



11 September 2017

Corporate and Operations Update

Successful rights issue completed, first oil lifting, commencement of mobilisation for drilling program

Highlights

Rights issue:

- Rights issue substantially oversubscribed with top-up share placement raising a total of \$13.8 million against target of \$10.2 million
- No requirement to place shortfall shares to new investors given strong support from existing Buru shareholders
- Shares allotted on 11 September 2017

Oil lifting:

- MT Marlin Ametrine lifted 60,275 bbls from Wyndham for total FOB value of US\$2.83 million

Drilling rig and associated services being mobilised:

- The DDGT1 rig is currently undergoing pre-drill maintenance at its stacked location near Onslow with planning for rig-up at Ungani in the first week of October
- The drill camp is scheduled to be mobilised to Ungani shortly

Well locations, programs and approvals underway:

- Well programs and final costings completed with confirmation of program cost
- Ungani 3 sidetrack program review confirms new vertical well (Ungani 5) as a better option than a sidetrack to appraise the Ungani 3 fault block

Rights Issue

The recent Buru 1 for 5 rights issue at 15 cents per share was highly successful in terms of the response and overall participation by Buru shareholders, with total applications received of \$14.5 million significantly exceeding the \$10.2 million rights issue target. Rather than undertaking a large pro-rata scale back, the Board resolved to accommodate this high level

of demand with an additional top-up share placement of \$3.6 million being made exclusively to Buru shareholders who had applied for additional shares and met the "section 708 sophisticated investor" status.

This has limited the scale back requirement for the rights issue to approximately \$0.7 million. The Board has adopted an equitable scale back mechanism to accommodate shortfall applications from smaller shareholders, with a minimum scale back threshold of \$5,000 (or 33,334 shares), and the pro-rata scale back being based on the ratio of each shortfall subscription amount to the applicant's shareholding as at the rights issue record date on 7 August 2017.

Buru is pleased to advise that most shortfall subscriptions have been allocated in full, with less than 50 shareholdings being scaled back (from in excess of 2,250 applications) and receiving a refund based on this equitable methodology.

The rights issue and placement shares will be issued today and shareholders will be sent share allocation notices within a few days. Refund cheques as a result of the above-mentioned scale backs will also be mailed out by Buru's share registry later this week.

Oil Lifting:

MT Marlin Ametrine lifted 60,275 bbls from Wyndham on 2/3 September without incident. The lifting was slightly smaller than planned due to the early arrival of the ship and some minor transport issues which have now been resolved.

Under the terms of the Trafigura agreement, the lifting was "FOB Wyndham" which means that the crude is sold at Wyndham and Trafigura is responsible for all shipping related charges to the relevant refinery. The realised price for the cargo after shipping costs was US\$2.83 million or ~US\$46.90/barrel.

As the field will be required to be shut-in for up to 3 weeks while the pumps are installed in the Ungani 1 and Ungani 2 wells, the next lifting is expected to be towards the end of the year.



Wyndham truck unloading



Wyndham ship loading

Drilling Rig and associated services:

The DDGT1 rig is currently undergoing pre-drill maintenance and preparation at its stacked location near Onslow. This is expected to be completed within the next two weeks and the rig will then be mobilised to Ungani. The rig is planned to be rigged up ready to commence the first pump installation in Ungani 1 in the first week of October. The full drilling package

required for Ungani 4 will be mobilised to site during the workovers which is a cost-effective method of mobilising the full package.

Given the restricted accommodation at the Ungani production facility, the drill camp will also be mobilised to Ungani and set up at the laydown area adjacent to the production facility. These operations are all proceeding as planned under very detailed operational and movement management plans.



DDGT1 rig stacked near Onslow



DDGT1 (Atlas 2) drilling Ungani Far West

Well locations, programs and approvals:

The full drilling team is now mobilised and has completed a detailed review of the scoping drilling and workover programs with final supplier quotations received, and rig specific long lead items identified and costed.

This detailed review has confirmed the overall drilling program budgeted cost estimate of \$9.5 million, but has also identified a number of potential operational complications with the originally planned sidetrack of the Ungani 3 well.

