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Commencement of Ungani Field Extended Production Test

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on the commencement of the extended production test (“**EPT**”) of the Ungani Field.

Since the completion of the Ungani-2 well, the Company has been undertaking the planning and approval process for the EPT. Final Government, Joint Venture, and Traditional Owner approvals have now been obtained for the EPT, with initial on-ground works now commenced. Depending on weather, these works will take approximately six weeks to complete with a target date for the commencement of production of mid-April 2012.

The EPT will be carried out over an initial period of up to six months with produced oil being trucked to Kwinana for sale to the BP refinery. An all-weather access road has been constructed to ensure that heavy vehicle access to the Ungani site can continue throughout the remainder of the wet season. The EPT will produce oil from the Ungani-1/1ST1 and Ungani-2 wells to help determine the reservoir parameters, performance characteristics and potential reserves of the field. Data obtained from the EPT will be a key determinant in appraisal and production well placement and configuration, and it will also provide valuable production operations information that will assist in optimising the design of the full field development.

The EPT facilities have been designed with a capacity of a maximum sustained production rate of 1,000 barrels of oil per day (“**bopd**”), but the technical requirements of the data gathering and testing program (including a number of shut-in periods for pressure buildups), means that production will initially be constrained to an overall average of some 400 bopd.

The operation is therefore expected to be marginally cash flow positive during the initial test phase due to the high fixed costs from rental equipment and the engagement of specialist test personnel.

As previously advised, further appraisal and development drilling will be carried out on the field in 2012 after the completion of the planned 3D seismic survey. The 3D data and subsequent drilling program, together with the results of the EPT, will allow a more definitive estimate of the reserves of the field to be made.

Commenting on the commencement of the EPT, Buru's Executive Director, Eric Streitberg, said:

"Operations at the start of 2012 have been dominated by the very successful appraisal of the regional Valhalla gas accumulation by the Valhalla North-1 well. The Ungani Field appraisal program provides a very valuable complement to the Valhalla appraisal program with its early development potential and relatively low cost development program.

We have undertaken an extensive planning process for the Ungani EPT including a detailed technical review with the Joint Venture and our technical advisers to make sure it delivers the data we need to definitively move forward to full production, and to help us understand the size of the resource.

We have also completed negotiations with the Traditional Owners of the Ungani area to ensure that we are able to undertake the EPT in a culturally appropriate way. This process provides a solid foundation for the ongoing negotiations with Traditional Owners over the full development of the Ungani Field, and we appreciate the engagement by all sides in these discussions to date.

This essential preparatory work, together with some weather delays, means that we have taken a little longer to start the EPT than we originally planned. However, we now have a clear way forward and expect to be actually producing oil in about six weeks time. The first load out of the high quality Ungani crude oil will be a significant milestone for the Company. It will very substantially increase our oil production from the basin and provide us with critical information for the ongoing development of the Ungani oilfield, and with the development of the field, the benefits that will flow to everyone with an interest in the project.

The other exciting thing about this project is the potential of the surrounding area. Our review of the prospects in the area with the background of the knowledge we have gained from our ongoing technical work at Ungani gives us confidence that there are likely to be more Unganis on our permits. We plan to drill as many of these as we can during this year."

For inquiries please contact:

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