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ASX ANNOUNCEMENT (ASX: BRU) 28 July 2011

**WEEKLY DRILLING PROGRESS REPORT
VALHALLA-2**

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on drilling operations at the Valhalla-2 well as at 06:00hrs, 28 July 2011 (AWST).

The Valhalla-2 well is the first well in the Buru – Mitsubishi Corporation (“**MC**”) 2011 Joint Exploration Program. Buru and MC each have a 50% interest in this 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.

Since the last progress report a full suite of wireline logs have been run and rotary sidewall cores have been cut including specialised wireline logs to assist in the detailed analysis of the potential of the section for unconventional gas and liquids. These logs and sidewall cores will assist in the full evaluation of the tight gas and shale gas potential of the Laurel section in the well.

Preliminary analysis of the results of Valhalla-2 indicate the presence of a wet gas charged section of tight and possible conventional gas reservoirs across a Laurel Formation interval of at least 1,300m. These results imply there is the potential for substantial gas accumulation to be present. Further interpretation and appraisal drilling will be required to define this potential.

As at 06:00hrs today, 7” premium completion casing was being run in the hole at 3,066m. The well will now be suspended for evaluation as a candidate for both hydraulic stimulation and conventional production at a future date. On completion of operations on the well the rig will be released and mobilised to the Ungani-1 well site.

The Company expects this to be the last drilling progress report for Valhalla-2.

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

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VALHALLA-2

PERMIT	The Valhalla-2 well is located in exploration permit EP 371. A map showing the location of the well is set out on the following page.
WELL LOCATION	18° 04' 04.13"S 8001416mS 124° 46' 04.2"E 687100mE
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well.
DATE OF PROGRESS REPORT	06:00hrs, 28 July 2011 (AWST)
PROPOSED TOTAL DEPTH	3,390m (revised from 3,400m)
CURRENT DEPTH	3,390m (3,333m TVDRT)
SPUD DATE	6 June 2011
DAYS SINCE SPUD	52 days
OPERATIONS SINCE LAST PROGRESS REPORT	Since the last progress report a full suite of wireline logs have been run and rotary sidewall cores have been cut including specialised wireline logs to assist in the detailed analysis of the potential of the section for unconventional gas and liquids. These logs and sidewall cores will assist in the full evaluation of the tight gas and shale gas potential of the Laurel section in the well.
HYDROCARBON INDICATIONS	Preliminary analysis of the results of Valhalla-2 have confirmed the presence of a number of tight and possible conventional gas reservoirs across a 1,300m section of gas charged Laurel Formation.
FORWARD OPERATIONS	As at 06:00hrs today, 7" premium completion casing was being run in the hole at 3,066m. The well will now be suspended for evaluation as a candidate for both hydraulic stimulation and conventional production at a future date. On completion of operations on the well the rig will be released and mobilised to the Ungani-1 well site.

LOCATION MAP - VALHALLA-2

