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ASX ANNOUNCEMENT (ASX: BRU)

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Ungani Field Extended Production Test Update

Buru Energy Limited is pleased to provide the following update on the Ungani Field Extended Production Test (**EPT**).

The EPT commenced on 31 May 2012, with the Ungani-1 and Ungani-2 wells being produced and shut-in alternately since that time to gather pressure data and assist with well clean-up.

In summary, both wells have continued to perform at or above expectations, with no evidence of pressure depletion or formation water production and the operating system continues to work safely and effectively.

Additional details of the test are set out below.

Clean-up Process

The wells have continued to clean up with Ungani-1ST1 still recovering significant quantities of mud and drilling fluids. Ungani-2, which had fewer overall losses while drilling, and has a different downhole completion, is producing less drilling fluid. It is anticipated that the wells will continue to cleanup over the coming weeks.

Reservoir

A total of 14,439 barrels of oil have now been produced from the Field, and there continues to be no discernible pressure drawdown or formation water production. There is therefore, at this early stage of production, no additional data to make more accurate estimates of reservoir size than the current range of 5 to 20 million barrels.

There have been a number of shut-ins and interference tests conducted during the month, and the downhole pressure gauges which are necessary to record accurate pressure data during these operations were recently retrieved from the wells, and the large amount of data recorded by the gauges is currently being analysed. This analysis will assist in estimates of reservoir minimum size and a number of other parameters.

Well and Field Production

Ungani-1 has produced some 6,960 barrels of oil to date. Ungani-2 has produced some 7,479 barrels of oil to date.

The total field production for the month was some 5,681 barrels.

The wells were on production for a total of 14 days with the average field production on days when the wells were producing being 406 bopd. The wells are generally produced at relatively high rates for short periods to assist with clean up, and then shut in when storage capacity is reached and/or pressure test data is acquired.

Oil Sales

The first funds from the sale of oil from Ungani were received on 18 July 2012.

Commenting on the results to date, Buru's Executive Director, Eric Streitberg, said:

"We were delighted to receive our first payment for oil from the Ungani Field during the month. This was a very important milestone for Buru, the Canning Basin and for all our stakeholders.

Given the confidence we have from the excellent performance of the wells to date, it is now important for all stakeholders to move forward to help us to increase production in a timely fashion to bring the benefits of this development to everyone involved."

For inquiries please contact:

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Delivery of the first load of Ungani crude to the BP refinery in Kwinana