



Buru Energy Limited
ABN 71 130 651 437
Level 2, 97 William Street
Perth, Western Australia 6000
PO Box 7794, Perth
Cloisters Square WA 6850
Ph: 61-8 9215 1800
Fax: 61-8 9215 1899
www.buruenergy.com

ASX ANNOUNCEMENT (ASX: BRU)

28 August 2012

COMMENCEMENT OF DRILLING OPERATIONS – ASGARD-1

Buru Energy Limited is pleased to advise that drilling operations at the Asgard-1 well commenced at 00:00hrs, 28 August 2012 (AWST) using Ensign Rig #32. The well is currently setting the 20" conductor at 30 metres.

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.

Asgard-1 is sited to evaluate the southeastern extension of the Valhalla Basin Centred Gas Accumulation ("**BCGA**") identified by the Valhalla-1 and 2 wells and confirmed in the Valhalla North-1 and Paradise-1 wells drilled by the joint venture. If the Asgard-1 well encounters the gas saturated Laurel Formation as expected, it will confirm an extension of the Valhalla BCGA some 35 kilometres to the southeast of the Valhalla-2 well. Asgard-1 is sited in an area which has no apparent structural closure, although seismic data is sparse, and the presence of gas will therefore provide confirmation of the southeastern regional extension of the Valhalla accumulation.

Asgard-1 is a vertical well with a prognosed total depth of 3,400 metres and is expected to take some 45 days to drill and suspend.

Buru's Executive Director, Mr Eric Streitberg, commented on the commencement of drilling operations:

"Asgard-1 is about 35 kms to the southeast of Valhalla-2 in the opposite direction to the Paradise-1 site. The well is designed to test the current interpretation that the Valhalla BCGA is present over a northwest – southeast axis of some 55 kms.

This interpretation that a BCGA is present and could contain very significant gas resources is supported by the extensive suite of logs and sidewall core samples and the comprehensive tight rock analysis we undertook of the existing wells in the area drilled by both Buru and previous holders of the acreage, and also is confirmed by the recently released McDaniel report. If this well has the same characteristics as the other Valhalla wells we will have confirmed the interpretation that Valhalla could be a potentially world class basin centred tight gas accumulation."

The first drilling progress report for the well is attached. During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday, and as required upon the occurrence of any material event. The Company expects to issue the next drilling progress report on 30 August 2012, subject to any material events occurring in the meantime.

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

For inquiries please contact:

Eric Streitberg	Executive Director
Telephone	+61 8 9215 1800
Freecall	1800 337 330
Email	ericstreitberg@buruenergy.com

ASGARD-1

PERMIT	The Asgard-1 well is located in Exploration Permit EP 371 some 30km northeast of Noonkanbah Station.		
WELL LOCATION	Latitude: 18° 14' 49.2" S	Easting: 714724m	Longitude: 125° 01' 51.0" E
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well		
DATE OF PROGRESS REPORT	06:00hrs 28 August 2012 (AWST)		
PROPOSED TOTAL DEPTH	3,400 metres		
CURRENT DEPTH	30 metres		
PROGNOSED TIME TO COMPLETION	45 days		
SPUD DATE	28 August 2012		
DAYS SINCE SPUD	1 day		
CURRENT TARGET FORMATION	The Asgard-1 well is targeting the Upper and Lower Laurel gas reservoirs.		
OPERATIONS SINCE LAST PROGRESS REPORT	Since spud, the well has been drilled ahead to a measured depth of 30 metres and current operation is running the 20" surface conductor.		
HYDROCARBON INDICATIONS	None – None expected		
FORWARD OPERATIONS	Drill ahead to first casing point at ~ 550 metres		

LOCATION MAP

