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ASX ANNOUNCEMENT (ASX: BRU)

9 October 2012

Asgard-1 and Forward Program Update

Asgard-1 Update

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on the drilling operations at the Asgard-1 well as at 06:00hrs, 9 October 2012 (AWST).

Asgard-1 is the fifth well to be drilled by the Buru – Mitsubishi Corporation (“**MC**”) Joint Venture in 2012. The well is located in Exploration Permit EP 371 some 180 kilometres to the southeast of Derby and 30km northeast of Noonkanbah Station. Buru and MC each have a 50% interest in this well and in EP 371.

Since the last progress report, wireline logging operations have been completed and 7 inch casing is currently being run. The well will then be suspended for further evaluation.

During logging operations hole conditions deteriorated and the planned full log suite, including the wireline pressure and sample measurements, was not able to be obtained. However, the logs obtained indicate gas saturations over the extent of the Laurel section in tight sands, silts and limestones. A limited set of rotary sidewall cores was able to be obtained, including from the section close to total depth, where gas was noted bleeding from the cores at surface, and also from the section close to the top of the Laurel Formation where gas was also noted bleeding from a sidewall core at surface.

Forward Program Update

It is anticipated that Ensign Rig#32 will be released from Asgard on 11 October. The rig will then be moved back to complete the Ungani North-1 well. The rig move is expected to take 12 days from rig release at Asgard. Once drilling recommences at Ungani North-1, the operations will consist of drilling out the cement plugs used to suspend the well, running back to the previous TD and conditioning the mud system, and then drilling to close to the top of reservoir and setting 9½” casing prior to drilling into the predicted reservoir. This sequence of events is as for the original well plan, and is designed to ensure that the shale above the predicted Ungani Dolomite reservoir that gave operational difficulties in both Ungani-1 and Ungani-2 is behind casing prior to drilling through the predicted reservoir section. This operation and the intersection of the reservoir is currently expected to take some nine days to complete after the drilling operation recommences.

Commenting on the results to date and the forward program, Eric Streitberg, Buru's Executive Director said:

"The results from Asgard-1 have confirmed the extension of the Laurel Basin Centred Gas Accumulation ("BCGA") some 35 kilometres along strike from the Valhalla wells. It has also provided important confirmation of the extent and nature of the pressure cells and hydrocarbon maturities in the BCGA, and given confidence as to its interpreted wider, more regional extent.

We will now be working on a full evaluation of the well and its implications for the regional prospectivity of the Laurel Formation. We will then incorporate these results into the prospective resource estimates provided by McDaniel.

We are also delighted to be returning to complete the drilling of the Ungani North prospect. This prospect has a high chance of success and has the potential to contain large volumes of oil if hydrocarbons are present."

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

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