

Buru Energy Operations Update

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

- Praslin 1 flow testing imminent
- Victory 1 spudded, next well in the conventional oil exploration program
- Senagi 1 road and site construction will commence shortly
- Ophir 1 planning progressing
- Terrex seismic crew mobilised for 3D acquisition
- TGS stimulation phase completed at Asgard 1 and Valhalla North 1 and flowback to commence shortly
- Sale agreed for second oil cargo from Ungani since startup on 16 July

Drilling program

Praslin 1

As previously reported, interpretation of the wireline logs from the well indicate a gross oil bearing interval of some 23 meters is present at the top of the interpreted Ungani Dolomite section. The log response of the oil bearing interval is similar to that seen over the interpreted highly productive zone at the Ungani Oilfield, but as at Ungani, the reservoir characteristics will need to be confirmed by a production testing program. Production tubing for the testing program has now been run in the well and it is suspended in preparation for the flow testing program. To ensure a definitive test, it is intended to pump test the well using a progressing cavity pump (PCP).

The regulatory approval process for the test is currently underway and testing equipment is being mobilised. It is expected the test will commence within the next two weeks.

Victory 1

The Victory 1 well is the next conventional oil exploration well in the program to be drilled by Atlas Rig 2. The well was spudded on 9 September and is planned to be drilled to a maximum depth of 2,600m. Victory 1 is targeting a structure on the Ungani trend with prospective Lower Carboniferous and Upper Devonian reservoirs. Weekly updates on progress will be provided.

Senagi 1

Road construction for the Senagi site will commence shortly and contractual negotiations with DDH1 for the use of DDH Rig 31 are close to completion. It is expected this well will be spudded in early October once the required road and site works have been completed.

Ophir1

Heritage clearance processes for this site were recently completed.

The drilling of Ophir 1 is dependent on completion of all regulatory and joint venture approval processes. It is currently planned to drill this well with the DDH rig 31 once it has completed the Senagi 1 well.

Ungani Production

Since production recommenced on 16 July the field has been producing as predicted at the planned averaged rate of 1,250 bopd. Since production recommenced, two cargoes of a total of approximately 61,000 bbls have been agreed for sale into Asian markets with the first cargo delivered and the second cargo being lifted from Wyndham Port on 10 September.

Seismic acquisition

The Terrex seismic crew is currently being mobilised to undertake the acquisition of the 200 sq km Yakka Munga 3D seismic survey which will be followed by the planned 2D surveys.

Laurel Formation Tight Gas Pilot Exploration Program (TGS)

The TGS stimulation phase has been completed with the Condor Energy crew completing operations at Asgard 1 and Valhalla North 1 well as planned. The Condor crew has now been demobilised from the Valhalla North1 site.

The production tubing is now being installed in the wells. Short term initial flow back from the last stages of the Asgard and Valhalla North wells up the 7 inch casing were very encouraging with strong returns of stimulation fluid with accompanying gas flows.

All operations have been carried out in accordance with all government and regulatory approvals and with continuous environmental, water and seismic monitoring. No effects of the operation on the environment have been observed by this monitoring program.

The Joint Venture is especially appreciative of the assistance of the Yungngnora (Noonkanbah) people, with up to 30 Yungngnora people directly involved in the operation, including providing access control, camp assistance, and assisting the Condor crew with materials handling and pressure pumping operations on site.

Further results of the operation will be made available as they are obtained.

Buru Energy's Executive Chairman, Eric Streitberg said:

"We are very pleased with general progress to date, the first Ungani trend exploration well looks like an oil discovery, we have now spudded the second Ungani trend exploration well, and are on the way to drill three more wells in this program. The TGS program has gone very well so far with the very preliminary results suggesting the stimulation phase has been successful, but as with Praslin, we need to see what the flow tests show us. As we expected and planned for, there have been no negative effects of the program on the environment.

We are in a very busy period with the upcoming gas and oil flow testing, two drilling rigs operating, the seismic crew in the field and Ungani production ongoing and we are looking forward to continuing to deliver a successful program over the next few months through this exciting activity."

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

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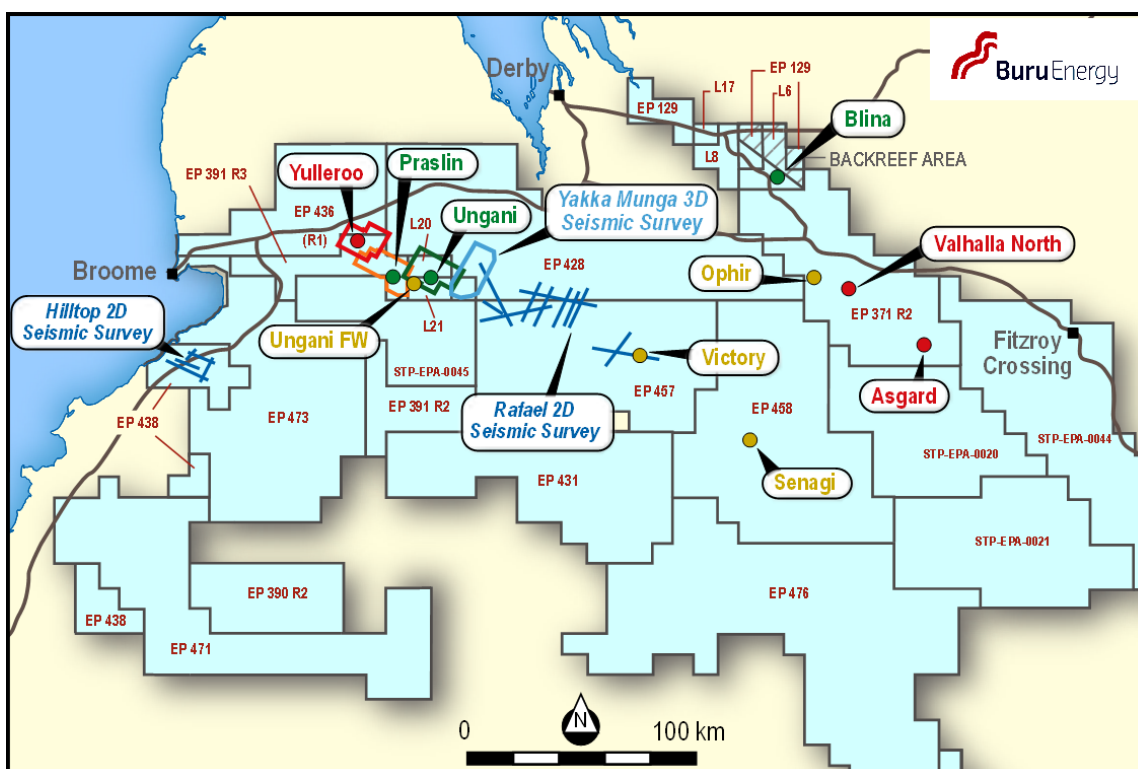
About Buru Energy

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 Mitsubishi Corporation. As well as the Ungani Oilfield and Ungani oil trend, the Company's portfolio includes conventional gas prospects and 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