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ASX ANNOUNCEMENT (ASX: BRU) 31 May 2012

Weekly Drilling Progress Report Paradise-1 Deepening

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on the deepening operations at the Paradise-1 well as at 06:00hrs, 31 May 2012 (AWST).

The Paradise-1 deepening operation is the second well in the Buru – Mitsubishi Corporation (“**MC**”) 2012 Joint Exploration Program. The Paradise-1 well is located in exploration permit EP 428 on the boundary with EP 371, some 200 kms southeast of Derby. Buru and MC each have a 50% interest in this well and in EP 428, 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, the well has been drilled ahead in 6” hole to a measured depth of 2,392 metres. Drilling progress has been slower than anticipated due to minor rig problems and increased hole deviation.

The top of the Upper Laurel Formation has been encountered at 1,968 metres measured depth. Gas shows in the Upper Laurel section drilled to date appear similar to those seen in Valhalla North-1 and Valhalla-2, with gas peaks some 10 times above background at 30 to 40 units, although absolute values are lower in this well due to different drilling parameters.

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 7 June 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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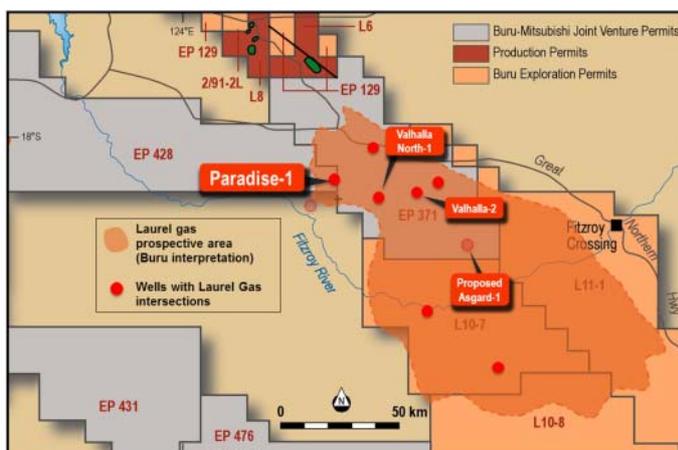
PARADISE-1 DEEPENING

PERMIT	The Paradise-1 well is located in exploration permit EP 428 on the boundary with EP 371. Maps showing the location of the well are set out below.
WELL LOCATION	Latitude: 17° 59' 59.6" S Easting: 666913m Longitude: 124° 34' 35.5" E Northing: 8009115m
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well
DATE OF PROGRESS REPORT	06:00hrs, 31 May 2012 (AWST)
PROPOSED TOTAL DEPTH	3,200m
CURRENT DEPTH	2,392m
PROGNOSED TIME TO COMPLETION	20 days
SPUD DATE	20 May 2012
DAYS SINCE SPUD	11 days
CURRENT TARGET FORMATION	The Paradise-1 well is targeting the Upper and Lower Laurel reservoirs
OPERATIONS SINCE LAST PROGRESS REPORT	Since the last progress report, the well has been drilled ahead in 6" hole to a measured depth of 2,392 metres.
HYDROCARBON INDICATIONS	The top of the Upper Laurel Formation has been encountered at 1,968 metres measured depth. Gas shows in the Upper Laurel section drilled to date appear similar to those seen in Valhalla North-1 and Valhalla-2, with gas peaks some 10 times above background at 30 to 40 units, although absolute values are lower in this well due to different drilling parameters.
FORWARD OPERATIONS	Continue drilling ahead to total depth.

LOCATION MAPS



Paradise-1 Regional location map



Paradise-1 Interpreted Valhalla Laurel Formation Accumulation