

Buru Energy Operations Update

Buru Energy Limited (Buru Energy) (ASX:BRU) is pleased to provide the following operations update.

- Praslin 1 testing commenced with results available during the coming week
- TGS stimulation program showing extremely encouraging results
- Victory 1 drilling ahead - expected to encounter primary target early next week
- Senagi 1 road and site construction close to completion – spud expected 8 October
- 3D seismic clearance progressing with acquisition start expected next week
- Ungani Field temporarily shut-in for operational reasons
- Coastal farmin restructure provides significant cash injection

Drilling program

Praslin 1

Testing of the well has commenced with the wireline swabbing unit. The drilling fluid lost through the drilling operation is currently being recovered. It is expected it will take several more days to recover the drilling fluid and obtain a sample of reservoir fluid. Further results of the operation will be made available as they are obtained.

Laurel Formation Tight Gas Pilot Exploration Program (TGS)

The TGS program continues to produce very encouraging results.

The current operations at the Asgard 1 well are preparing to run the completion tubing configured to allow testing of separate zones. Fluid returns during these operations have included encouraging amounts of gas.

At the Valhalla North 1 well Initial cleanup flows are being undertaken prior to running the completion tubing. These initial flowback results are very encouraging with strong flows of gas and condensate. The well is interpreted to currently be producing from the top stimulation zone, with some contribution from the next lower zone. As the well is on cleanup flow it is producing up the 7 inch casing to flare which restricts its ability to lift fluid, and significantly higher rates can be expected once the completion string has been run. Overall gas rates and specific condensate ratios will be able to be obtained once the well is cleaned out and the production string is run.

Initial field analysis of the gas has confirmed that it is very high quality and has no detectable CO2 content.

All operations continue to be carried out in accordance with all government and regulatory approvals and with continuous environmental monitoring. No effects of the operation on the environment have been observed by this monitoring program.



Valhalla North 1 initial cleanup flow to flare of condensate loading Valhalla North 1 gas and condensate cleanup flare at dawn

As mentioned in previous updates, the Company is especially appreciative of the support of the Yungngora (Noonkanbah) people during the program. This support came after the independent experts advising the Yungngora people indicated that the TGS program could be undertaken safely and posed minimal risk to the environment.

The Yungngora people also requested the JV provide training and job opportunities as part of the activities on country. The joint venture has employed 30 Yungngora people on the project, with over 9,000 hours of paid employment to date.

Noonkanbah rangers trained in Conservation and Land Management by the Kimberley Training Institute have been actively involved in the groundwater monitoring program for the last 18 months and this sampling program has confirmed that there have been no impacts of our activities on groundwater.



Noonkanbah rangers sampling groundwater Noonkanbah technicians on the Condor Energy pumping crew

Further results of the operation will be made available as they are obtained.

Victory 1

The Victory 1 well is targeting a large structure on the Ungani trend with prospective Lower Carboniferous and Upper Devonian reservoirs. Operations have been progressing well and it is expected the well will encounter the primary reservoir within the next 10 days.

Senagi 1

Road and site construction for the Senagi 1 well is close to completion, and DDH1 Rig 31 is currently being mobilised from south of Broome where it was laid down after the completion of the its last well for another operator.

Senagi is a robust structural closure on the Ungani trend in the EP 458 permit. The well has a maximum total depth of 1,200m and is following up the encouraging results encountered in a nearby mineral core hole which encountered extensive dolomitised reservoir with oil shows. It is intended to fully core the predicted reservoir section and evaluate any hydrocarbons encountered with a production test.

Ungani Production

Production at the Ungani Field has been temporarily shut-in while the trucking contractor for the transport of crude oil from the field to Wyndham Port investigates a recent truck rollover incident on the Great Northern Highway. Once the investigation is completed, Buru Energy will work with the trucking contractor to ensure its system for transporting crude oil is operating in a way that reduces the risk of this type of incident to the appropriate ALARP risk level.

The Company has also recently been informed that its oil charter vessel requires drydock repairs which may take up to 28 days. Consequently the field will remain shut-in for a period of weeks while these matters are resolved. Ungani field staff are being deployed into the Company's other extensive operations during the shut-in.

The shut-in will also allow the acquisition of very valuable pressure buildup data from the wells.

The structure of the Company's various contracts and the current low oil prices means the shut-in will not have a material effect on the Company's cash position.

Seismic acquisition

Surveying and clearance of the 200 sq km Yakka Munga seismic survey is progressing well and the Terrex seismic crew is currently being mobilised to the survey area. Acquisition is expected to commence shortly and take up to five weeks to complete. The crew will then acquire a 2D survey over the Raphael prospect.

