



Buru Energy Limited
ABN 71 130 651 437
Level 2, 97 William Street
Perth, Western Australia 6000
PO Box 7794, Perth
Cloisters Square WA 6850
Ph: 61-8 9215 1800
Fax: 61-8 9215 1899
www.buruenergy.com

ASX ANNOUNCEMENT (ASX: BRU)

29 October 2012

RE-COMMENCEMENT OF DRILLING OPERATIONS – UNGANI NORTH 1

Buru Energy Limited is pleased to advise that drilling operations at the Ungani North-1 well re-commenced at 21:00 hrs, on Saturday 27 October 2012 (AWST), using Ensign Rig #32. The current operation as of 06:00hrs was drilling out suspension cement plugs.

At the time of its suspension in late August, the Ungani North 1 well was the fourth well to be drilled by the Buru – Mitsubishi Corporation (“MC”) Joint Venture in 2012. The well is located in exploration permit EP 391 some 100 kilometres to the east of Broome, and lies some six kilometres north of the Ungani Production Facility. Buru and MC each have a 50% interest in this well and in EP 391, with MC and Buru each contributing 50% of the cost of the well.

The Ungani North 1 well was suspended after being drilled to a depth of 2,292 metres due to a mechanical failure on MB Century Rig #7 which resulted in damage to the top drive and parts of the rig, which led to the subsequent release of Rig #7 by Buru. The well will now be completed using Ensign Rig #32 which has recently completed the successful Asgard 1 well for the Buru - MC Joint Venture.

The top of the Ungani Dolomite reservoir equivalent section is interpreted to be some 250 metres below the point at which the well was suspended. Current drilling operations will entail drilling out the cement plugs used to suspend the well, running back to the previous total depth and conditioning the mud system, and then drilling to close to the top of reservoir and setting 9⁵/₈” casing prior to drilling into the predicted reservoir. This sequence of events is as for the original well plan, and is designed to ensure that the shale above the predicted reservoir section that gave operational difficulties in both Ungani 1 and Ungani 2 is cased off prior to drilling through the reservoir. This operation, and the intersection of the reservoir, is expected to take a further 9 days to complete.

After the Ungani Dolomite reservoir has been penetrated, the well will then be deepened to a planned total depth of 3,500 metres (subject to geological and operational conditions), to test the Nullara play where good oil and gas shows were encountered in the Ungani 1 well. The Ungani North structure is one of a number of conventional prospects in the Ungani area with substantial size potential. If hydrocarbons are present, and the reservoir section is developed and has similar characteristics to the Ungani Field, the structure could hold substantial volumes of oil. Buru has undertaken a probabilistic calculation of the potential recoverable hydrocarbon volumes at the Ungani Dolomite objective, which gives a mean recoverable volume of 30 million barrels of oil, if hydrocarbons are present.

The well will also test a further zone of interest in the Nullara section below the prognosed Ungani Dolomite. The equivalent Nullara section had good oil and gas shows in a number of

intervals in the Ungani 1 well, but was interpreted to have poor reservoir development at the Ungani 1 location.

The principal risks for the commercial success of the prospect are the presence and quality of the Ungani Dolomite reservoir, and the sealing capacity of the north bounding fault on the structure.

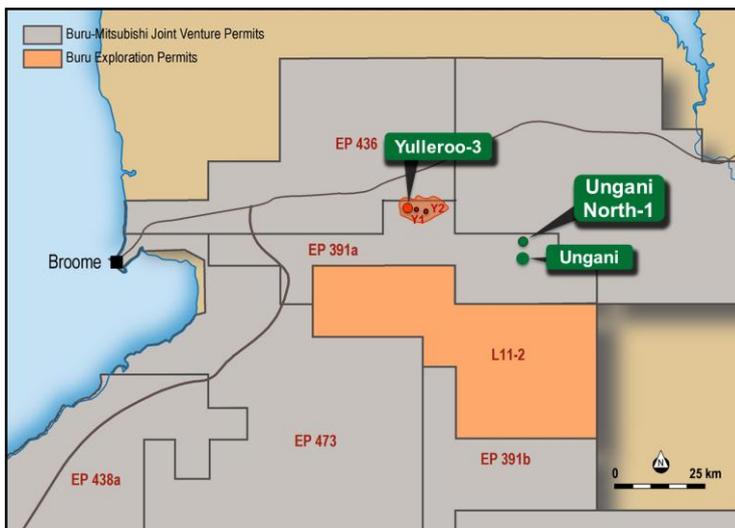
The first drilling progress report for the re-commenced well is attached. During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday, and as required upon the occurrence of any material event. The Company expects to issue the next drilling progress report on 1 November 2012, subject to any material events occurring in the meantime.

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

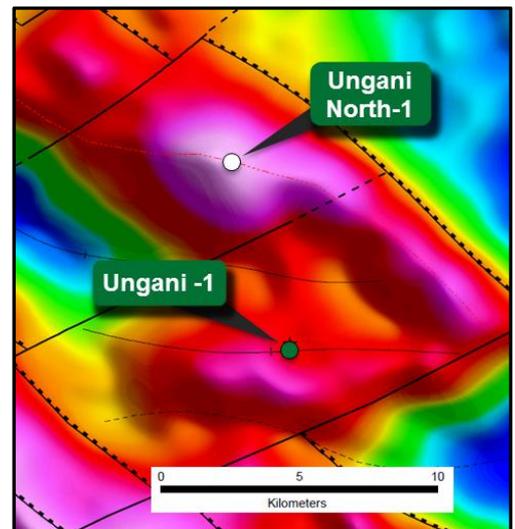
For inquiries please contact:

| | |
|------------------------|---|
| Eric Streitberg | Executive Director |
| Telephone | +61 8 9215 1800 |
| Freecall | 1800 337 330 |
| Email | ericstreitberg@buruenergy.com |

LOCATION MAPS



Ungani North-1 Regional location map



Ungani North-1 Interpreted gravity gradient map

UNGANI NORTH 1 DEEPENING

| | |
|--|--|
| PERMIT | The Ungani North 1 well is located in exploration permit EP 391 some 100 kilometres east of Broome. |
| WELL LOCATION | Latitude: 17 ⁰ 55' 58.5" S Easting: 517415m Longitude: 123 ⁰ 09' 52.0" E Northing: 8017229m |
| BURU'S INTEREST | Buru Energy Limited holds a 50% interest in the well |
| DATE OF PROGRESS REPORT | 06:00hrs, 29 October 2012 (AWST) |
| PROPOSED TOTAL DEPTH | 3,500 metres |
| CURRENT DEPTH | Suspension depth of 2,292 metres |
| PROGNOSED TIME TO COMPLETION | 32 days |
| DRILLING COMMENCEMENT DATE | 27 October 2012 |
| DAYS SINCE SPUD | 2 days |
| CURRENT TARGET FORMATION | The Ungani North 1 well is targeting the Ungani Dolomite as seen in the Ungani Field together with the underlying Nullara section which had good oil and gas shows in the Ungani 1 well. |
| OPERATIONS SINCE LAST PROGRESS REPORT | Drilling out suspension cement plugs. |
| HYDROCARBON INDICATIONS | None – None expected |
| FORWARD OPERATIONS | Continue to drill out suspension plugs, drill ahead to 9 ⁵ / ₈ " casing point. |