



1 August 2017

Rights Issue to Fund Accelerated Development of Ungani Oilfield

Highlights

- 1 for 5 non-renounceable entitlement offer to raise approximately \$10.2 million
- New shares to be issued at \$0.15 per share, a ~22% discount to the 15-day VWAP on ASX of ~\$0.19
- Funds to be used to accelerate the development of Buru's 100% owned Ungani Oilfield, including the drilling of two oil wells in 2017, with the aim of increasing production capacity and recoverable oil resources
- Confirmation of support from Buru's two major shareholders of intention to take up their respective entitlements for a total of approximately \$1.7 million
- Hartleys Limited appointed as Lead Manager

Overview

Buru Energy Limited (**Buru** or the **Company**) is pleased to announce a 1 for 5 non-renounceable entitlement offer (**Rights Issue**) to raise up to approximately A\$10.2 million (before costs) to accelerate the development of the Ungani Oilfield.

Funds raised by the Rights Issue are proposed to be used as part of the funding for the multi-phase development program being undertaken at the Company's 100% owned Ungani Oilfield. This program is aimed at increasing the field's production capacity and recoverable oil resources. The program has already started with the recent recommencement of oil production from Ungani, with production from the existing two wells being progressively increased towards the initial target of 1,250 bopd.

Substantial progress has also been made on the next phase (Phase 2) of the development program. This phase includes installation of artificial lift in the two existing producing wells and installation of additional storage tanks. This work is planned for completion later this year and is aimed at enhancing the production capacity of the existing wells. This phase of the program will be funded from the Company's existing cash reserves.

The funds raised from the Rights Issue will be used to accelerate Phase 3 of this program which consists of the drilling of two additional wells planned for the fourth quarter of this year. The two planned wells are the Ungani 4 vertical development well, and a side-track of the existing Ungani 3 well. The aim of these two wells is to increase the field's production capacity to a target of 3,000 bopd, as well as confirming and potentially increasing the field's recoverable oil resource base. The estimated cost of drilling these two wells is some \$9.5 million.

Rights Issue Details

Buru shareholders are being offered the opportunity to acquire fully paid ordinary shares in the capital of the Company (**New Shares**) via a non-renounceable entitlement issue. The Rights Issue is on the basis of one (1) New Share for every five (5) shares held by eligible shareholders registered at 5.00pm (Perth time) on 7 August 2017 (**Record Date**), at an issue price of \$0.15 per New Share (**Offer Price**) to raise up to approximately \$10.2 million before costs (**Offer**). As at market close on Monday, 31 July 2017, the Offer Price represents a ~22% discount to the Company's 15-day VWAP of ~\$0.19.

Eligible shareholders will comprise those shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom.

Eligible Buru shareholders will also be given first opportunity to apply for additional shortfall shares beyond their 1 for 5 entitlement. Further details of the Offer including how to apply for entitlement and shortfall shares will be set out in a prospectus to be dated 1 August 2017 (**Prospectus**) which will be lodged shortly with the ASIC and ASX and which will be made available to all eligible shareholders in accordance with the indicative timetable set out below.

Hartleys Limited has been appointed as Lead Manager and will be managing the placement of any shortfall shares not taken up by Buru shareholders.

Assuming all entitlements are accepted, or if all shortfall shares are placed, following completion of both the Offer and the shortfall share placement, the Company will have issued approximately 68 million New Shares, resulting in a total of approximately 408 million fully paid ordinary shares on issue.

Major Shareholder Participation

Two of the Company's largest shareholders have each confirmed their support for this capital raising and have confirmed to the Company that they intend to take up their full entitlements under the Offer for their respective 8.59% and 7.84% shareholdings. This intended support would account for a total subscription of approximately \$1.7 million in entitlements from these two shareholders (excluding any potential further applications by them for shortfall shares).

Indicative Timetable

The proposed timetable for the Offer is set out below. The dates are indicative only and the Company reserves the right to vary the dates including the right to extend the closing date.

Lodgement of Prospectus with ASIC Lodgement of Prospectus & Appendix 3B with ASX Notice sent to Optionholders	1 August 2017
Notice sent to Shareholders	3 August 2017
Existing Shares quoted on an "ex" basis	4 August 2017
Record Date for determining Entitlements	7 August 2017
Prospectus despatched to Eligible Shareholders	10 August 2017
Last day to give notice to extend the Closing Date	29 August 2017
Closing Date	1 September 2017
Shares quoted on a deferred settlement basis	4 September 2017
Company to notify ASX of under subscriptions (if any)	6 September 2017
Anticipated date for the issue of the Shares. Deferred settlement trading ends	8 September 2017
Normal trading (on a T+2 basis) commences	11 September 2017

Buru Executive Chairman, Eric Streitberg, commented on the Rights Issue:

"We have recently completed a series of transactions that have put Buru on an exciting new path towards potential growth and value realisation in the short to medium term. Following the asset swap transaction with Mitsubishi that has delivered the Company 100% ownership of the Ungani Oilfield and the surrounding conventional oil exploration acreage, the Company's immediate focus is the accelerated development of the Ungani field.

The Company requires additional capital to undertake this development program in a timely manner. Whilst there are several possible ways to access additional funding, the Board considers an attractively priced rights issue as the fairest way to allow all shareholders to participate in the forward program.

Shareholders are encouraged to review the Company's recently released corporate presentations that contain further details of the Company's forward strategy for both the development of Ungani and for Buru's extensive Canning Basin oil and gas exploration prospect portfolio."

Enquiries

The Prospectus and associated ASX releases will be made available shortly on the Company's website at www.buruenergy.com and on ASX.

Copies of the Prospectus and entitlement forms will be mailed to all eligible shareholders in accordance with the timetable set out above and further instructions on how to apply for entitlements and shortfall shares will also be made available on the website in due course.

For enquiries in regard to individual shareholdings please contact Link Market Services on 1800 810 859 (within Australia) or +61 1800 810 859 (outside Australia).

For enquiries in relation to Buru Energy corporate matters please contact the Company Secretary on 08 9215 1800 between 08:30 and 17:00 WST or by email at shanemcdermott@buruenergy.com

For media enquiries please contact Paul Armstrong at Read Corporate on +61 8 9388 1474 or 0421 619 084

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.

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