

ASX ANNOUNCEMENT (ASX: BRU) 14 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, 14 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.

Following completion of the on bottom drill stem test (“**DST**”) the well has been drilled ahead in 8½” hole from 2,200m to a measured depth of 2,789m (2,751m TVDRT).

Continuous high levels of background gas have been observed across this section with good to excellent gas shows and intermittent poor to fair oil shows. While drilling through this section drilling was suspended three times to allow gas to flow to surface. During the last of these suspensions gas was allowed to flow for a continuous period of approximately six hours (as shown in the photo below), following which drilling recommenced. No stabilised flow rate was established during this period and the significance of this flow, and the earlier flows, is currently being evaluated.



The well will now be drilled ahead to the next objective, the Lower Laurel gas sands and then on to a proposed total depth of 3,400m. A full suite of logs will then be run to evaluate the Lower Laurel gas sands and the section where the gas flows were observed. Depending on the evaluation of these logs a DST of the Lower Laurel gas sands may be undertaken.

Valhalla-2 is being drilled by Ensign Rig #32.

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 21 July 2011, subject to any material events occurring in the meantime.

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, 14 July 2011 (AWST)
PROPOSED TOTAL DEPTH	3,400m
CURRENT DEPTH	2,789m (2,751m TVDRT)
PROGNOSED TIME TO TOTAL DEPTH	35 days
SPUD DATE	6 June 2011
DAYS SINCE SPUD	38 days
CURRENT TARGET FORMATION	<p>The Valhalla-2 well has two conventional targets:</p> <ul style="list-style-type: none"> • the Upper and Lower Laurel gas reservoirs; and • the Anderson oil play. <p>Valhalla-2 is also targeting the Lower Laurel unconventional gas reservoirs.</p>
OPERATIONS SINCE LAST PROGRESS REPORT	The well has been drilled ahead in 8½" hole to a measured depth of 2,789m (2,751m TVDRT). Drilling was suspended three times while drilling through this section to allow gas to flow to surface. During the last of these suspensions gas was flared for a continuous period of approximately six hours. The well is currently being drilled ahead to the Lower Laurel gas sands.
HYDROCARBON INDICATIONS	Continuous high levels of background gas with good to excellent gas shows and intermittent poor to fair oil shows have been observed over the gross interval from 2,200m to 2,789m. Gas was flowed to surface three times while drilling was suspended in this section, including one flow for a continuous period of six hours. The significance of these flows is currently being evaluated.
FORWARD OPERATIONS	The well will be drilled ahead in 8½" hole to the next objective, the Lower Laurel gas sands and then on to a proposed total depth of 3,400m. A full suite of logs will then be run to evaluate the Lower Laurel gas sands and the section where the gas flows were observed.

LOCATION MAP - VALHALLA-2

