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ASX ANNOUNCEMENT (ASX: BRU) 19 July 2012

Weekly Drilling Progress Report - Yulleroo-3

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on the drilling operations at the Yulleroo-3 well as at 06:00hrs, 19 July 2012 (AWST).

Yulleroo-3 is the third well in the Buru – Mitsubishi Corporation (“**MC**”) 2012 Joint Exploration Program. The well is located in exploration permit EP 391 some 80 kilometres to the east of Broome. Buru and MC each have a 50% interest in this well and in EP 391, 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, wireline logs have been acquired and the current operation is preparing to attempt to obtain pressure and fluid samples from the Laurel Formation gas sands.

The wireline logs, together with the mud log gas shows and gas wetness/balance ratios, have confirmed the presence of an extensive gas charged section from approximately 2,130 metres measured depth to the current total depth of 3,578 metres. This section adds some 1,110 metres of gas charged section above the previously interpreted top of the gas sands in Yulleroo-1. There is also good stratigraphic correlation with the gas charged section in Yulleroo-1 which is some 2km away, but two additional sand packages are present which add significantly to the interpreted gas charged reservoir section in the well. The good stratigraphic correlation gives confidence in the continuity of the reservoir section across the greater Yulleroo structure and hence the volumes of gas in the structure.

Gas wetness ratios and inferred pressure data also indicate that there is a strong possibility that the Yulleroo accumulation is part of a broader basin centred gas accumulation in the Yulleroo area.

Given the encouraging results of the well to date it has also been agreed to deepen the well to a revised total depth of 3,800 metres from the original target total depth of 3,600 metres. The deepening operation is subject to maintaining stable hole conditions. Once final total depth is reached and the newly drilled hole has been logged and evaluated, 7” casing will be run and cemented.

Eric Streitberg, Buru's Executive Director, commented on the results to date:

"We are extremely encouraged by the results of the well to date. The extensive gas charged section and the lateral continuity of the sand packages indicates that the Yulleroo accumulation is a very significant gas field. The potential for the Yulleroo structure to be part of a much larger basin centred gas accumulation is also very encouraging for both the Yulleroo area, and for the basin generally, and the consideration of the location of the next well on the structure will take into account this potential."

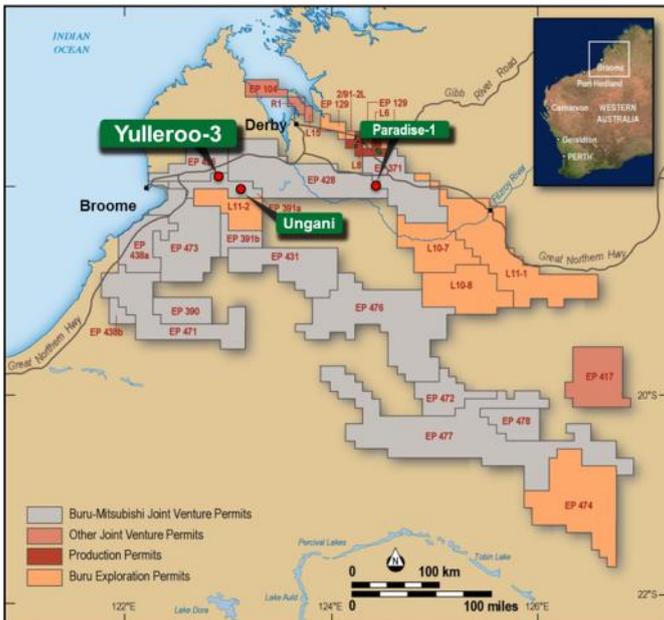
In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 26 July 2012, subject to any material events occurring in the meantime.

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

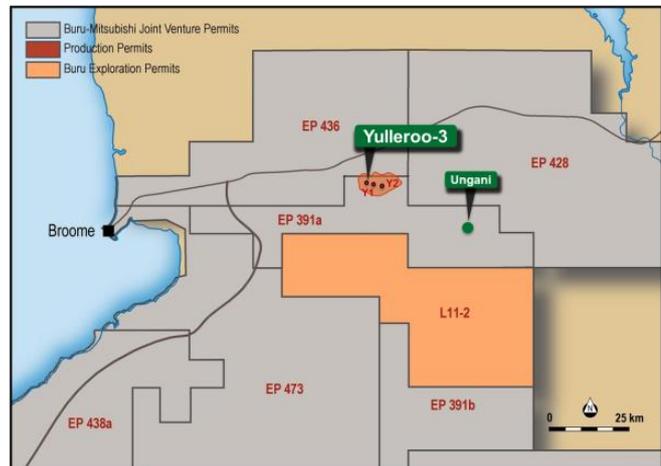
For inquiries please contact:

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LOCATION MAPS



Yulleroo-3 Regional location map



Yulleroo-3 Detailed location map

YULLEROO-3

PERMIT	The Yulleroo-3 well is located in exploration permit EP 391 some 80 kms east of Broome. Maps showing the location of the well are set out on the previous page.
WELL LOCATION	Latitude: 17 ⁰ 50' 59.39" S Easting: 488510m Longitude: 122 ⁰ 53' 20.59" E Northing: 8026425m
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well
DATE OF PROGRESS REPORT	06:00hrs, 19 July 2012 (AWST)
PROPOSED TOTAL DEPTH	3,800 (revised from original TD of 3,600 metres)
CURRENT DEPTH	3,578 metres
SPUD DATE	25 May 2012
DAYS SINCE SPUD	55 days
CURRENT TARGET FORMATION	The Yulleroo-3 well is targeting the Upper and Lower Laurel gas sands encountered in the Yulleroo-1 and 2 wells.
OPERATIONS SINCE LAST PROGRESS REPORT	Since the last progress report, wireline logs have been acquired. The current operation is preparing to attempt to obtain pressure and fluid samples from the Laurel Formation gas sands.
HYDROCARBON INDICATIONS	The wireline logs, together with the mud log gas shows and gas wetness/balance ratios, have confirmed the presence of an extensive gas charged section from approximately 2,130 metres measured depth to the current total depth of 3,578 metres. This section adds some 1,110 metres of gas charged section above the previously interpreted top of the gas sands in Yulleroo-1. There is also good stratigraphic correlation with the gas charged section in Yulleroo-1 which is some 2km away, but two additional sand packages are present which add significantly to the interpreted gas charged reservoir section in the well. The good stratigraphic correlation gives confidence in the continuity of the reservoir section across the greater Yulleroo structure and hence the volumes of gas in the structure. Gas wetness ratios and inferred pressure data also indicate that there is a strong possibility that the Yulleroo accumulation is part of a broader basin centred gas accumulation in the Yulleroo area.
FORWARD OPERATIONS	Given the encouraging results of the well to date it has been agreed to deepen the well to a revised total depth of 3,800 metres from the original target total depth of 3,600 metres. The deepening operation is subject to maintaining stable hole conditions. Once final total depth is reached and the newly drilled hole has been logged and evaluated, 7" casing will be run and cemented.