

Buru Energy Operations Update

Buru Energy Limited (Buru Energy) is pleased to provide the following update on the Company's operations.

Summary

- Ungani EPT continuing with strong production from Ungani 1ST1 post the phase 1 workover
- DDH1 Drilling Rig being mobilised to commence Buru Energy program
- 2014 seismic program progressing well
- Capital raising placement completed and Share Purchase Plan open for subscription

Ungani EPT (Extended Production Test)

Since the last report on 16 September a series of production tests have been carried out on the Ungani 1ST1 well. These have returned very positive results with the well performing strongly. The well is producing at stable production rates of ~1,600 barrels of oil per day (~2,400 barrels of fluid per day) at well head pressures of ~160 psi, with the water cut slowly decreasing from 30% to ~25%. Ungani 2 is continuing to be produced at stable rates of ~810 bopd of oil at ~2.5% water cut. There is no discernible "back out" or interference in production between the two wells when they are both on production, which is again a very encouraging outcome.

The overall average field production rate is currently being constrained to ~1,250 barrels of oil per day which is the most efficient rate with the current transportation configuration.

Further production testing and pressure monitoring will be necessary to calibrate the dynamic modelling of the field, with the well performance currently exceeding modeling predictions.

Rig mobilisation and drilling program

The DDH1 Drilling rig has been released from its previous program for another operator and is currently undergoing routine maintenance prior to being mobilised to undertake the Canning Basin program. All approvals are in place for the drilling of the Commodore 1 well, and road and pad construction is well advanced with the anticipated spud date later this month.

Workovers and testing

Ungani 1ST1

The results of the first phase of the Ungani 1ST1 workover are very encouraging and preparations are underway for the second phase which, subject to all approvals being obtained, will involve the placement of a cement plug to attempt to fully isolate the water leg and allow production of dry oil. Dry oil production without the influence of water from the underlying formation water zone will provide pressure and production data needed to calibrate the dynamic model, and it will also allow more efficient production operations.

Ungani North 1

Subject to all approvals being obtained, the DDH1 rig will be mobilised to undertake the first stage of the Ungani North 1 test while the road and pad construction for the Commodore 1 well is being completed. The first stage of the test will involve conditioning the fluid in the well and running a completion string. Once this is completed the rig will move to Commodore 1 and the Ungani North 1 well will be perforated and tested.

Seismic programs

The Company has 2D and 3D seismic programs underway to mature drilling targets for 2015 and to meet permit commitments. The surveys are all on prospects with conventional oil prospectivity. No further seismic data is currently required for any tight gas appraisal.

The 2D Mt Rosamund survey is progressing well and is now some 85% complete with some 420 kms of data acquired. Line preparation on the Jackaroo 3D survey has commenced and is progressing well. The Terrex seismic crew acquiring the Mt Rosamund survey will also acquire the Jackaroo 3D survey when Mt Rosamund is completed.

Corporate

General

The Company has continued its process of corporate restructuring with a focus on operations as it prepares for the upcoming drilling and workover programs.

The Company has also received notification that it has been successful in a recent tender for a pastoral lease that includes the area of the Ungani facility. The transaction is conditional on the government approving the transfer of the pastoral lease. Provided the relevant government approval is obtained, the Company intends entering into an arrangement with an experienced local cattle station operator to manage the station and assist in co-ordination of the station's operations and the on-ground activity of the Joint Venture. After planned financing and lease management arrangements are put in place the net impact of this transaction on the Company's cash position is expected to be approximately \$3.5 million.

Share Placement

The recent capital raising was successfully completed with a total of 37,504,998 shares issued to professional and institutional investors at \$0.75 per share to raise a total of \$28,128,749. This allotment has taken the company's issued capital to 336,010,528 shares. This represents a dilution of 12.5% to existing shareholders at a discount of 2% to the closing price prior to the trading halt for the capital raising.

Share Purchase Plan

The Company is undertaking a Share Purchase Plan in association with the capital raising. Existing shareholders have the opportunity to also apply for shares at \$0.75 per share.

The Share Purchase Plan Offer Document was dispatched to shareholders on 26 September and will be open until Friday 17 October, with allotment of those shares on Friday 24 October.

If shareholders have any questions regarding the Share Purchase Plan, they should contact the Buru Energy Limited SPP Offer Information Line any time between 8.30am and 5.00pm (Sydney time) Monday to Friday on 1800 660 083 if calling within Australia, or +61 2 8767 1211 if calling from outside of Australia.

A copy of the SPP Offer Documentation is also available on the Buru website at: <http://www.buruenergy.com>, or directly at: <http://www.buruenergy.com/wp-content/uploads/51-Share-Purchase-Plan-Offer-Documentation.pdf>

Buru Energy’s Executive Chairman Eric Streitberg commented:

“We are delighted with the response of the Ungani 1ST1 well, and although it is early days and the well requires more testing, it has provided good confidence in the productive capacity of the Ungani field. We are also excited that we will soon be back to drilling with a solid exploration program in front of us.

We are well funded through the success of the recent capital raising and look forward to further support from shareholders through the SPP.”

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

For inquiries please contact Buru Energy:

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About Buru Energy

Buru Energy Limited (ASX: BRU, S&P/ASX300) 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 in an environmentally and culturally sensitive manner.