



28 November 2017

Operations Update

Ungani development and production progressing well

Highlights

Ungani production and sales:

- ESP's working as planned with good oil rates
- Recent lifting of ~55,000 barrels at FOB Wyndham price of ~A\$75/barrel
- Next lifting early in New Year
- Additional trucks on order
- Facility upgrade on track to handle increased production

Ungani 4 drilling:

- Ungani 4 successful with +60 metre oil column and good production potential
- Ungani 4 completion to be run after Ungani 5 drilling
- Tie in to production facility by year end

Ungani 5 to spud shortly

- Appraisal of Ungani 3 oil pool with potential to increase reserves

Ungani Production

The recently installed ESP's have been operating well and are delivering fluid at design rates. At the lowest settings on the pumps they are consistently producing 1,800 barrels of oil per day (bopd) which is in excess of the current storage and road tanker capacity. The pumps are therefore being cycled to produce on average the current system capacity of approximately 1,200 bopd. Additional trucking capacity has been ordered and will be progressively available over the coming weeks. The completion of the storage capacity additions at the field will also provide extra storage and oil handling capacity.

The installation of the new tanks will increase the fluid handling at the field up to 8,000 barrels of fluid per day and the oil handling capacity from 2,400 barrels to 4,900 barrels. This work is expected to be completed by mid-December prior to the Ungani 4 tie-in.

Recent production into the Wyndham tank since the commissioning of the ESP's on 22 October 2017 has averaged approximately 1,190 bopd, and it is expected this will be able to be increased once the additional tankage is installed, additional trucks come on line, and Ungani 4 is tied in.

Oil sales

Oil from the Ungani Field is trucked to Wyndham to storage Tank 10. On 18/19 November ~55,000 barrels were lifted from the tank by the MT Marlin Apatite without incident. The crude is sold "FOB at the Wyndham Port" which means that the buyer, Trafigura, is responsible for all shipping related charges to the relevant refinery. The provisional Wyndham FOB revenue for the cargo was A\$4.15 million or ~A\$75/bbl (US\$3.16 million or US\$57/bbl). The final realised price will be dependent on the average Brent price over the month of November.

For comparison the realised A\$ price for the last lifting was A\$62/bbl.

The next lifting is expected to be early in the New Year when Trafigura has ship availability.

Ungani 4

The well has intersected an oil column similar to the other wells in the field but wireline logging of the reservoir was unable to be completed due to the shale above the reservoir section bridging off the lower section of the hole.

The additional equipment required to obtain logs in this type of situation, and to ensure the completion is able to be run through the shale section, is currently being sourced and the well has been temporarily suspended while this is completed. The drilling rig has been moved to Ungani 5 to drill that well while the Ungani 4 completion program is finalised.

Given the positive results of the Ungani 4 well to date, construction of the flowline from Ungani 4 back to the production facility will also be commenced (once final regulatory approvals are received), so that when the Ungani 4 well is completed it will be able to be quickly put on production.

Video drone footage of the operations are available on the Buru website.

Ungani 5

The Ungani 5 well is a test of the eastern fault block of the Ungani Field and is being drilled to appraise the Ungani 3 well which was an oil discovery but is interpreted to have not accessed the more porous section of the reservoir.

The well is expected to spud this week and a full update will be given at that time.

Corporate

The Company is currently preparing for the 2018 drilling program with planning for up to four wells underway. Discussions with a number of potential farmin partners for this program are also well underway with positive responses to date. The planned drilling locations for this program include a range of play types from the proven Ungani Dolomite and Reeves discovery to new high potential concepts for both oil and gas.

Buru's Executive Chairman Eric Streitberg said:

"The positive results of Ungani 4 to date are very encouraging so it is frustrating that we will have to wait a little longer to see exactly what we have. However, we are confident we have a good well and are moving forward to get it onto production as soon as we have run the completion by commencing building the flow line back to the facility. This will allow us to put the well on production very quickly once we have the completion in, giving us both flexibility and extra production capacity going forward.

The Ungani 5 well is also very exciting as it has the potential to add to both reserves and production capacity to the field and we are looking forward to a nice Christmas present when we see the results of that well. We are of course also reviewing how we are drilling Ungani 5 to make sure that any potential problems are identified, and contingency plans put in place.

The recent oil lifting has been very welcome as it has captured the recent surge in the oil price and given the balance sheet a nice lift. We are looking forward to the next lifting in January."

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.

Qualified Petroleum Resources Evaluator 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.



DDGT1 rig at Ungani 4



1,250 bbl storage tank under construction