

Buru Energy Balance Sheet Strengthened

Buru Energy is pleased to advise that it has successfully concluded a number of steps to strengthen its balance sheet and ensure its forward gas appraisal program can proceed in an appropriate time frame. These steps include:

- The sale of Yakka Munga pastoral lease completed
- The Alcoa debt repayment schedule restructured

The details of each of these initiatives are set out below.

Buru's Executive Chairman Eric Streitberg said:

"We are very pleased that we have today received a cash payment of \$9.878 million before costs from the sale of the Yakka Munga pastoral lease. This is over \$1 million more than the original contract price of \$8.75 million and is for the sale of additional cattle to those in the original sales contract. The station has been a profitable investment for the Company and the access deed entered into with the new owners will ensure we are able to carry out all of our petroleum activities whilst maintaining a mutually beneficial relationship with the pastoral activities of the new owners.

Together with the receipt of the 2015 research and development tax concession post the 30 June quarterly reporting date, the Company's cash balance at the date of this release is some \$38.1 million.

We are also very pleased to have reached an agreement with Alcoa of Australia Limited (Alcoa) which provides certainty on the repayment terms for the outstanding sum of \$25 million owed by the Company to Alcoa. An amount of \$12.5 million may now be repaid on or before 28 December this year. Most importantly, if this first payment is made, the due date for the final payment of \$12.5 million will be in approximately two years' time on 30 June 2018, without the need for the Company to have to satisfy any financial conditions prior to that date. The relationship with Alcoa remains strong and we will continue to consult with them regarding their future gas requirements.

Together with the extension of the date for submission of a proposal for a domestic gas development under the State Agreement by two years to 30 June 2018, the overall package strengthens the Company's balance sheet and ensures the orderly development of its assets. These initiatives have been reinforced by a very substantial reduction in office overheads and field costs, and a focus on low cost solutions for future operations."

Sale of Yakka Munga Station

The Company has now completed the sale of the Yakka Munga Pastoral Station to Shanghai Zenith (Australia) Investment Holding Pty Ltd (“SZI”) for a contract price of \$8.75 million. In addition to the contracted sale price, SZI has paid the Company a further \$1,128,000 for additional cattle on the property. This further payment means that Buru has received a total sum of \$9.878 million before costs.

Buru originally acquired the Yakka Munga Pastoral Station in January 2015 for \$7 million.

Alcoa gas sales contract

The original gas sales agreement between ARC Energy (subsequently Buru Energy) and Alcoa was entered into in 2007. The gas sales agreement was for ARC Energy to supply up to 500 petajoules of gas to Alcoa at a gas price that reflected the long-term commitment between the parties and the realities of the Western Australian gas market in 2007. Under the terms of the original agreement, Alcoa made a \$40 million prepayment for gas which was to be repaid if a final investment decision (FID) to supply gas did not occur by agreed dates. As set out in the Company’s Quarterly Report for 30 June 2015, Buru and Alcoa terminated the gas sales agreement between them and agreed to a staged repayment schedule for the gas prepayment funding.

Following the repayment of \$15 million on 4 August 2015, the following repayment terms were agreed:

- \$12.5 million to be paid on 30 June 2017; and
- \$12.5 million to be paid on 30 June 2018, subject to the Company having a cash balance of at least \$15 million during the period from December 2017 to June 2018.

Buru and Alcoa have now reached a further agreement under which Buru may repay to Alcoa the sum of \$12.5 million on or before 28 December 2016, and if it does so, the final instalment of \$12.5 million will be due for payment in approximately two years’ time on 30 June 2018, without the need for the Company to have to satisfy any financial conditions prior to that date. The payment due on or before 28 December 2016 will be supported by the net proceeds of the sale of the Yakka Munga pastoral lease.

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.