

Operations Update

Buru Energy Limited (Buru Energy) (ASX: BRU) provides the following update on its exploration and production operations in the Canning Basin.

Drilling Program

Ungani FW 1

As at 06:00 hours today the Ungani Far West 1 well is drilling ahead at a depth of 1,745 metres.

Buru Energy has been informed that Titan Energy Services Limited and its subsidiary Atlas Drilling Services Pty Ltd, the owner of the Atlas 2 rig, currently drilling the Ungani Far West 1 well, have appointed a voluntary administrator. Buru Energy is working with the administrator to ensure there is no interruption to the planned drilling schedule. The release of the rig as planned on completion of the current hole section and running 5 inch casing is currently anticipated to be around 28 December. The DDH1 rig will then be rigged up to core the Ungani Dolomite reservoir section.

Laurel Formation Tight Gas Pilot Exploration Program (TGS)

As set out in the update of 20 November the wells are currently on cleanup flow with both wells undergoing pressure cycling and continued recovery of injected fluid and gas.

Valhalla North 1 has been reconfigured as part of the testing program to have the top two stimulation zones open to flow. The well is currently experiencing intermittent problems with plugging which is interpreted to be a combination of the injected stimulation fluid and the oil and condensate being returned on flowback. Operations to address this issue are currently being planned. The fluid returns to date from all zones in the well are some 60% of the injected fluid.

Asgard 1 has all zones open to flow and is continuing to cycle gas and water returns with increasing pressure on each cycle. Fluid returns to date are some 32% of the injected fluid.

Flowback operations will continue, however, access to the Asgard site may be restricted by the onset of the wet season.

It is intended that the independent certifier will commence work on the resource update shortly.

Ungani Production

Production at the Ungani Field has continued with the wells performing strongly. The next lifting of Ungani crude from the Port of Wyndham is scheduled for 28 December.

Initial analysis of the pressure buildup data from the wells obtained during the recent shutin supports Buru Energy's previous resource estimates and has given confidence that there is upside potential in the field.

Seismic Acquisition

The ~200 sq km Kurradjong 3D seismic survey was recently completed by the Terrex seismic crew on time and on budget, and the data quality appears to be excellent. The survey was completed without any material interruption due to weather.

The line clearing for the survey was monitored by senior Yawuru traditional owners. The monitoring ensured that any areas of cultural significance environmental sensitivity were avoided. The assistance and co-operation of the traditional owners on whose country we were working is greatly appreciated and acknowledged.

The results of all these surveys will be available early in 2016 and will allow definition of the potential drilling targets along the Ungani trend for the next drilling program on the trend.

Acreage Rationalisation

In the current economic and oil price climate the Company's operations must be focused on the areas that have both the highest prospectivity and the best potential for commercial development. As part of this focus the Company has a continuing review of the prospectivity, work program commitments and the feasibility of commercial development of its permits in the remote areas of the Canning Basin.

Further to this review, application has been made to the Western Australian regulatory authorities for the relinquishment of the areas known as the Coastal and Acacia permits as set out on the following map. These permits cover the area of the basin which is prospective for the Goldwyer Shale petroleum system. Although areas of high prospectivity remain in these permits, they are remote and geologically high risk, and the work commitments would entail the drilling of a number of wells over the next few years if the permits were retained. The relinquishment of these areas is a considered response to a combination of long term technical evaluation and current economic conditions.

The other areas being relinquished include the eastern application areas as shown on the attached map. These areas do contain good prospectivity for Laurel Formation gas accumulations but again are remote. They also cover areas with significant environmental and aboriginal heritage values which also include complex and potentially overlapping Native Title claims and determinations.

The company has a long term exploration strategy for the Canning Basin and has been undertaking a systematic exploration program over the last 5 years which has resulted in the discovery of the Ungani oilfield and the delineation of a major gas and condensate accumulation in the Laurel Formation. The relinquishment of these areas will allow the Company to focus on its core areas in the Fitzroy Trough including the Ungani trend and the Laurel accumulations at Valhalla/Asgard and at Yulleroo.

Corporate

In association with the review of its acreage and commitments the Board also continuously reviews the structure and staffing of the company to ensure it is appropriate for activity levels and work programs. Given the pending completion of the work programs for 2015, and the onset of the wet season, the Company's operational staff levels will be reduced to as low a level as practicable and several corporate positions have been made redundant.

