

ASX ANNOUNCEMENT (ASX: BRU) 4 JANUARY 2012

UNGANI-2 – INITIAL CLEAN UP FLOW COMPLETED

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on operations at the Ungani-2 well. Note this is the last drilling progress report for Ungani-2.

Since the last progress report, the initial clean up flow of the well has been completed. The well has now been shut-in and Ensign Rig #32 has been released to drill the Company’s Valhalla North-1 well.

After natural flow was established, the well was flowed on various choke settings, and was also shut-in for a short period to allow a pressure build-up survey to be undertaken. The well was still continuing to clean up at the end of the flow period, but as strong natural flow had been established and sufficient data has been generated for forward planning purposes, the well has been suspended in preparation for the extended production test of the Ungani Field.

Prior to being shut-in, the Ungani-2 well was producing at up to 55% oil cut at rates up to 1,026 barrels of fluid per day on a 48/64 inch choke. The accompanying water is interpreted to be drilling fluid and not formation water. Total fluid volumes produced during the flow period were some 400 barrels of oil and 600 barrels of drilling fluid (some 1,200 barrels of drilling fluid was lost to the formation during drilling and completion operations). The shut-in surface pressure at the end of the test was approximately 190 psi.

Further clean up flows, which will include the acquisition of downhole pressure data, will be undertaken as part of the extended production test of the Ungani Field. It is currently expected that the extended production test will commence in February.¹

Ensign Rig#32 has now been released from the Ungani-2 well and will be moved to drill the Valhalla North-1 well which is an important appraisal of the Valhalla wet gas accumulation identified by the Valhalla-2 well. It is expected that the Valhalla North-1 well will spud in approximately 2 weeks time.

Commenting on these results, Buru’s Executive Director, Eric Streitberg, said:

“The results of the clean up flow have demonstrated the high productivity of the Ungani dolomite reservoir, with the well flowing at substantial rates even with a relatively low oil cut. The longer clean up flow period for this well is not unexpected and is interpreted to be a function of the different drilling and completion techniques employed in Ungani-2 compared to Ungani-1ST1.

The next step for the evaluation and development of the Ungani Field is to commence the extended production test, and we are well advanced in our planning for this test. The data from this test will allow us to establish the productivity of the reservoir from both wells and will provide valuable pressure and reservoir data to allow us to plan the full development of the field.

¹ All operational dates and times in this ASX release are indicative only. The timing of all operations are subject to joint venture, regulatory and other approvals and their timing and order may be affected by weather, availability of equipment and materials and land access arrangements, including arrangements with Traditional Owners.

Releasing the rig from Ungani-2 also allows us to get on with our forward exploration and appraisal drilling program. The next well in the program, Valhalla North-1 will provide an important data point for determining the extent of the potentially very large Valhalla wet gas accumulation that we identified in the 2011 drilling program.

The quantification of the size of the gas and liquids resources at Valhalla is an important part of Buru's overall strategy which involves not only the monetisation of the Ungani Field in the relatively short term, but also the establishment in the longer term of a significant Western Australian domestic gas sales business."

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

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