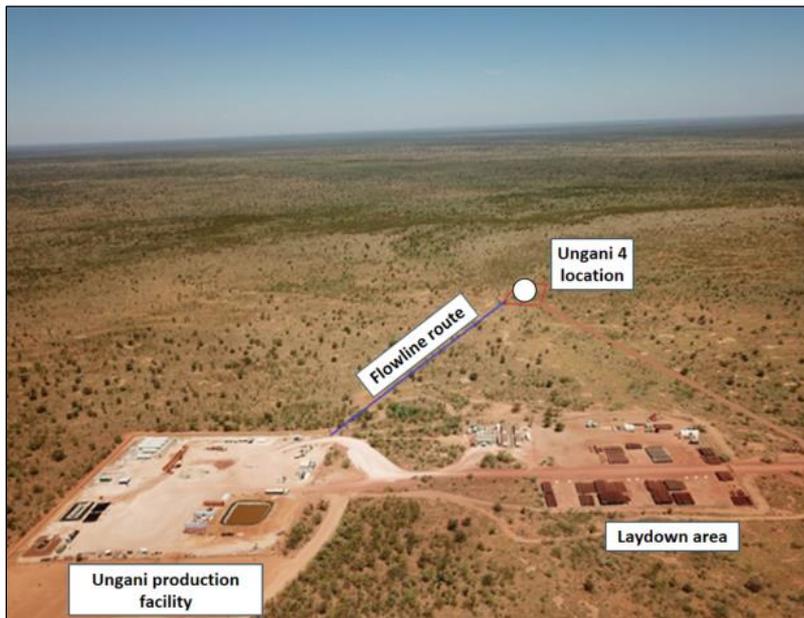
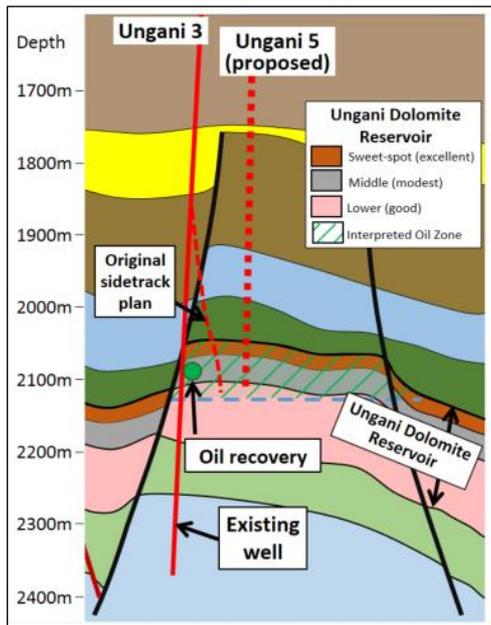
From this detailed drilling cost and risk analysis it is apparent that drilling a new vertical well bore (Ungani 5) adjacent to the Ungani 3 well is the preferred route to test the Ungani East fault block. The reservoir intersection location for Ungani 5 is planned to be some 100 metres from the reservoir intersection in the Ungani 3 well and is more optimally located compared to the location that was planned for the sidetrack.

The preservation of the lower part of the Ungani 3 well bore, which would have been required to be abandoned for the sidetrack operation, also leaves open the potential for the well to be used as a water injector in an optimal reservoir location. Further investigation of this potential will be undertaken in due course.

Ungani 5 well construction and operations are planned to be identical to Ungani 4 and this gives the potential for considerable cost savings across both wells, with the overall drilling program budgeted cost estimate remaining at \$9.5 million. Given the simpler well construction for the vertical well compared to the sidetrack, it also leads to a considerable reduction in perceived operational risk.

The estimated individual costs of the two vertical wells are considerably less than previous costs for similar vertical exploration wells due to more competitively priced industry drilling related costs and rates and simplified well design. This estimated cost reduction also provides significant encouragement for Buru's future exploration drilling campaigns in the Canning Basin.

Programs for the wells will shortly be submitted to the relevant regulators and it is expected that these will be approved in time for the scheduled commencement of the drilling program.



Ungani 5 location relative to Ungani 3

Ungani 4 location relative to Ungani Prodn facility

Program Timing:

The overall program timing is expected to be generally as follows, noting that any program is subject to unforeseen delays and potential changes. Regular and more detailed updates on timing will be provided as the program progresses.

- Week commencing 2 October – Shut-in production at Ungani, commence pump workovers on Ungani 1 and Ungani 2
- Week commencing 16 October – Re-commence production from Ungani 1 and Ungani 2, spud Ungani 4
- Week commencing 20 November – Spud Ungani 5
- Week commencing 18 December – Drilling program completed.

The Ungani 4 and Ungani 5 wells will be logged at total depth and this will provide initial indications of reservoir presence and quality, and oil columns. Flow testing of the wells will then be conducted as soon as practicable after the wells are completed.

Buru's Executive Chairman Eric Streitberg said:

"Raising \$13.8 million from the existing shareholder base has been a great result for shareholders and the Company, and the Board expresses its sincere thanks for this support.

Our total available cash reserves after this capital raising, and the first lifting of Ungani crude, are some \$27 million and the Company is now fully funded to execute its accelerated Ungani Oilfield development strategy with a view to growing its production and resource base. It also provides a very strong platform from which to farm-out its extensive 100% owned Canning Basin conventional oil prospect portfolio.

The coming months will be a very busy and exciting period for Buru and we look forward to providing regular operational and drilling updates to our shareholders as we progress this program."

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

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