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Operations Update

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

Highlights

- Ungani Production Licence offers received and grants expected shortly
- Ungani facility upgrade on track for start-up of oil production in mid-July
- New oil transport trucking contract executed with significantly improved terms
- Site works commenced for second well in 2015 conventional oil exploration program, Praslin-1 an Ungani-style conventional oil target 15km from Ungani, with spud expected shortly
- Contract signed for seismic program acquisition; survey to start in Q3, 2015
- Aerogravity survey completed with excellent results
- Major service companies for tight gas program selected

Executive Chairman, Eric Streitberg said he was very pleased with the progress made to-date and the forward outlook.

“Our view that the current market climate provides a great opportunity to get some high impact exploration completed at low cost has been borne out by the results we are seeing with the drilling program and in all of our other operational activity.

The Company is in a very strong position. We have a strong cash balance, are about to restart our oil production from Ungani and have commenced an exciting exploration drilling program. We have very good support from the Government and Traditional Owners for our programs, and a deep and diverse exploration prospect portfolio.

The Buru Energy team are very focused on delivering the program safely and cost effectively and we are looking forward to a very successful year.”

2015 Exploration Program

The 2015 Exploration Program has kicked off with the drilling of the Olympic 1 well and the completion of the acquisition of a major aerogravity survey.

Preparations are underway for the spud of the second well, Praslin 1, a conventional oil exploration well some 15 kilometres west of Ungani, and the acquisition of the planned 2D and 3D seismic surveys focused on further prospect generation.

Drilling program

The 2015 drilling program is focused on the Ungani conventional oil trend but also includes tests of other conventional oil play types.

The first well in the program, Olympic 1, tested one of these other play types, a structural closure on the Broome Platform which was targeting both carbonate and sandstone reservoirs with a Goldwyer Shale source. The well was drilled as part of the Apache Energy (now Quadrant Energy) farmin program and Buru Energy and Mitsubishi were fully carried for the cost of the well.

The well encountered the anticipated geological formations but had no significant hydrocarbons. The well was drilled by the DDH1 Drilling Rig 31 which had previously drilled the Commodore and Sunbeam wells for Buru Energy and was completed on budget for a cost of approximately A\$5 million, confirming once again the dramatic reduction in drilling costs being achieved. The rig has now been released to another operator and will be available to drill further wells in the joint venture program once that well is completed.

The next well in the program is Praslin 1, and site works for this well have commenced with a target spud date of the third week of July. The well will be drilled by Atlas Rig 2 which will be mobilised from Queensland once the site works are nearing completion. It is anticipated that this well will be drilled for a similar cost to Olympic 1.

The Praslin structure is an Ungani style conventional oil prospect which has been defined by the Jackaroo 3D survey acquired late last year. The well is located close to the Ungani access road some 15 kms west of Ungani. Further details will be released at the time of spud of the well.

Approvals processes are currently underway for the further wells in the program.

Seismic acquisition

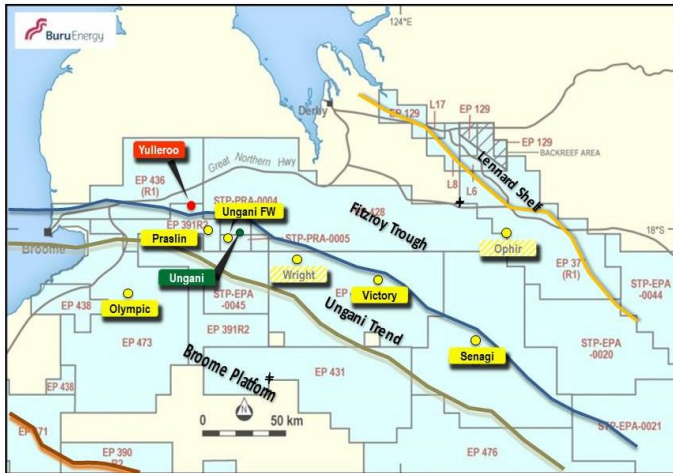
Approvals are currently underway for the acquisition of the Yakka Munga 3D seismic survey across the very large regional Yakka Munga high to the north of Ungani, and over the Bickley trend to the east of Ungani. This 3D survey is of similar size to the existing Ungani and Jackaroo 3D surveys and should provide technically robust drilling locations for the 2016 program.

Approvals are also in train for the 2D seismic data over the Raphael prospect, a large, very attractive conventional gas (and potentially oil) prospect with an Ungani Dolomite reservoir target, and additional surveys over a number of other prospective areas.

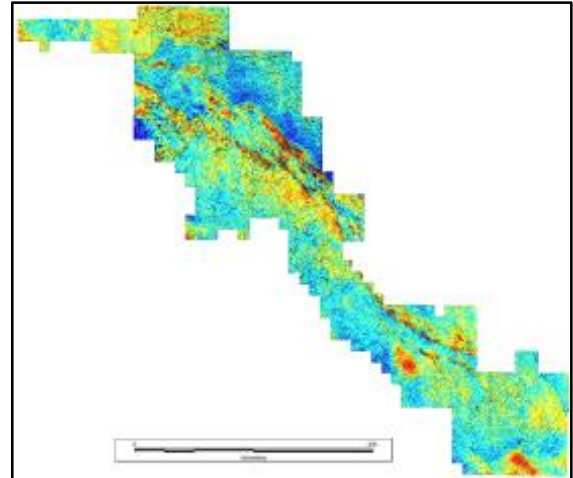
The joint venture has executed the contract for acquisition of the program with Terrex Seismic and acquisition is expected to commence in Q3 2015 once all approvals are obtained.

Aerogravity

Aerogravity surveying has proven to be an excellent regional exploration tool in the Canning Basin. Previous surveys by the joint venture have provided detailed geological data for both regional and prospect mapping, and the recently completed 2015 survey over the EP391, EP431 and EP436 permits infilled a number of these previous surveys. The survey covered some 6,000 sq kms and was completed on time and on budget in 8 days by CGG Aviation. The total coverage of AGG acquired by the various joint ventures now exceeds 50,000 sq kms.



Exploration activity map



Illustrative Aerogravity map

Laurel Formation Tight Gas Pilot Exploration Program (TGS15)

As foreshadowed in previous reports, the Company has reviewed and rebid all aspects of this program in light of the much improved contractor rates. This process has now been completed and a contract has been executed with Condor Energy for pressure pumping services. Suppliers for other major aspects of the program including snubbing unit services, wireline services, and well testing services have been selected and contracts are anticipated to be executed in short order.

Ungani Oilfield development

The Joint Venture received the offers for the grant of the Ungani Production Licences from the Department of Mines and Petroleum (DMP) on 18 June 2015 and these have been accepted by the Joint Venture. The formal grant of the licences from the Minister is expected shortly.

The upgrade of the Ungani production facilities from test production status is proceeding well, with the planned startup date on track for mid-July. Buru Energy's share of the capital expenditure of this program will be met by the Ungani Development Funding agreement with Mitsubishi.

A new trucking contract has been executed with Fuel Trans Australia for the transport of Ungani crude to Wyndham Port after a re-tender process was completed. The new contract provides considerably improved flexibility and rates.

Corporate

Discussions with Alcoa in relation to the current gas sales agreement are ongoing. It has been agreed with Alcoa that the FID date will be extended to 17 July 2015 to allow these discussions to be completed. Under the current arrangements with Alcoa some \$22 million is in escrow and these funds are still available for gas evaluation programs.

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 Statement

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.