value being placed on unconventional assets by the industry.

Further information on the Company is available at: [www.buruenergy.com](http://www.buruenergy.com)

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## Buru Areas of Activity