Buru Energy's Executive Chairman, Eric Streitberg said:

"We are looking forward to seeing the results of the major 3D seismic surveys we undertook this year and are also carrying out a detailed review of the exploration data base given the amount of data we have collected over the last few years. We are confident this review will set us up for a successful exploration program on the Ungani trend.

The activity on the TGS wells has entailed analysis of complex data sets and many operational variables. The data we have seen so far is very encouraging and we are confident we will be able to generate the further investment we need to fully evaluate the accumulation.

I would also like on behalf of myself and the Board to thank shareholders for their support during what has been a very challenging year. The Company has excellent assets and is one of the most active onshore explorers outside the Cooper Basin. We are firmly of the view that the oil and gas industry has much to contribute to the maintenance of our way of life and to Australia's future prosperity and we will work to ensure Buru Energy is a significant part of that contribution.

We wish all shareholders and others associated with the Company a safe and happy Christmas and a prosperous New Year."

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

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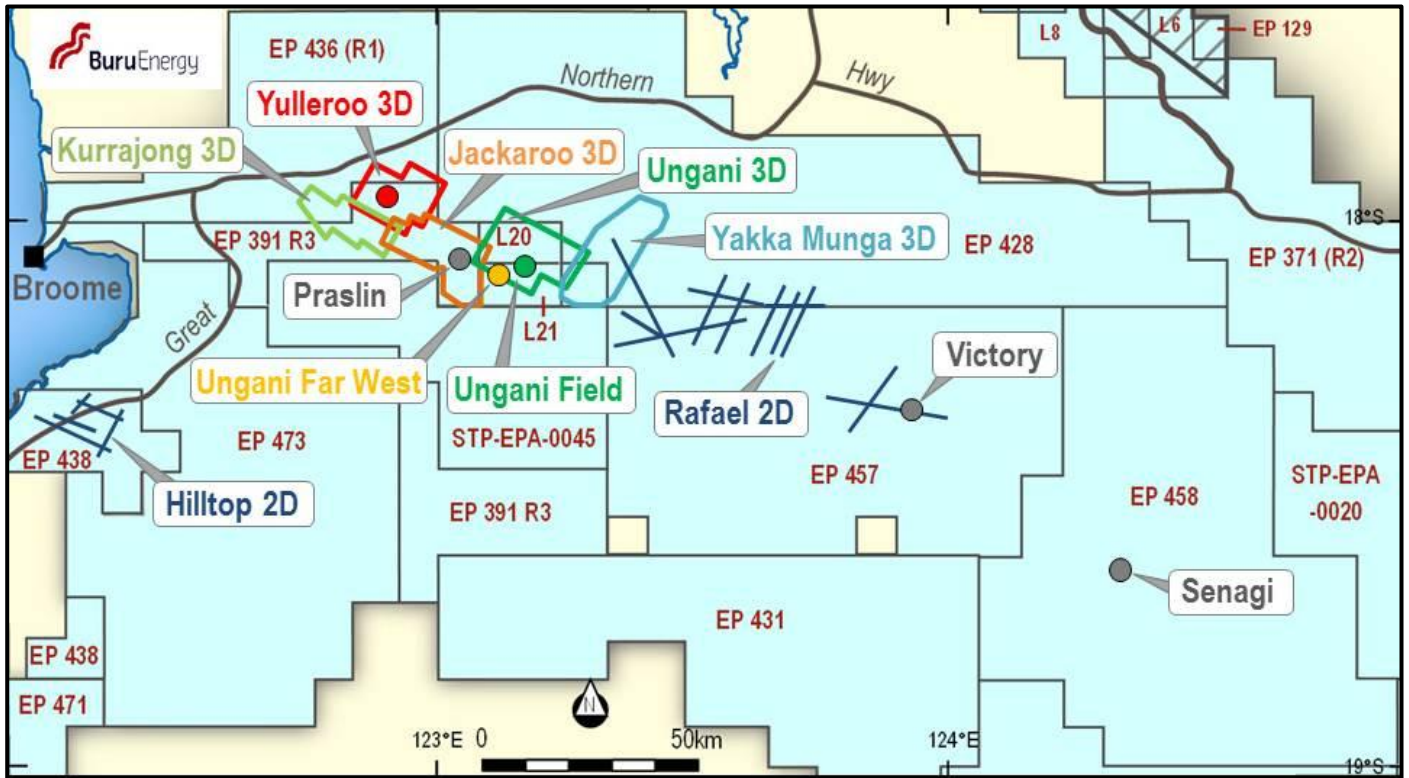
About Buru Energy

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 Diamond Resources (Fitzroy) Pty Ltd. As well as Ungani, the Company's portfolio includes potentially world class tight gas resources.

