

ASX Announcement

23 June 2014

Tight gas testing program receives approval

Buru Energy Limited is pleased to advise that the Laurel Formation Tight Gas Pilot Exploration Program has been approved by the Department of Mines and Petroleum (DMP).

DMP approval of the program now completes the regulatory approval process required for the program to proceed.

It comes after the Environment Minister on 16 June 2014 upheld the Environmental Protection Authority's conclusion that Buru Energy's "small scale, limited duration 'proof of concept' exploration proposal is unlikely to have a significant effect on the environment" and that the DMP was the appropriate regulatory agency to assess and monitor the program.

The DMP's determination included approval of the Environment Plan, as well as Operational and Safety Plans for the program.

The program will commence with preliminary site preparation during this year's Kimberley dry season and the overall program will involve stimulation of tight gas zones in existing vertical exploration wells to assess their geological and commercial potential. The zones to be stimulated or fraced are in the geological unit known as the Laurel Formation, between two and four kilometres below the surface.

The program is the first stage of a possible multi-stage exploration, appraisal and development program for tight gas which would be undertaken over several years, subject to demonstrating commercial viability and continued regulatory approvals.

If, in the long-term, the resource proves to be commercially viable, gas from the Canning Basin would supply the Western Australian industrial and domestic markets. Under a State Agreement which includes its Joint Venture partner Mitsubishi, Buru Energy is targeting the initial delivery of 1,500 petajoules of gas into the WA domestic market, enough to supply Perth residential customers for over 80 years.

Buru Energy's Managing Director Dr Keiran Wulff said: "Canning Basin gas is of strategic importance to the State and has the potential to provide long term benefits to the Kimberley community. There is considerable interest on a national scale to understand the commercial potential of tight gas in the Basin and to ensure our program is undertaken with utmost consideration to the environment and community."

Buru Energy lodged its Environment Plan (EP) for the pilot program with DMP in late 2013, followed by the Operational and Safety Plans earlier this year. The EP and associated technical

appendices involved two years of research and documentation, ensuring all environmental safeguards are in place to protect the Kimberley.

“Not only is our program small scale with no significant environmental impact according to EPA guidelines, but it is also backed up by very rigorous technical studies, testing and analysis. Various independent expert review processes have also been undertaken to ensure appropriate environmental safeguards are in place for the activities. We have also taken great care to use state of the art techniques including a hydraulic fracturing fluid made with ingredients sourced from the food industry, that is non-toxic and rapidly biodegrades,” Dr Wulff said.

A summary of the EP will be posted on Buru Energy’s website within 10 days. Monitoring and test results will be posted regularly during the program.

In preparation for the pilot program, Buru has conducted geological mapping and hydrogeological assessments and has collected robust baseline groundwater data. Buru also undertook an extensive community engagement program throughout the Kimberley.

“We will continue to engage with Traditional Owners and the general Kimberley community as we progress through our tight gas evaluation program,” Dr Wulff said.

Visit www.buruenergy.com for information on Buru Energy’s current and future activities including a comprehensive Q&A booklet on tight gas exploration.

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Background on the EP:

The EP included independent peer reviews of Buru Energy’s operations for the pilot program, with the scientific experts determining:

- Buru Energy’s comprehensive groundwater monitoring program is designed to detect the smallest impact to groundwater
- The company’s hydraulic stimulation fluid and breakdown products have been assessed as being non-toxic under the national classification guideline
- The hydraulic stimulation fluid has no carcinogenic or mutagenic risk, with the products also rapidly biodegrading. The fluid was also found to not persist in the environment and does not bio-accumulate.
- The operation is being carried out at least 2,000 metres below the surface and predicted frac heights would not exceed 300m and existing faults in the area were small and closed, representing no risk of upward pathways of fluid. Subsequent modelling by Buru Energy confirmed that frac heights are predicted to be 50 to 80 metres under the planned program.

Key points about fraccing operations and environmental protection include:

- There have been no confirmed reports of contamination of groundwater as a result of hydraulic fracturing anywhere in the world. This is fact and has been repeatedly stated by regulatory agencies throughout the world.
- The geology of the region provides additional protection for Broome and Derby water supplies. The natural flow of aquifers in the region means there is no connection between Buru Energy's sites east of Broome and the towns' water supplies, north of Broome.
- Fraccing will be far below any potable aquifer, with more than two kilometres of solid rock between the fracture zone and the aquifer. Given that frac heights will be a maximum of 300 metres, there is no way for fraccing fluid or gas to connect with the aquifer via hydraulic fractures.
- The bore holes are heavily reinforced with several layers of steel and cement. They have been tested to confirm integrity at the time of construction. These bore holes will be constantly and very carefully monitored during and after activities.

About Buru Energy

Buru Energy Limited (ASX: BRU, S&P/ASX200) is a Western Australian oil and gas exploration and production company headquartered in Perth with an operational office in Broome. The Company's petroleum assets and tenements are located onshore in the Canning Basin in the southwest Kimberley region of Western Australia. Its flagship high quality conventional Ungani Oilfield project is owned in 50/50 joint venture with Mitsubishi Corporation. As well as Ungani, the Company's portfolio includes potentially world class tight gas resources.

The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin.