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ASX ANNOUNCEMENT (ASX: BRU) 21 January 2013

Yulleroo 4 Appraisal Well Spuds

Buru Energy Limited advises that drilling operations on the Yulleroo 4 well commenced at 12:00hrs on 19 January 2013 (AWST) using Ensign Rig#32. As at 06:00hrs on 21 January 2013 (AWST) the well was drilling ahead at 30 metres.

Yulleroo 4 is the first well in the Buru – Mitsubishi Corporation (“**MC**”) 2013 drilling program.

The Yulleroo 4 well is located in exploration permit EP 436. Buru and MC each have a 50% interest in this well and in EP 436. The well is located some 80 kilometres to the east of Broome. The well location is some eight kilometres from the Great Northern Highway along the all weather Yulleroo access road.

The well has a programmed total depth of 3,800 metres and is expected to take some 52 days to drill and suspend.

The Yulleroo wet gas accumulation was identified by the Yulleroo 1 well that was drilled in 1967 and tested gas at low rates from a very substantial gas column in a thick sequence of shales and sands in the Laurel Formation. The Yulleroo 2 well was drilled in 2008 by ARC Energy to appraise the Yulleroo 1 discovery, and recorded strong gas shows at the same stratigraphic level as Yulleroo 1. Buru conducted a successful reservoir stimulation operation at Yulleroo 2 in 2010, demonstrating that the reservoir was capable of flowing gas of good quality with significant hydrocarbon liquid content.

The Yulleroo 3 well was drilled by Buru and MC in 2012 and had strong gas shows over an interval of over 1,500 metres. This intersection added over a thousand metres of gas charged section above the previously interpreted top of the gas sands in Yulleroo 1, together with a number of additional sand packages. Significantly, a thin sand at around 3,200 metres is interpreted to have conventional reservoir properties. This sand has the potential to materially improve the flow rates from this well without requiring any reservoir stimulation. If this sand is developed over a larger area with similar reservoir properties it is expected to add significantly to the commercial potential of the field.

In a broader context, the gas wetness ratios and inferred pressure data in the Yulleroo 3 well are indicative of the Yulleroo accumulation being part of a basin centred gas system similar to that seen in the Valhalla area.

The Yulleroo 4 well is therefore being deliberately drilled at the limits of structural closure of the Yulleroo structure, as interpreted from the 3D seismic data acquired over the field in 2011. The well will test the extent of the gas column in this part of the accumulation and is

expected to confirm Buru's interpretation that the Yulleroo field is part of a geographically extensive basin centred gas accumulation extending beyond the mapped structural closure. If this is proved to be the case, the Yulleroo area has the potential to hold multi TCF's of gas.

The well will also help define the extent and potential recoverable volumes of gas from the conventional 3,200m sand identified in Yulleroo 3.

Buru's Executive Director, Eric Streitberg, commented on the commencement of drilling operations:

"This is very important test of the potential of the Yulleroo wet gas field and the Laurel Formation generally. The existing wells and the 3D seismic at Yulleroo have identified a large accumulation that is close to being big enough to be economically viable. If the Yulleroo 4 well confirms the size and extent of the field, and if it hits another conventional gas sand, this will be a huge step forward in the commercialisation of the field.

Even more exciting is if we are able to prove that Yulleroo is part of the basin centred gas system. If this is the case, the resources in the area could be many TCF's of gas and it will transform the potential of this part of the basin."

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue drilling progress reports on Thursday of each week, subject to any material events occurring in the meantime.

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

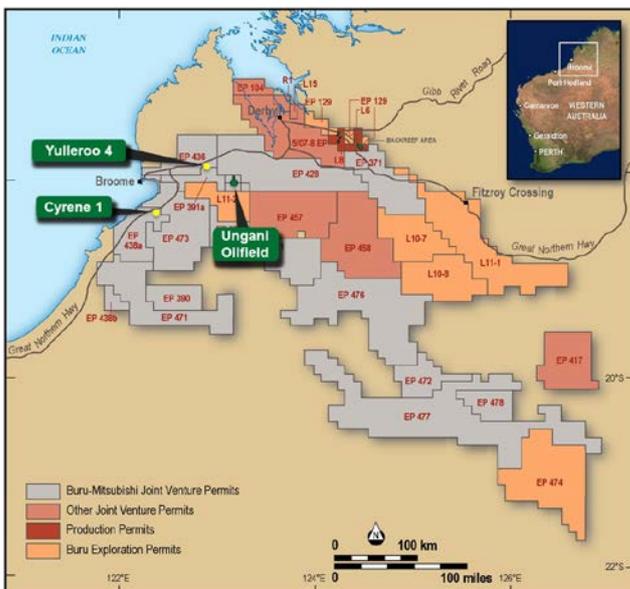
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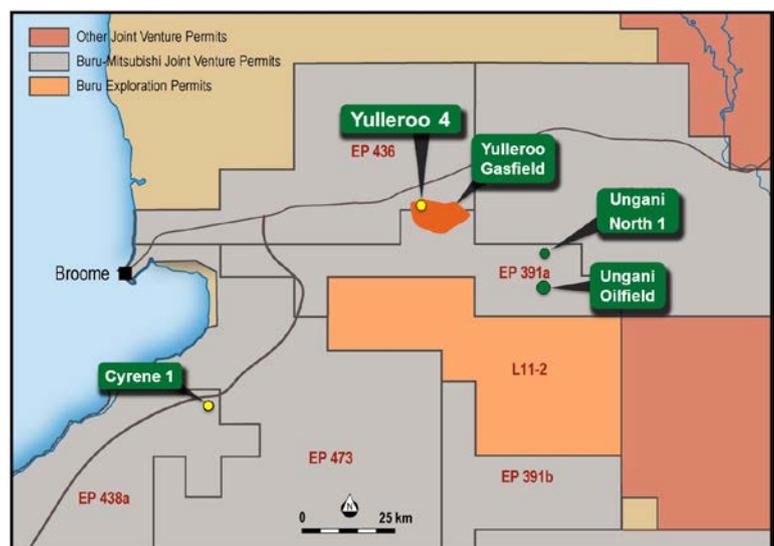
Yulleroo 4

PERMIT	The Yulleroo 4 well is located in exploration permit EP 436 some 80 kms east of Broome. Maps showing the location of the well are set out below.
WELL LOCATION	Latitude: 17 ^o 49' 42.0" S Easting: 487082m Longitude: 122 ^o 52' 41.1" E Northing: 8028804m
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well
DATE OF PROGRESS REPORT	06:00hrs, 21 January 2013 (AWST)
PROPOSED TOTAL DEPTH	3,800 metres
CURRENT DEPTH	30 metres
PROGNOSED TIME TO COMPLETION	52 days
SPUD DATE	19 January, 2013
DAYS SINCE SPUD	2 days
CURRENT TARGET FORMATION	The Yulleroo 4 well is targeting the Upper and Lower Laurel reservoirs
OPERATIONS SINCE LAST PROGRESS REPORT	Drilling operations commenced at 12:00hrs (AWST) on Saturday 19 January. The well has now been drilled ahead to a measured depth of 30 metres.
HYDROCARBON INDICATIONS	None - None expected.
FORWARD OPERATIONS	Drill ahead to first casing point.

LOCATION MAPS



Yulleroo 4 Regional location map



Yulleroo 4 Detailed Location map