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Independent Yulleroo Field Resource Assessment

Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to advise that RISC Pty Ltd (“**RISC**”) has completed its independent assessment of the tight gas resources contained in the Yulleroo field within exploration permit EP391. Buru holds a 50% interest in EP391 and the Yulleroo field. The results of this assessment and the implications for the Company are summarised below.

Highlights

- RISC has estimated a mean resource¹ in the Yulleroo field of 352 PJ of ultimately recoverable sales gas based on gross Contingent Resources in the Yulleroo field of 53 PJ, 205 PJ and 846 PJ on a 1C, 2C and 3C basis respectively.
- RISC has estimated a mean resource in the Yulleroo field of a further 13.4 mmmboe² of associated liquids (condensate and LPG) based on gross Contingent Resources in the Yulleroo field of 1.9 mmmboe, 7.8 mmmboe and 32.3 mmmboe on 1C, 2C and 3C basis respectively.
- Buru’s net share of the mean resources as estimated by RISC is 36 mmmboe.³
- RISC has estimated significant upside of 3C (P10) Contingent Resources of 86.7 mmmboe net to Buru.
- RISC has identified a forward program for appraisal of the Yulleroo field which, if successful, would allow reserves to be booked in 2012 leading to the subsequent development of the Yulleroo field.
- The results of RISC’s assessment confirms Buru’s assessment of the field and marks the successful transition of the Company from having a primary focus on exploration, to a new focus area of appraisal and commercialisation of identified resources.

¹ The mean is the average of the probabilistic resource distribution.

² Millions of barrels of oil equivalent. LPGs converted at 1.39 barrels to 1 barrel of oil. Condensate converted at 1 barrel to 1 barrel of oil.

³ Sales gas converted at .006TJ to 1 barrel of oil.

Resource Evaluation

RISC were engaged by Buru to undertake an independent assessment of the tight gas resources contained in the Yulleroo field. This assessment was commissioned by Buru to independently validate the Company's estimates of the resources contained in the Yulleroo field following the successful stimulation and flow test of the Yulleroo-2 well in late 2010. The results of RISC's independent assessment are consistent with Buru's assessment of the potential of the Yulleroo field.

RISC's assessment was based on reviews of historical drilling data from the Yulleroo-1 and Yulleroo-2 wells, interpretation of the new 2D Yulleroo seismic data undertaken by Buru in 2010, and the results of the Yulleroo-2 stimulation and flow test. Based on this review RISC has estimated the following Contingent Resources in the Yulleroo field as at 1 May 2011.

	1C	2C	3C	Mean
Ultimate Recoverable Sales Gas (PJ)	53	205	846	352
Ultimate Recoverable Associated Liquids (mmboe)	1.9	7.8	32.3	13.4
Total Recoverable Hydrocarbons (mmboe)	10.8	42.0	173.3	72.0
Total Recoverable Hydrocarbons - net to Buru (mmboe)	5.4	21.0	86.7	36.0

Importantly, RISC identifies significant upside from the mean resources estimate, which may be confirmed as part of an appropriate appraisal program. The resources estimated by RISC only include the gas and liquids in the conventional and tight reservoirs in the Yulleroo field, and do not include shale gas potential, which is the subject of a separate study and has the potential to add further material upside to the field.

Forward Program

As part of their assessment of Yulleroo, RISC has prepared an indicative forward program for appraisal of the Yulleroo field. This program, if successfully completed, will allow Buru to book reserves on a 2P basis in a relatively short time frame. Booking reserves on a 2P basis is a necessary pre-condition to the development of the Yulleroo field.

Buru is currently reviewing the forward program identified by RISC. In summary, it involves confirmation of the reservoir size and volume, and a more detailed characterisation of the reservoir. Indicatively, the forward program includes:

- ongoing flow testing of Yulleroo-2;
- the completion of the planned 3D seismic over the structure;
- the drilling, coring, logging and flow testing of two to three additional reservoir intersections (appraisal wells); and
- the completion of successful reservoir stimulation in two wells in addition to Yulleroo-2.

Subject to further technical and commercial review, and joint venture approval, the majority of this program could be conducted in 2011 and finalised in 2012. This would allow Buru to book reserves in 2012.

As part of this systematic process of quantifying the reserves in the Yulleroo field, the re-completion of the Yulleroo-2 well is proceeding as previously announced in order to assist in the clean-up of that well. It is expected that this re-completion will take place in early June, with the flow test to be commenced as soon as the workover is completed.

Commenting on the results of RISC's report, Buru's Executive Director, Mr Eric Streitberg, commented:

"We are extremely pleased with the results of RISC's assessment of the Yulleroo field which validates our view of the potential of the accumulation. Importantly, the mean estimated volumes identified by RISC would be sufficient to support the development of the Great Northern Pipeline, allowing development of the field to proceed on a stand alone basis. There is also the potential to incorporate the development of the Yulleroo field with the development of any additional discoveries made during Buru's 2011 exploration program.

The identification of a significant contingent resource, and a pathway to book reserves and their subsequent commercialisation, by an independent third party is an important step forward for Buru. It signals the Company's transformation from a focus on exploration to a new focus on appraisal and development."

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Consent

RISC consents to the inclusion of its estimates of Contingent Resources in this announcement. The estimates are subject to uncertainty because they involve judgments on many variables that cannot be precisely assessed. RISC believes that its estimates and conclusions are sound but no warranty of accuracy or reliability is given. The estimates may increase or decrease and RISC's opinions may change as further information becomes available.