



23 August 2017

## Operations Update

### **Rig and services contracts completed, production on track for first oil lifting in early September**

#### **Highlights**

##### ***Drilling rig and services contracts completed, including:***

- the drilling rig and crew from Buru's previous drilling program secured for upcoming planned program
- Halliburton to provide ancillary services including cementing, drilling fluids, mudlogging, and wireline logging

##### ***Oil lifting:***

- Trafigura have advised that the MT Marlin Ametrine will be arriving to collect the first cargo of crude from Tank 10 in Wyndham in early September.

##### ***Rights issue:***

- Roadshow receiving positive responses with more than 30 meetings so far with investors and shareholders in Perth, the East Coast of Australia and Singapore
- Further meetings held in Singapore and Hong Kong this week

##### **Drilling Rig and associated contracts:**

###### **Drilling Rig:**

The Company undertook an Expression of Interest (EOI) process to identify suitable rigs that would be available in the required timeframe to undertake both the pump workovers and the planned drilling program.

Review of these EOI's and discussions with rig suppliers led to the identification of the ex-Atlas rig as the preferred option. The ex-Atlas rig drilled the Ungani Far West 1 well in late 2015 and other previous Canning Basin exploration wells for the Buru/Mitsubishi joint venture. The rig was used for a drilling program that was completed in June, and has been warm stacked since that program was completed.

The contract for the drilling rig is on a “dry hire” basis and includes the drilling camp. The contract is for a fixed cost, time limited period to undertake Buru’s planned well workover and drilling activities.

**Drilling Crew:**

The drilling crew will be provided by Drilling Industries Australia (DIA) who have been associated with the rig during and since the last Buru drilling program.

**Ancillary Services:**

The provision of the ancillary services including cementing, drilling fluids, mud logging and wireline logging are being supplied as an integrated package from Halliburton, with a number of activities being provided on a fixed cost basis.

The overall rig package provides a very flexible and cost effective solution using a rig, crew and services that have provided an excellent service on previous campaigns. As the rig and supporting components are currently located in the Pilbara region of Western Australia, relatively close to the Canning Basin operations, the contracts also provide the most cost effective mob/demob solution.

Final programs for the activities are close to completion and approvals are on track for a mid-September start of rig mobilisation to Ungani.

**Oil Lifting:**

Trafigura have advised that the MT Marlin Ametrine will be arriving to collect the first cargo of crude from Tank 10 in Wyndham in early September after it completes discharging its current cargo at Altona.

Under the terms of the Trafigura agreement, the lifting is “FOB Wyndham” which means that the crude is sold at Wyndham and Trafigura is responsible for all shipping related charges to the relevant refinery. Accordingly, whilst Ungani crude generally sells at a premium to Brent at the refinery, the contract price Buru is receiving from Trafigura is on an agreed net discount differential to Brent to allow for shipping.

**Entitlement Issue:**

The Prospectus for the 1 for 5 Entitlement Issue at 15 cents was despatched to shareholders on 10 August with the closing date of the issue of 1 September 2017.

The Executive Chairman and Lead Manager (Hartleys) have been undertaking roadshow meetings with shareholders and investors and have held over 30 meetings to date with positive feedback.

Visit [www.buruenergy.com](http://www.buruenergy.com) for information on Buru Energy’s current and future activities.

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