

## ASX ANNOUNCEMENT (ASX: BRU)      21 July 2011

### WEEKLY DRILLING PROGRESS REPORT VALHALLA-2

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Buru Energy Limited (“**Buru**” or “**Company**”) provides the following weekly update on drilling operations at the Valhalla-2 well as at 06:00hrs, 21 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.

Since the last progress report the well has been drilled ahead in 8½” hole from 2,789m to a total depth of 3,390m (3,333m TVDRT). The Lower Laurel gas sands were penetrated as prognosed.

The continuous high levels of background gas observed in the previous section have continued throughout this section with good to excellent gas shows. Gas influxes were flared during the drilling of this section, and on reaching total depth, with gas being flared on an intermittent basis for periods of up to two hours. It is not certain at this time which sections of the well have contributed to these gas influxes. Given the nature of the drilling process no stabilised flow rate has been established from this or the numerous flows over the previous week. It should be noted that mud gas analysis indicates high proportions of C2 to C4 components, indicative of “wet” gas.



*Valhalla-2 well gas being flared during the drilling of the Lower Laurel clastics section*

The well is now being conditioned for logging, including increasing the mud weight to over 10ppg to allow a full suite of logs to be run. These logs will assist in the identification of the source and significance of the gas influxes and will also assist in a full evaluation of the tight gas and shale gas potential of the Laurel section in the well.

The evaluation of these logs will be used to determine the forward program for the well but it is expected that 7" completion casing will be run and the well suspended for evaluation as both a candidate for hydraulic stimulation and conventional production at a future date.

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 28 July 2011, subject to any material events occurring in the meantime.

Further information on the Company is available at: [www.buruenergy.com](http://www.buruenergy.com)

**For inquiries please contact:**

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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 124° 46' 04.2"E	8001416mS 687100mE
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well.	
DATE OF PROGRESS REPORT	06:00hrs, 21 July 2011 (AWST)	
PROPOSED TOTAL DEPTH	3,390m (revised from 3,400m)	
CURRENT DEPTH	3,390m (3,333m TVDRT)	
SPUD DATE	6 June 2011	
DAYS SINCE SPUD	45 days	
OPERATIONS SINCE LAST PROGRESS REPORT	The well has been drilled ahead in 8½" hole to a measured total depth of 3,390m (3,333m TVDRT). Gas influxes were flared during the drilling of this section and on reaching total depth, with gas being flared on an intermittent basis for periods of up to two hours. The well is now being conditioned for logging.	
HYDROCARBON INDICATIONS	Continuous high levels of background gas and good to excellent gas shows have been observed throughout the section. Gas influxes were flared during the drilling of this section and on reaching total depth, with gas being flared on an intermittent basis for periods of up to two hours. Mud gas analysis indicates high proportions of C2 to C4 in the influx gas, indicative of "wet" gas.	
FORWARD OPERATIONS	A full suite of logs will be run to assist in the identification of the source and significance of the gas influxes and to assist in the full evaluation of the tight gas and shale gas potential of the Laurel section of the well.	

## LOCATION MAP - VALHALLA-2

