



Buru Energy Limited
ABN 71 130 651 437
Level 2, 97 William Street
Perth, Western Australia 6000
PO Box 7794, Perth
Cloisters Square WA 6850
Ph: 61-8 9215 1800
Fax: 61-8 9215 1899
www.buruenergy.com

ASX ANNOUNCEMENT (ASX: BRU)

30 May 2012

**CANNING SUPERBASIN UNGANI FIELD
DECLARATION OF LOCATION AND APPLICATION FOR PRODUCTION LICENCE**

Buru Energy Limited is pleased to advise that the Western Australian Minister for Mines and Petroleum has now confirmed the potential production status of the Ungani Field through the issue of a "Declaration of Location" over the Field.

The Declaration of Location is a critical first step in the regulatory approval process leading to the full development of the Ungani Field. The issue of the Declaration involved a technical and geological examination of the oilfield by the Western Australian Department of Mines and Petroleum ("DMP"), to verify Buru's interpreted extent of the Field and the proposed process for the commercial development of the Field. Based on this review, and as requested by Buru, each of the four graticular blocks around the Field has been included in the Declaration of Location made by the Minister.

The next step in the regulatory process leading to full development of the Field is the grant of a Production License. Buru has now lodged its application for a Production Licence over the Field. This application contains details of the proposed full scale development process for review and assessment by the DMP.

The application for the Production License also formally commences the Native Title negotiation process with affected Native Title parties in the Ungani area. Reaching an agreement with these Native Title parties is a necessary pre-condition to the grant of the Production Licence by the DMP.

The Ungani Field is currently interpreted, on the basis of the existing geophysical data, to extend onto both the Yawuru and Nyikina-Mangala peoples' country. The negotiation of an appropriate access and compensation agreement with each of these groups will now be progressed. Buru has longstanding good relations with both the Yawuru and Nyikina-Mangala peoples, and is already actively engaged with them on an ongoing basis in its current operations.

Appraisal work at the Ungani Field is also being progressed with preparations for the commencement of an extended production test ("EPT") now largely complete and first oil production expected in the coming days. The planning and approval process for the Ungani 3D seismic survey, to further define the size of the Ungani Field is now also largely complete with on-ground work expected to start in mid-June. The EPT and 3D seismic survey are critical steps in the definition of the Field's reserves and determination of the optimum full field development plan.

Commenting on the Declaration of Location and application for a Production License, Buru's Executive Director, Eric Streitberg, said:

"We are extremely pleased that the DMP and the Minister have recognised the significance of the Ungani Field with the Declaration of Location. The lodgement of the application for the Production Licence is the next important milestone as it provides the pathway for the full development of the Field. While we cannot start that full development process until the Production Licence is issued, we are progressing with our planning to ensure that as soon as the License is issued we will be able to move quickly to ramp up production. The grant of the Declaration of Location and the application for the Production License are also important milestones for Buru, as they confirm our

commitment to the commercial development of Ungani and our confidence in our ability to bring the Field into production.

We are also beginning the very important process of engaging with Traditional Owners to ensure that we are able to provide them with the opportunity to benefit from the development of Ungani. This process may take some time, but we are firmly of the view that a win-win outcome can be achieved that delivers material benefits for Traditional Owners, and allows for the efficient and timely development of the field.”

Further information on the Company is available at: www.buruenergy.com

For inquiries please contact:

Eric Streitberg Executive Director

Telephone: +61 8 9215 1800

Freecall: 1800 337 330

Email: ericstreitberg@buruenergy.com