

Operations Update

Ungani Production:

- Oil lifting from Wyndham completed on 23 May 2019 for 73,780 barrels (gross)
- Ungani Oilfield production continues to average ~960 to 1,000 bopd
- Facility upgrade works on track to accommodate anticipated production from new wells

Production Drilling Operations:

- Ungani 6H drilling program encounters difficulties and delays but now close to completion
- Ungani 7H well delayed to allow time to assess results of Ungani 6H
- Coil tubing operations on Ungani 6H to be undertaken as soon as practicable after the completion of the well drilling operations with the rig

Exploration and Appraisal:

- Well order changed to allow flexibility of timing for Ungani 7H
- Adoxa 1 (Yakka Munga prospect) to be drilled next after Ungani 6H
- Rafael 1 access road and drilling site completed
- Joint venture considering participation levels in Rafael 1 drilling program
- Ungani North re-evaluation program advancing
- Miani 1 (Hotdog) clearance and approval processes underway
- Butler prospect drilling in EP 487 unlikely to be in 2019
- Lennard Shelf well decommissioning underway with preparations for Blina Yellowdrum program advancing
- Yulleroo Gasfield conventional gas appraisal program being progressed

Ungani Production

Oil production from the Ungani Oilfield continues to average from 960 to 1,000 barrels per day with ongoing minor well interventions and maintenance being carried out. Work to upgrade the fluid handling capacity of the production facility for the anticipated production from Ungani 6H and Ungani 7H is proceeding satisfactorily, and a number of items including tanks and piping from Buru's current regional inventory are being utilised to reduce costs.

The latest lifting of oil from the Wyndham storage tanks by the MT Ocean Autumn took place on 23 May. The lifting was for 73,780bbls (gross) with at a finalised FOB price of ~A\$95bbl. Buru's 50% revenue share from this lifting totalled US\$2.46M or A\$3.52M.

The existing Trafigura oil sales and lifting contract was due to expire on 30 June 2019, and after a market based tender process, a new contract on more favourable commercial terms has been executed with Petro-Diamond Singapore. Trafigura had provided an excellent service since mid-2017 and will remain in consideration for future contracts.

The next lifting, the first for Petro Diamond, is anticipated to take place in mid-August.

Production drilling operations:

Ungani 6H drilling operations

Operations at the Ungani 6H well have been severely delayed by a series of operational problems. The principal issues have related to significant rig downtime and repairs, dealing with lost circulation zones, and the difficult drilling conditions in the Ungani Shale section immediately above the reservoir.

Resolution of the issues has involved a number of proactive measures that have included the reinforcement of the internal Buru drilling management team by the recruitment of additional senior drilling personnel with specific focus on the drilling issues in close co-operation with the joint venture.

Technical representatives of the rig manufacturer (Huisman) have also been mobilised to site on a full time basis to ensure an appropriate level of support for the rig functions.

The rig will also undergo a number of additional preventative maintenance operations during the planned rig move at the end of the U6H drilling operation.

The drilling delays have been caused by an interrelated set of circumstances. Lost circulation zones encountered in the upper sections of the hole could not be effectively cured by normal lost circulation material including the squeezing of two cement plugs. This restricted the mud weight that could be attained to ensure the Ungani Shale section could be drilled at the high mud weights that have proven to be an effective control of the shale in previous wells. This led to the casing string being unable to be run through the high angle shale section despite the inclusion of a reamer shoe on the string.

The mud losses were subsequently cured with a specialised lost circulation system and a cement plug run to attempt a sidetrack through the high angle shale section. This is normally a satisfactory sidetrack method as the alternative open hole whipstocks are not readily available in Australia for the current hole size, and have a number of specific operational challenges and risks. Unfortunately, a satisfactory kick off angle could not be attained, and it was decided to set another cement plug higher in the well to attempt a second kick off.

The forward plan is to use a more aggressive drilling assembly for the kick off operation from the new cement plug, and once the sidetrack is completed the casing string will be run and cemented and the well will be suspended for the subsequent coil tubing operation.

Ungani 7H

The Ungani 7H well location is adjacent to the Ungani 4 well pad and the well location is completed and ready for rig acceptance. However, given the issues encountered with the Ungani 6H well it has been agreed by the joint venture that the drilling of the well will be deferred while the well design for Ungani 7H is reviewed in light of the lessons learned from the drilling of Ungani 6H, and to provide sufficient time for the implementation of any subsequent changes to the well design.

Coil Tubing Operation

The preparations for the coil tubing operation are substantially complete and it is intended to mobilise the equipment spread once the Ungani 6 casing run is completed. It is anticipated that this mobilisation will take some four weeks before coil tubing drilling operations will commence. The unit is expected to be demobilised at the conclusion of the Ungani 6H coil tubing operation and then remobilised as required for any subsequent operations including Ungani 7H.

Exploration and Appraisal:

Well order

The joint venture has agreed that the well order will be changed to allow flexibility of timing for the Ungani 7H well. At the conclusion of the current operation the rig will undergo a short period of preventative maintenance and then be mobilised to the Yakka Munga prospect.

In keeping with the naming of prospects after local Kimberley flora, the well will be referred to as Adoxa 1. "*Acacia Adoxa*" is the grey-whorled wattle that is endemic to northern Australia. It also a favourite habitat of the Bardi or Witchertty grubs.



Acacia Adoxa

The Adoxa 1 site and the access road are completed and ready for the rig move. Following the Adoxa 1 well the indicative well order is for the rig to drill the Rafael 1 well. The final well proposal for Rafael 1 has been presented to the joint venture and is currently under review.

The well options following Rafael 1 are either Miani 1 or Ungani 7H. This order will be subject to various approvals and joint venture and operational considerations.

The Miani 1 well site is being reviewed for environmental and heritage clearances. It is close to the access road to the existing Leander 1 wellsite and has good all weather access along the existing Blina road.

It is Buru's current intentions to drill both Rafael 1 and Miani 1 in 2019. Both wells have recently been reviewed by an independent auditor who has confirmed that Buru's interpretation of the prospects is reasonable and supported by the available data.

As part of the review of the potential of the Ungani area wells the joint venture has agreed to undertake further appraisal work on the Ungani North 1 well. This is planned to involve the removal of the existing completion string and the re-perforation of the Ungani Dolomite oil zone. Depending on results this may also be followed by the perforation and test of the overlying Reeves Formation where petrophysical interpretation suggests that zones similar to the oil bearing Reeves Formation oil zones in Ungani Far West may be present.

Lennard Shelf

The well decommissioning on Buru's 100% owned Lennard Shelf areas is proceeding well using Buru's jacking platform system which provides a low cost, safe and effective alternative to using a workover rig for these types of operations.

In preparation for the planned workover and test of the Yellowdrum section in the Blina 4 well, the jacking platform has been used to remove the existing tubing string which was completed at the deeper Nullara Formation level.

During this operation initial flush production of some 600 barrels of oil was recovered at high flow rates. After the flush production had completed flowing the tubing string was recovered. The significance of this oil flow is currently being investigated.

No further work has been undertaken on the Butler prospect as the program delays mean it is unlikely to be able to be drilled in 2019.



Jacking Platform operations on Lennard Shelf

Yulleroo Gasfield

Further work on the Yulleroo Gasfield wells and the change in the drilling program timing means that the previous plan to use the coil tubing unit for the proposed conventional gas tests is no longer commercially viable. However, an alternative program using the Buru jacking platform has the potential to carry out the operation much more cost effectively. A detailed program for this operation is currently being prepared.

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

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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.