



14 December 2017

Operations Update – Ungani drilling program and production facility

Highlights

Ungani 5 drilling progressing well

- Ungani 5 operations proceeding smoothly with reservoir intersection expected late next week

Ungani 4 drilling

- Ungani 4 completion planning finalised
- Necessary equipment procured
- Completion after Ungani 5 early in the New Year
- Tie in to production facility advancing

Ungani production facility

- ESP's working as expected with good oil rates
- Additional trucks coming on line
- Facility upgrade to handle increased production close to completion

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 progressing very well with 9 $\frac{5}{8}$ inch casing set and a current drilling depth of some 1,904 metres. Minor oil shows have been noted during the drilling of the lower Grant and Reeves sections but these are not considered significant at this time.

The well will be drilled to as close as possible to the predicted top of the Ungani Dolomite in 8 $\frac{1}{2}$ inch hole, but without penetrating the porous Ungani Dolomite reservoir section. 7 inch casing will then be run and cemented to that point.

The well will then be drilled ahead through the reservoir in 6 inch hole. Logging while drilling (LWD) tools will be run to ensure logs are obtained regardless of hole condition.

A similar drill in liner system to that being used for the completion of Ungani 4 has also been sourced as a backup if hole conditions do not allow a standard completion to be run.

Depending on operational conditions the well should be completed in late December.

Ungani 4

The additional equipment required to complete the well has now been identified and sourced and will be available to log and complete the well when the rig returns from drilling the Ungani 5 well in early January.

The well will be logged using LWD tools on drill pipe and the completion will then be run with a "drill in liner". This is a liner system that can be drilled in through adverse hole conditions and will not be cemented, but will have zonal reservoir isolation by external packers. The liner will then be perforated over the best reservoir zones as identified by logs and a completion string will be run into the liner. This is a standard oilfield system that is relatively simple and commonly used in these situations. A duplicate liner system has been ordered as a contingency for Ungani 5.

Construction of the flowline from Ungani 4 to the production facility is expected to be substantially completed prior to the Christmas break. This will allow connection of the well to the production facility as soon as the initial production test is completed early in the New Year.

Ungani Production

The wells have continued to perform in line with expectations since the installation of the electric submersible pumps, and additional trucking capacity is progressively coming on line to enable increase in production to the next target level. It is now expected that the next lifting from Wyndham will be in early January.

The installation of the new tanks to 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 is well advanced and will be commissioned shortly.

Corporate

Planning for the 2018 drilling program of up to four exploration wells is continuing. Discussions with a series of potential farmin partners for this program are being advanced with a number of Australian and international companies accessing Buru's data room.



Ungani Production Facility showing ESP surface equipment and new tank installation

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.