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ASX ANNOUNCEMENT (ASX: BRU)

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BURU OPERATIONS AND FORWARD DRILLING PROGRAM UPDATE

Buru Energy Limited provides the following update on operations and the Company's forward drilling plan for the Canning Superbasin.

Background and Summary

The early part of the 2011/12 wet season in the Canning Superbasin was relatively dry, allowing the successful completion of the drilling of the Ungani-2 and Valhalla North-1 appraisal wells and commencement of on-ground preparations for the extended production test ("EPT") of the Ungani oil field. Since that time, the rain associated with Tropical Cyclone Lua, and further rain during March and early April, has significantly restricted on-ground operations leading to a temporary suspension of the drilling and EPT program. This suspension time has been used to further refine the technical interpretations of the Ungani oil field and the Valhalla regional gas accumulation, and to progress forward planning for the 2012 field season.

Weather conditions have now improved sufficiently for on-ground preparations for the Ungani EPT to recommence on a full time basis, with the EPT now scheduled to commence in three to four weeks time. The drilling program is also expected to recommence shortly with Ensign Rig #32 being mobilised to drill the Yulleroo-3 appraisal well, with an expected spud date at the end of April, and Century Rig #7 being mobilised to drill the Paradise Deep well with an expected spud date of mid-May.¹

Yulleroo-3

Ensign Rig #32 will be mobilised from the Valhalla North-1 well site to drill the Yulleroo-3 appraisal well, expected to spud by the end of the month. This well is being drilled as an appraisal well of the Yulleroo gas accumulation on the basis of the 3D seismic data acquired during 2011. The well has been located in a position that will help define the vertical extent of the accumulation. This is important as the two previous wells on the structure were still in gas in the Laurel Formation at total depth, and there is therefore potential for the Yulleroo accumulation to be part of a significant Laurel Formation basin centred gas accumulation similar to that identified at Valhalla. Confirmation of this would substantially increase the potential gas resources in the accumulation from the currently independently defined mean contingent resources of 332 BCF of gas and 13.4 million barrels of liquids.

¹ *All operations and their timing noted in this ASX release are indicative only. All operations are subject to weather and operational requirements and receipt of all necessary regulatory, joint venture and traditional owner approvals.*

Paradise Deep

The second drilling rig for the 2012 drilling program, Century Rig #7, will be mobilised to the Canning Superbasin in late April after completing its current well in the Perth Basin for AWE Limited. It will first deepen the Paradise-1 well to test both conventional oil and gas targets and the potential for a significant western extension of the Valhalla unconventional wet gas accumulation. Operations at Paradise-1 are expected to commence some three weeks after rig mobilisation, indicatively in mid-May.

If the Laurel Formation is encountered as expected in Paradise-1, and has similar gas bearing properties to those seen in the Valhalla-2 and Valhalla North-1 wells, it will confirm a 21 km westerly extension of the Valhalla unconventional wet gas accumulation. This will help confirm Buru's current estimates of the prospective recoverable volumes of gas in the accumulation.

The well is sited on a prominent regional structural high, and good oil shows and a potential oil column were encountered in the shallow part of the well. The development of conventional reservoirs with both oil and gas potential, as well as the presence of the Valhalla tight gas reservoirs is considered a good possibility in this location.

Forward drilling program

The balance of the forward program remains under review and consideration by the joint venture and will depend on the results of the Yulleroo-3 well and Paradise-1 deepening operations, receipt of all necessary approvals and ongoing weather conditions. It is expected that the program will include additional appraisal wells on the Valhalla and Yulleroo unconventional gas accumulations and further exploration wells in the Ungani trend exploration province.

Ungani Oil Field

The commencement of the Ungani EPT has also been delayed by recent weather conditions. It is now expected that on-ground preparations for the EPT will be completed in the next three to four weeks, with the EPT to commence shortly thereafter. All regulatory and Traditional Owner approvals for the conduct of the EPT have now been received, and all necessary equipment has now been ordered and is on hand.

The EPT will initially be constrained to a daily rate of 400 barrels of oil per day, with a planned increase to 1,000 bopd as experience is gained in the production characteristics of the field and the management of the transportation system. The produced oil will be initially trucked to Perth, with the full field development being based on export from a northwest port or other value adding opportunities. The regulatory and Traditional Owner approval processes required for the next stage of full field development are also currently being progressed.

Commenting on the forward program, Buru's Executive Director, Eric Streitberg, said:

"The delays from TC Lua and the late wet season are frustrating but not unexpected. Our drilling program during the majority of the wet season was very successful with Ungani-2 and Valhalla North-1 both being successfully completed with very few delays or problems.

We are now ready to continue with the 2012 drilling program, which will look to increase both our conventional oil reserves at Ungani and the surrounding prospects, and to further define and increase our gas resources at Valhalla and Yulleroo. Whilst the remainder of the 2012 drilling program is still under review, it is shaping up to confirm the Canning Superbasin as the most exciting place in Australia to look for oil and gas."

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

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Canning Superbasin current activity areas