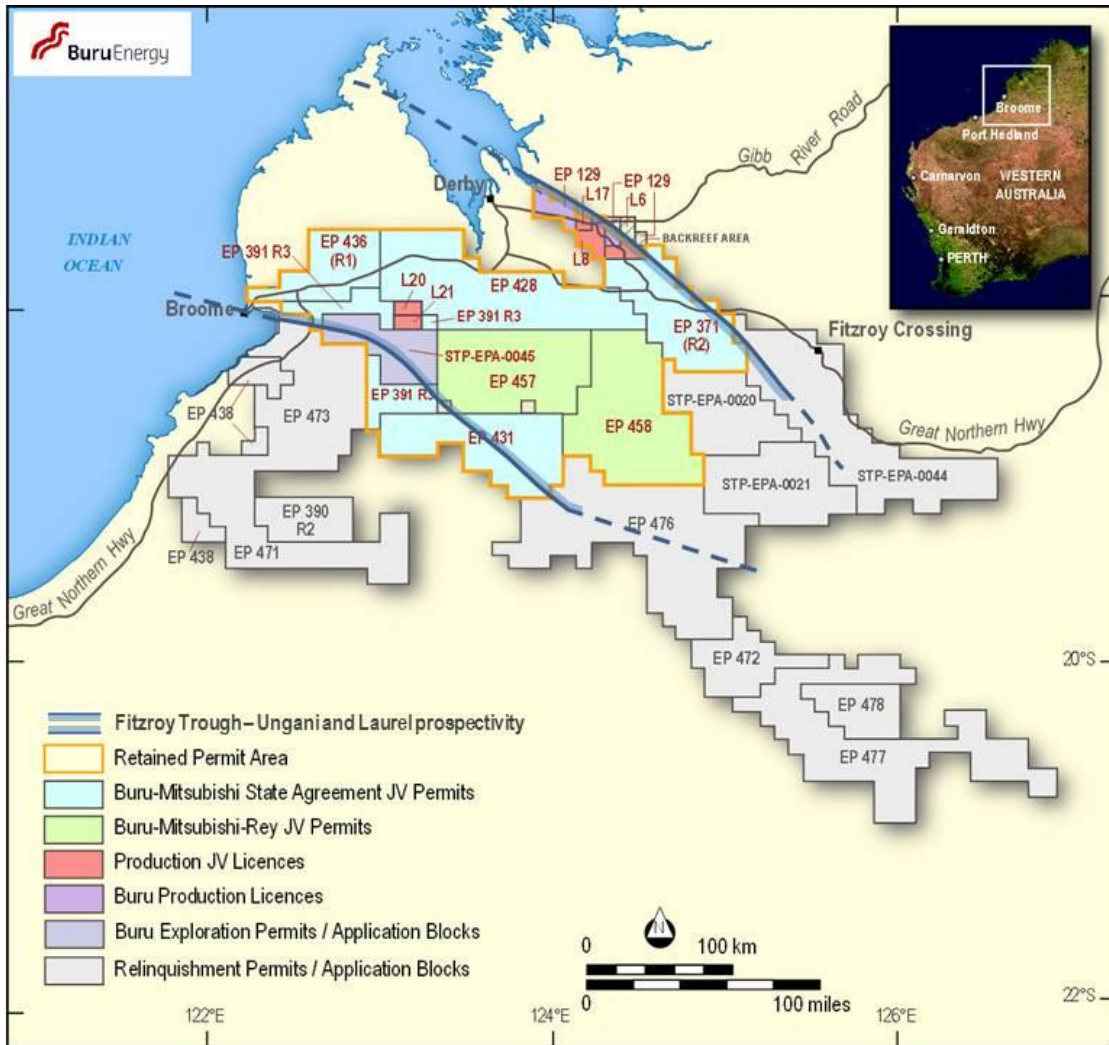
The company's goal is to deliver material benefits to its shareholders, the State of Western Australia, the Traditional Owners of the areas in which it operates, and the Kimberley community, by successfully exploring for and developing the petroleum resources of the Canning Basin in an environmentally 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



Buru Energy permits showing areas of proposed relinquishment