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ASX ANNOUNCEMENT (ASX: BRU) 27 January 2012

WEEKLY DRILLING PROGRESS REPORT VALHALLA NORTH-1

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on drilling operations at the Valhalla North-1 well as at 06:00hrs, 27 January 2012 (AWST).

The Valhalla North-1 well is the fifth well in the Buru – Mitsubishi Corporation (“**MC**”) Joint Exploration Program in the Canning Superbasin that commenced in June 2011. Buru and MC each have a 50% interest in the Valhalla North-1 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. The Valhalla North-1 well is being drilled by Ensign Rig #32 to a planned total depth of 3,400 metres. It is expected to take 38 days to drill on a cased and completed basis.¹

Since the commencement of drilling operations on 17 January 2012, Valhalla North-1 was drilled ahead in 17½” hole to a measured depth of 548m and 13¾” casing was run to a depth of 538m. As at 06:00hrs today, the well has been drilled ahead in 12¼” hole to a depth of 1,516m. The well is currently being drilled ahead to the intermediate casing point expected to be at a measured depth of 2,125m.

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 2 February 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:

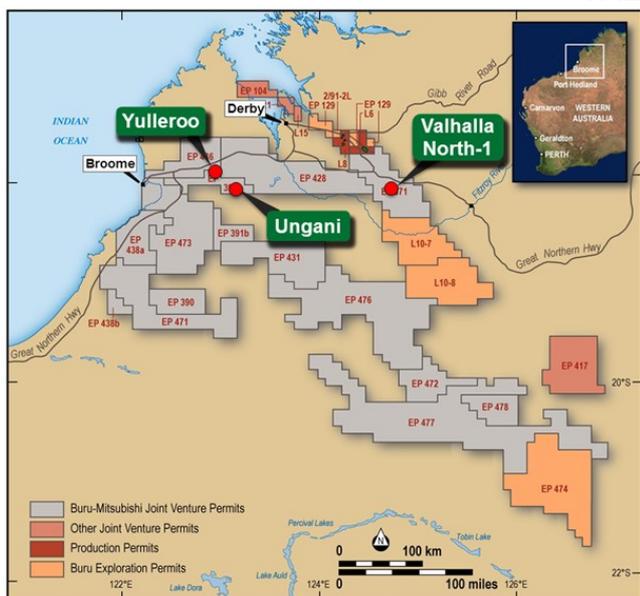
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¹ *Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.*

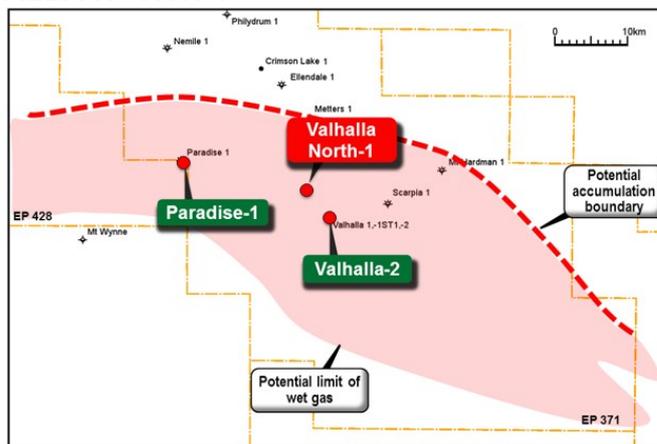
VALHALLA NORTH-1

PERMIT	The Valhalla North-1 well is located in exploration permit EP 371. Maps showing the location of the well are set out below.	
WELL LOCATION	18° 01' 32.8"S 124° 43' 47.1"E	8006107mS 683112mE
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well	
DATE OF PROGRESS REPORT	06:00hrs, 27 January 2012 (AWST)	
PROPOSED TOTAL DEPTH	3,400m	
CURRENT DEPTH	1,516m	
PROGNOSED TIME TO COMPLETION	38 days	
SPUD DATE	17 January 2012	
DAYS SINCE SPUD	10 days	
CURRENT TARGET FORMATION	The Valhalla North-1 well is targeting the Upper and Lower Laurel gas reservoirs	
OPERATIONS SINCE LAST PROGRESS REPORT	Valhalla North-1 has been drilled ahead in 17½" hole to a measured depth of 548m and 13¾" casing was run to a depth of 538m. As at 06:00hrs today, the well has been drilled ahead in 12¼" hole to a depth of 1,516m.	
HYDROCARBON INDICATIONS	No significant hydrocarbons were expected or encountered in this hole section.	
FORWARD OPERATIONS	The well is currently being drilled ahead to the intermediate casing point expected to be at a measured depth of 2,125m.	

LOCATION MAPS VALHALLA NORTH-1



Valhalla North-1 regional location map



Valhalla Accumulation well locations