Corporate

The Company recently announced that the farmin agreement with Quadrant Energy over the Coastal Permits (EP 390, 438, 471 and 473) had been restructured and Quadrant has paid the Buru Energy and Mitsubishi joint venture a gross sum of \$10 million (~\$4.9 million net to Buru Energy after adjustments), in fulfilment of its farmin obligations. This is a very welcome addition to the Company's funding and will be applied to its future exploration and development activity on its core permits.

Buru Energy's Executive Chairman, Eric Streitberg said:

"We are eagerly awaiting the results from Praslin once we have unloaded the drilling fluid.

The rest of the operations are going very well and we are particularly excited about the results of the TGS program.

The initial flow results from Valhalla North of high quality gas with significant amounts of accompanying condensate are an excellent result in the context of global, and particularly Australian test results in vertical wells. They demonstrate the potential value of the gas resources in the basin.

The results to date also provide additional confirmation of our interpretation that the Canning Superbasin contains a very large basin centered gas system.

The testing program going forward will be aimed at quantifying the observed condensate content and the excellent gas quality we have seen during this very initial stage. This will enable us to confirm the independent expert reports that assigned very large prospective resources of gas and hydrocarbon liquids to the accumulation, and to convert prospective resources to contingent resources.

We are also working carefully to ensure that the contractor's response to the recent trucking incident is appropriate, and that our oil shipment operations are as safe and as low risk as practicable, and look forward to resuming production from Ungani."

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

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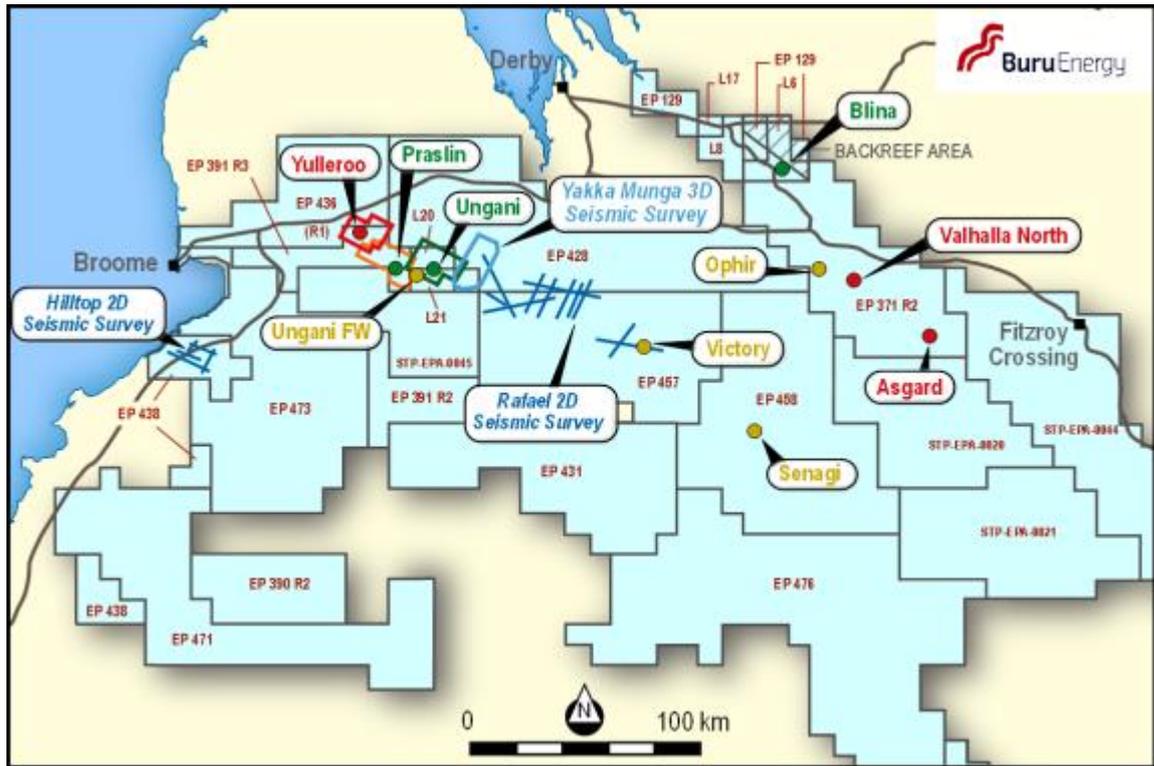
About Buru Energy

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 Mitsubishi Corporation. 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.

Competent Persons Statement

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.



Buru Energy general operations location map