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Commercial Production Commences at Ungani Oilfield

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

- Ungani oilfield commences commercial production and cash flow generation after securing Production Licences
- Production commences at 1,250 barrels of oil per day (bopd), with targeted level of 3,000 bopd (Buru Energy's share: 50%)
- Facility upgrade completed on time and incident-free
- Buru Energy free-carried for Ungani upgrade capital costs under Development Funding Agreement with Mitsubishi
- Operating cost reduction initiatives underway including new, more flexible and cost-effective oil trucking contract
- Praslin 1, second well in 2015 conventional oil exploration program spudded. Praslin 1 is an Ungani-style target 15km from Ungani in the Jackaroo 3D seismic grid
- Contract signed for seismic program acquisition; survey to start in third quarter, 2015
- Tight gas program activity commencing

Buru Energy is very pleased to advise that commercial oil production has commenced at its conventional Ungani oilfield in WA's onshore Canning Basin.

Production at Ungani, which is an equal joint venture between Buru Energy and Mitsubishi, is at an initial rate of 1,250 bopd, with an initial increased target of 2,500bopd, rising to 3,000bopd.

The field facilities have been upgraded on time with no incidents. These upgrades will result in a more efficient and cost-effective operation at the field. As part of these cost reductions, a new, more flexible and cost-effective trucking contract with Fuel Trans has commenced for oil transport to the port of Wyndham.

Ungani production will generate positive cash flow for the joint venture with the prospect of increased margins from the cost reduction program and increases in production volumes.

Buru Energy's share of capital costs for the upgrade and the capital work needed to maintain and increase production are being met by Mitsubishi under the terms of the funding agreement between the parties.

The joint venture also has an aggressive program underway to increase oil reserves in the basin. As part of this, Praslin 1, the second well in the 2015 conventional oil exploration program, has just been spudded. Praslin is an Ungani-style target 15km from the existing Ungani field and lies in the Jackaroo 3D seismic data grid.

Buru Energy Executive Chairman Eric Streitberg said the start of commercial production and cash flow was a major milestone in the Company's development.

"The cash flow from Ungani marks the next chapter in Buru Energy's growth. Combined with our strong cash position (\$41.9 million at 30 June 2015), we have the financial strength to fund our aggressive exploration program and create further growth for shareholders. We have the strong support of Government and Traditional Owners for our programs and an extensive and diverse prospect portfolio to drill. This is a privileged position for a company of our size."

Operations

Ungani Oilfield development

The Joint Venture received the formal grant of the Production Licences for the Ungani oilfield from the Minister on 6 July, 2015. In addition to the Native Title agreements and their associated documents, other approvals under the Western Australian regulatory system that have been put in place include the Petroleum Pipeline License for Ungani Production Facility (the **UPF**), the Facility Safety Case, HSS Management System, Emergency Response Management Plan, Care, Maintenance and Pre-commissioning Environment Plan, Commissioning and Operations Environment Plan, the Field Management Plan (incorporating Reservoir Management Plan), and the UPF Design Validation.

The principal upgrades at the facility included replacement of piping and valving, tank repairs and recertification, electrical and instrumentation replacement and refurbishment, addition of new load out facilities, and improvements in operational flexibility.

This work was managed by Buru Energy staff with major support contracts awarded to Momentum Engineering and Piped Energy. The upgrade was completed under tight deadlines and budgets with no incidents or accidents. This experience gained with onshore developments is a substantial asset for the Company and will make a very significant contribution to future development projects.

The wells will initially be produced at a combined initial rate of 1,250 bopd while additional pressure and flow data is obtained and interference tests are run to gather further reservoir property data. This data will assist in formulating the forward development plan for the field and the conversion of resources to reserves once the additional data is obtained.

Drilling program

The first well in the Ungani trend conventional oil exploration program, Praslin 1 has been spudded. The well is being drilled to test an Ungani style closure some 15km to the west of Ungani. The structure has been defined by data from the Jackaroo 3D seismic survey which was completed late last year. It has a maximum total depth of 2,600 metres and is being drilled by the Atlas Rig 2, which has completed mobilisation from Queensland. It is expected to take some 33 days to drill

Full details of the well are set out in the separate release for the spud of the well.

At the completion of the well, the rig will be mobilised to the next well in the Ungani trend program.

Laurel Formation Tight Gas Pilot Exploration Program (TGS15)

As previously notified, contactors for this program have now been selected, contracts have been executed for all major services, and remaining long lead items purchased in preparation for the program.

Alcoa gas sales contract

Discussions with Alcoa in relation to the gas sales agreement between Buru Energy and Alcoa have continued and the FID date has now been extended to 31 July 2015.

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, S&P/ASX300) 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 Statements

Information in this release related to exploration and production results 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 is qualified in accordance with ASX Listing Rules and consents to the inclusion of the information in this document.