



12 March 2018

Operations Update

Weather and road conditions

As a consequence of the rain events in January and February, Broome has experienced two years' worth of rain in two months including its wettest February day since 1896.

The Ungani site some 70 kms east of Broome has experienced close to 2 metres of rain in the same period.

Apart from causing regional flooding, including in the town of Broome, these rain events have resulted in the temporary closure of the Great Northern Highway that is the export route for Ungani crude. The highway has now been re-opened with repairs underway to damaged pavement and bridges.

The Ungani access road has also been closed by flooding, but from aerial inspection seems to have suffered little damage to the roadway. However, there is up to a metre of residual water over one section of the road (see below). The water level in this ponded area is slowly receding from seepage and evaporation. Numerous options are under consideration to accelerate this process, including transfer of water into adjacent drainage areas and a road diversion.

On the assumption that natural processes continue, and that no more substantial rain is received, it is estimated the road will be open to light vehicle traffic in approximately 4 weeks and to heavy vehicle traffic some two weeks later.

As part of the consideration of the current situation, a detailed analysis has been undertaken of the cost/benefit of constructing a pipeline to the highway from the field. This study has concluded that although the costs can be considerably reduced from earlier estimates, it is not possible to justify it at this time on the basis of the current "100 year rain event" and current reserves estimates. This analysis will be re-evaluated regularly as part of consideration of the futureproofing of the transport system.

Ungani Field Production

The Ungani field has been inspected by Buru personnel via helicopter with site maintenance undertaken. The production facility area is dry and serviceable with all equipment undamaged and in good working order to allow an immediate restart as soon as road access is regained.

The on-site storage tanks are full with an inventory of some 5,000 barrels of oil which will be the immediate focus on the resumption of the trucking operation.

All material and equipment required for the hookup and initial production of Ungani 4 and 5 is available and it is expected these wells will be ready for production after light vehicle access is available and prior to the access for heavy vehicles (oil tankers) being available.

Corporate matters

Although the Company's cash flows for the first quarter of 2018 have been impacted by the unexpected shut-in of the field, the Company's current projections indicate that it has sufficient financial resources to undertake its ongoing and planned activities which in the short term is primarily preparing for the 2018 drilling program. In that regard, discussions with drilling rig contractors are progressing and long lead items are being finalised.

The form and timing of the drilling program will be subject to the conclusion of the current farmout negotiations which are proceeding satisfactorily.

Visit www.buruenergy.com for information on Buru Energy's current and future activities.

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Flooded section of Ungani access road looking north