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ASX ANNOUNCEMENT (ASX: BRU) 4 October 2012

Weekly Drilling Progress Report – Asgard-1

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on the drilling operations at the Asgard-1 well as at 06:00hrs, 4 October 2012 (AWST).

Asgard-1 is the fifth well to be drilled by the Buru – Mitsubishi Corporation (“**MC**”) Joint Venture in 2012. The well is located in Exploration Permit EP 371 some 180 kilometres to the southeast of Derby and 30km northeast of Noonkanbah Station. Buru and MC each have a 50% interest in this well and in EP 371.

Since the last progress report the well has been drilled ahead in 8½” hole to a revised total depth of 3,550 metres after continuing gas shows were encountered. Wireline logging operations are currently underway to evaluate the Laurel Formation section and the gas shows that have been encountered in the well.

Following wireline logging operations, 7” casing will be run and cemented, and the well will be suspended for further evaluation.

Logs to date indicate possible gas saturations over the extent of the Laurel section in tight sands, silts and limestones. Wireline pressure and sample measurements will be undertaken to assess the significance of these gas saturations.

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 11 October 2012, subject to any material events occurring in the meantime.

Commenting on the results to date, Eric Streitberg, Buru’s Executive Director said:

“These results are similar to the results of the Valhalla wells and provide further confirmation of the extent of the Basin Centred Gas Accumulation identified by these wells. In addition to the similarities to the Valhalla wells in gas wetness and balance ratios, there are also interesting differences in the geology, including the identification of a potential new play type in the Lower Laurel section with strong gas shows which led to the deepening of the well past the original prognosed total depth. The full evaluation of the well will take some time and we will then incorporate these results into the prospective resource estimates provided by McDaniel.”

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

For inquiries please contact:

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ASGARD-1

PERMIT	The Asgard-1 well is located in Exploration Permit EP 371 some 30km northeast of Noonkanbah Station.
WELL LOCATION	Latitude: 18 ^o 14' 49.2" S Easting: 714724m Longitude: 125 ^o 01' 51.0" E Northing: 7981295m
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well
DATE OF PROGRESS REPORT	06:00hrs, 4 October 2012 (AWST)
PROPOSED TOTAL DEPTH	3,550 metres (revised from 3,400 metres)
CURRENT DEPTH	3,550 metres
PROGNOSED TIME TO COMPLETION	45 days
SPUD DATE	28 August 2012
DAYS SINCE SPUD	37 days
CURRENT TARGET FORMATION	The Asgard-1 well is targeting the Upper and Lower Laurel gas reservoirs.
OPERATIONS SINCE LAST PROGRESS REPORT	Since the last progress report the well has been drilled ahead in 8½" hole to a revised total depth of 3,550 metres after continued gas shows were encountered. Wireline logging operations are currently underway to evaluate the thick Laurel Formation section and the gas shows that have been encountered in the well.
HYDROCARBON INDICATIONS	Logs to date indicate possible gas saturations over the extent of the Laurel section in tight sands, silts and limestones. Wireline pressure and sample measurements will be undertaken to assess the significance of these gas saturations.
FORWARD OPERATIONS	Following wireline logging operations, 7" casing will be run and cemented, and the well will be suspended for further evaluation.

LOCATION MAP

