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ASX ANNOUNCEMENT (ASX: BRU) 16 June 2011

WEEKLY DRILLING PROGRESS REPORT VALHALLA-2

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on drilling operations at the Valhalla-2 well as at 06:00hrs, 16 June 2011 (AWST).

The Valhalla-2 well is the first well in the Buru – Mitsubishi Corporation (“**MC**”) 2011 Joint Exploration Program. Buru and MC each have a 50% interest in this well and in EP 371, with MC contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.

Since the last progress report the Valhalla-2 well was drilled ahead to a measured depth of 862m. At that point 344mm (13 $\frac{3}{8}$ ”) casing was run to 854m. As at 06:00hrs today, drilling operations involved running in the hole with a directional bottom hole assembly and preparing to drill out the cement. The well will then be drilled ahead in 311mm (12 $\frac{1}{4}$ ”) hole.

Minor oil shows have now been observed in the Noonkanbah and Grant Formations over the gross interval between 120m and 835m. As reported in the last progress report these shows are consistent with the shows encountered in Valhalla-1 when it was drilled by ARC Energy in 2007.

Valhalla-2 is being drilled by Ensign Rig #32. It is expected to take 35 days to drill on a dry hole basis.¹

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 23 June 2011, subject to any material events occurring in the meantime.

Further information on the Company is available at: www.buruenergy.com

For inquiries please contact:

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¹ *Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.*

VALHALLA-2

PERMIT	The Valhalla-2 well is located in exploration permit EP 371. A map showing the location of the well is set out below.
WELL LOCATION	18° 04' 04.13"S 8001416mS 124° 46' 04.2"E 687100mE
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well.
DATE OF PROGRESS REPORT	06:00hrs, 16 June 2011 (AWST)
PROPOSED TOTAL DEPTH	3,400m
CURRENT DEPTH	862m
PROGNOSED TIME TO TOTAL DEPTH	35 days
SPUD DATE	6 June 2011
DAYS SINCE SPUD	10 days
CURRENT TARGET FORMATION	The Valhalla-2 well has two conventional targets: <ul style="list-style-type: none"> the Upper and Lower Laurel gas reservoirs; and the Anderson oil play. Valhalla-2 is also targeting the Lower Laurel unconventional gas reservoirs.
OPERATIONS SINCE LAST PROGRESS REPORT	Drilled ahead from 604m to 862m. Set 344mm (13 ³ / ₈ "") casing to 854m.
HYDROCARBON INDICATIONS	Oil fluorescence has been observed in multiple zones in the Noonkanbah and Grant Formations between 120m and 835m.
FORWARD OPERATIONS	The well will be drilled ahead in 311mm (12 ¹ / ₄ "") hole to the first objective.

LOCATION MAP - VALHALLA-2

