

Operations Update

Buru Energy Limited (Buru Energy) (ASX: BRU) provides the following update on its exploration and production operations in the Canning Basin.

Drilling Program

Ungani FW 1

Since the last report DDH1 Rig 31 has been rigged up and commenced coring operations. Coring operations have been commenced with a wireline retrievable coring system and the current operation is coring the casing shoe track. Coring of the prognosed Ungani Dolomite reservoir section is expected to commence shortly.

Laurel Formation Tight Gas Pilot Exploration Program (TGS)

The Valhalla North 1 and Asgard 1 wells continued their strong production performance constantly unloading stimulation fluid and flowing hydrocarbons. Fluid recovery to date from the Valhalla North 1 and Asgard 1 wells is 73% and 35% respectively. Along with the favorable cleanup response of the wells, flowing well head pressure has been increasing with increased fluid recovery.

A limited number of production tests of separate zones has been undertaken, and together with the early results of fluid and tracer monitoring, the flow characteristics of individual zones have been able to be monitored. Although stabilised rates have still not been obtained due to continued fluid recovery, individual zones have been flowing at unstabilised rates through the flare estimated to be from 0.5mmcf/d to over 2.0mmcf/d. Definitive data on liquids content has not been obtained to date, however, the rates at Valhalla North are estimated to be similar to those seen in the first flowback period of some 35 to 40 barrels of liquids per million cubic feet of gas.

Due to the encroaching wet season it has now been decided to suspend the testing operations. During the suspension period the data gathered will be analysed to plan the forward program.

The Joint Venture is also moving forward with the commissioning of an independent resource report for the accumulation.



Valhalla North cleanup flow (8 January 2016)

Ungani Oilfield

Production at the Ungani Oilfield has continued in order to fulfil the next contracted sale of a cargo of crude to a south-east Asian refinery, with the lifting scheduled for 26 January.

The current and forward projections of the oil price, together with encroaching wet season, has led to the decision by the joint venture to suspend production from the field after this next lifting.

During this suspension period the Joint Venture intends to move to a more cost effective export route than the current arrangements through Wyndham.

Ungani North 1 testing

The joint venture is undertaking a further test of the Ungani North 1 well involving a re-perforation of the interpreted oil zone.

This operation is ongoing, however, initial results have seen the influx of oil with a field measured gravity of 41.5 deg API. This is a very encouraging result as this is the first oil recovered from the well which has an interpreted oil column in the Ungani Dolomite section. The previous testing of this zone had recovered interpreted drilling fluid.

Further testing operations including pressure build ups and recovery of additional oil samples will now be undertaken.



Ungani North 1 oil sample

Acreage Rationalisation

As previously announced the Company had moved to focus its activity in its core areas which included the relinquishment of the Coastal and Acacia blocks and the eastern application areas. The Company has now been informed by the Western Australian Department of Mines and Petroleum (DMP) that its relinquishment of the eastern application areas has been accepted.

The relinquishment of the Coastal and Acacia permits is proceeding and the DMP has also informed the Joint Venture that as part of the relinquishment process its request for an exemption from the remaining work commitment on the Coastal Block EP 438 has been approved.

Yakka Munga Pastoral Station

Buru Energy's wholly owned subsidiary has entered a conditional agreement to sell the Yakka Munga pastoral lease. The sale is subject to a number of conditions including due diligence, government approvals and the completion of a further agreement regarding Buru Energy's ongoing access to the pastoral lease area for petroleum activities. If any of the conditions are not satisfied or waived, the sale agreement may be terminated. The sale price reflects the increase in the value of cattle properties in the Kimberley since the purchase of the lease in 2015. Further details of the transaction will be provided if and when the conditions are satisfied or waived.

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. Its flagship high quality conventional Ungani Oilfield project is owned in 50/50 joint venture with Diamond Resources (Fitzroy) Pty Ltd. 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.

Competent Persons Statement

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.