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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 been performing at or above expectations, with no evidence of pressure depletion or formation water production and the operating system is working effectively, with very few operational issues or production interruptions.

Further details of the EPT are set out below.

Clean-up Process

The current well clean-up process is a result of the large amount of mud and drilling fluids that were lost to the formation during drilling operations on both wells. Some of these fluids and mud solids continue to be produced in the well stream, both as slugs and as up to 20% by volume of the well stream. It is anticipated that it will take some weeks of continued production to finally clean-up the wells with the production of the remaining mobile mud solids and drilling fluids.

Reservoir

Compared to the estimated total reservoir volume, a relatively small amount of oil has been produced (some 8,758 barrels), and there has been 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.

The other parameter that has been noted is the almost immediate pressure communication between the wells, which confirms the very high quality of the reservoir, and the fact that there is no compartmentalisation between the wells. Initial calculated gross reservoir permeability from the pressure response data is 150 to 300 millidarcies. When the wells are shut-in, very rapid pressure build ups have also been observed, confirming the high quality of the reservoir. Initial and continuing shut in wellhead pressures on both wells are some 514psi with a small increase being noted in Ungani-1 as the well is cleaned up.

Well Performance

Ungani-1 has produced at up to 3,750 bopd, and flows consistently on open choke at +1,700 bopd. The well has produced some 3,112 barrels of oil to date.

Ungani-2 has flowed at up to 1,400 bopd on open choke. The well has produced some 5,646 barrels of oil to date.

Both wells produce very small amounts of gas at rates too small to measure.

Forward Program

The immediate forward program is to continue to flow each well alternately at high rates to assist with clean-up, with an estimated average combined production rate of up to 700 bopd.

Further updates will be made at least monthly and as further data is obtained and interpreted.

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

"The performance of these wells has been all we could hope for so far. The pressures and rates are very encouraging, and the operating system is working well. We are looking forward to the wells finally cleaning up and steady production rates being obtained, which will help us identify any boundaries from the pressure data. While it is still too early for us to make any further estimates of reservoir size, the wells are behaving in a way that is very encouraging."

The low key and trouble free operation gives us confidence that production increases will be achievable at the appropriate time in a trouble free and low impact manner."

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Aerial view of Ungani EPT facility