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ASX ANNOUNCEMENT (ASX: BRU)

26 July 2012

Weekly Drilling Progress Report - Yulleroo-3

Buru Energy Limited ("**Buru**" or "**Company**") provides the following weekly update on the drilling operations at the Yulleroo-3 well as at 06:00hrs, 26 July 2012 (AWST).

Yulleroo-3 is the third well in the Buru – Mitsubishi Corporation ("**MC**") 2012 Joint Exploration Program. The well is located in exploration permit EP 391 some 80 kilometres to the east of Broome. Buru and MC each have a 50% interest in this well and in EP 391, 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, rotary sidewall cores, pressure and fluid samples, and additional wireline logs have been obtained over the Laurel Formation gas sand interval. The well has now been drilled ahead from the previous total depth of 3,578 metres to the current depth of 3,603 metres as at 06:00hrs today.

The wireline logs, have confirmed the presence of a series of gas charged sand packages in the Laurel Formation, and the logs and rotary sidewall cores have identified a sand package at approximately 3,200 metres measured depth with porosities and permeabilities in the "conventional" rather than "tight" range. These reservoir properties have been confirmed by the acquisition of gas samples from drill pipe conveyed sampling tools. The pressurised gas samples are currently being transported to Perth for detailed compositional analysis which will take several weeks to complete.

Given the encouraging results of the well to date it has also been agreed to deepen the well to a revised total depth of 3,800 metres from the original target total depth of 3,600 metres. The deepening operation is subject to maintaining stable hole conditions. Once final total depth is reached and the newly drilled hole has been logged and evaluated, 7" casing will be run and cemented.

Eric Streitberg, Buru's Executive Director, commented on the results to date:

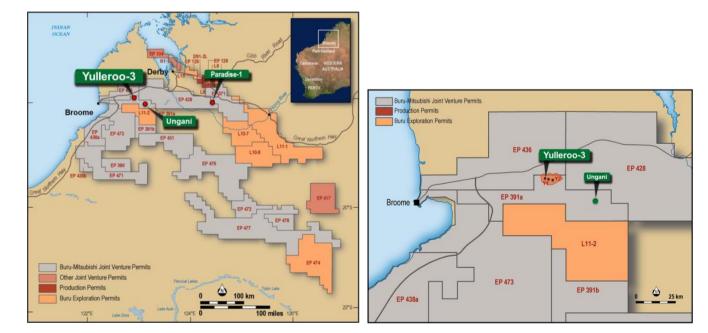
"This well continues to give us good news with the identification of a sand with much better reservoir properties than we were expecting. Much as we would like to see a flow to surface from this sand, the data obtained from the downhole sample process and the analysis of the rotary sidewall cores should allow estimates to be made of potential flow rates from this zone. The gas compositional analysis of the samples should also provide valuable additional data to that from the gas samples obtained from the Yulleroo-2 reservoir stimulation flowback, which are of excellent quality with high liquids content. It has therefore been decided not to attempt a drillstem test of this zone given the data obtained to date, and the high downhole pressures, which would require specialised equipment that would take some time to mobilise."

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 2 August 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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LOCATION MAPS

Yulleroo-3 Regional location map

Yulleroo-3 Detailed location map

DRILLING PROGRESS REPORT



YULLEROO-3

PERMIT	The Yulleroo-3 well is located in exploration permit EP 391 some 80 kms east of Broome. Maps showing the location of the well are set out on the previous page.				
WELL LOCATION	Latitude: Longitude:	17 ⁰ 50' 59.39" S 122 ⁰ 53' 20.59" E	Easting: Northing:	488510m 8026425m	
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well				
DATE OF PROGRESS REPORT	06:00hrs, 26 July 2012 (AWST)				
PROPOSED TOTAL DEPTH	3,800 (revised from original TD of 3,600 metres)				
CURRENT DEPTH	3,603 metres				
SPUD DATE	25 May 2012				
DAYS SINCE SPUD	62 days				
CURRENT TARGET FORMATION	The Yulleroo-3 well is targeting the Upper and Lower Laurel gas sands encountered in the Yulleroo-1 and 2 wells.				
OPERATIONS SINCE LAST PROGRESS REPORT	Since the last progress report, rotary sidewall cores, pressure and fluid samples, and additional wireline logs have been obtained over the Laurel Formation gas sand interval. The well has now been drilled ahead from the previous total depth of 3,578 metres to the current depth of 3,603 metres.				
HYDROCARBON INDICATIONS	The wireline logs, have confirmed the presence of a series of gas charged sand packages in the Laurel Formation, and the logs and rotary sidewall cores have identified a sand package at approximately 3,200 metres measured depth with porosities and permeabilities in the "conventional" rather than "tight" range. These reservoir properties have been confirmed by the acquisition of gas samples from drill pipe conveyed sampling tools. The pressurised gas samples are currently being transported to Perth for detailed compositional analysis which will take several weeks to complete.				
FORWARD OPERATIONS	Given the encouraging results of the well to date it has been agreed to deepen the well to a revised total depth of 3,800 metres from the original target total depth of 3,600 metres. The deepening operation is subject to maintaining stable hole conditions. Once final total depth is reached and the newly drilled hole has been logged and evaluated, 7" casing will be run and cemented.				