

Operations Update

Buru Energy Limited (Buru) (ASX: BRU) is pleased to provide the following update on the restart of production from its 100% owned Ungani Oilfield and general operations.

Highlights

Ungani Oilfield production restarted with first oil delivered to the Wyndham storage tank:

- Initial field testing and commissioning program completed
- Oil production to be ramped up to initial target rate of 1,250 bopd
- Modifications to Wyndham storage tank completed on time and on budget
- First oil delivered to Wyndham storage tank using new quad road tanker system
- Orders placed for downhole pumps for the Ungani 1 and Ungani 2 wells
- Further 2017 field activity to enhance production under review

Corporate and Operations:

- Negotiations for oil marketing arrangements progressing
- RISC review of Yulleroo Gasfield resources progressing
- Government, JV and other stakeholder documentation of the recently announced Asset Swap transaction proceeding as planned.

Ungani production restart

Test and commissioning program

Initial production from the field has included a series of rate and interference tests to quantify reservoir properties prior to full scale production, and to provide base line production data prior to the installation of the downhole pumps. The test data is currently being processed, but initial field interpretation is in line with or exceeds previous results and interpretations. Full review of the data will take another 4 to 6 weeks.

The field will be produced at some 800 bopd while the transport system is fully commissioned, with progressive steps up to the target production rate for this phase of production of 1,250 bopd over the next couple of weeks.

Wyndham storage tank and transport system

Modifications to the CGL 80,000 barrel crude storage tank to convert it to crude service have been completed on time and on budget with no incidents. This work included the drainage and cleaning of the tank, installing an epoxy coating and a mixer system, and making modifications to the pipe work to optimise crude loading and unloading. The work was carried out by DRA Industries Pty Ltd (DRA) who has provided vendor finance for this work.

Crude transport from Ungani Oilfield to Wyndham Port is being undertaken by Fuel Trans Australia who was selected following a rigorous selection process which included analysis and review by a third party independent expert on road transport risk management. The trucking system includes state of the art safety systems to ensure the system has an ALARP risk profile. The systems include minimal night driving, geofencing of potential risk sections, in-cab monitoring, external monitoring of driving parameters and truck locations and using all local drivers. The full system will utilise quads which will reduce the number of truck movements.



FTA quad at Ungani Oilfield



Wyndham Tank 10

Further development activity

Further development of the field is being undertaken in phases with the startup of production being the completion of Phase 1. Phase 2 will involve the installation of downhole pumps and their associated control and power systems in the Ungani 1 and 2 wells, and an upgrade to the fluid handling system, including additional tankage. This phase is now underway with the long lead items for the artificial lift system being ordered. These include the downhole pumps and ancillary well equipment. Discussions with rig suppliers are also underway to ensure that a rig is available as required to install the pumps. These discussions indicate that a cost effective solution will be available in the time frame required later this year.

Phase 3 is aimed at the incremental development of the field and will include additional drainage points to capture the identified resources. The candidates being reviewed include the Ungani 3 eastern field area and a further development well (Ungani 4) to capture production from what is currently interpreted to be undrained areas of the field.

Success in Phase 3 has the potential to significantly increase proven Ungani oil reserves and provide a pathway to an export system through Broome.

Corporate and Operations

Oil marketing and sales

Negotiations with potential oil marketing parties are ongoing with strong interest shown for the high quality Ungani crude, particularly for the larger parcels from the enhanced export system with the larger tank. The first lifting is likely to be in September and marketing arrangements need to be in place to capture the most value from the sale process.

Other operations

Yulleroo field review – Buru now has 100% of the Yulleroo Gasfield and the gas resources in the other areas of the basin outside EP 371. The Company has commissioned RISC Advisory to provide an update of their 2011 review of the resources of the Yulleroo Gasfield and is reviewing possible ways forward for the appraisal of this resource in light of the current Government policies in relation to the evaluation of unconventional resources.

Asset Swap transaction – Government, JV and other stakeholder documentation of the recently announced Asset Swap transaction is proceeding as planned. As previously announced, Buru is also providing various services and assistance under a transitional services arrangement in respect of EP371 including facilitating recent meetings at the Noonkanbah community.

Community – The Company will be holding a Broome Sundowner on Wednesday 28 June to provide an update on activity and a thank you to local stakeholders who have provided support for the Ungani restart and our operations generally.

Visit www.buruenergy.com for information on Buru Energy's current and future activities.

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About Buru Energy

Buru Energy Limited (ASX: BRU) 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. It owns 100% of its flagship high quality conventional Ungani Oilfield project and 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 in an environmentally and culturally sensitive manner.

Competent Persons Statement

Except where otherwise noted, information in this release related to exploration and production results and petroleum resources is based on information compiled by Eric Streitberg who is an employee of Buru Energy Limited. Mr Streitberg is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 40 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this document.