

## ASX ANNOUNCEMENT (ASX: BRU)

19 May 2011

### Operations Update

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Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on the commencement of drilling operations at the Valhalla-2 well and the workover program at the Sundown oilfield.

#### Valhalla-2 Well

Site preparations are now complete at the Valhalla-2 well site. Ensign Rig #32 rig up operations have now commenced. Subject to weather and rig-up time, Buru remains on track to commence drilling operations in late May 2011.

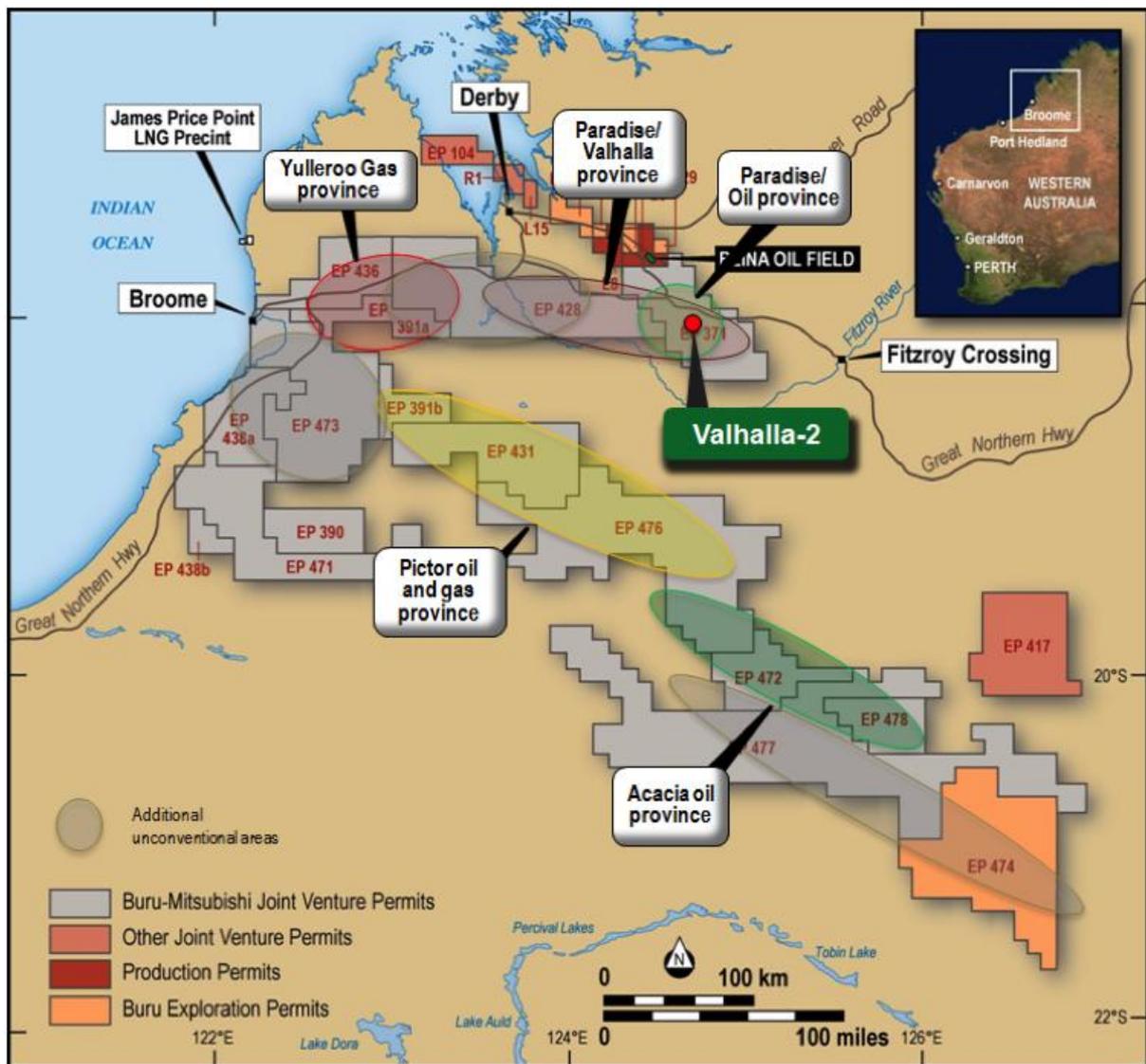


*Valhalla-2 well site and commencement of rig-up operations.*

Valhalla-2 is the first well in the Buru – Mitsubishi Corporation (“**MC**”) 2011 Joint Exploration Program and is programmed to be drilled to a total depth of 3,400m. Estimated drilling time is 35 days.

The Valhalla-2 well is following up the gas and oil zones identified in the Valhalla-1 well and is targeting multiple conventional and unconventional gas reservoirs with the potential for more than 300bcf of recoverable gas with significant quantities of associated condensate on a P50 basis, if hydrocarbons are present as expected. A gas discovery would require further appraisal to prove total reserves, but would be an important cornerstone resource for the development of the Great Northern Pipeline and validate the unconventional gas resources of the Canning Superbasin.

The well is located in the Paradise/Valhalla geological province in exploration permit EP 371, approximately 150 kilometres south east of Derby. 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.



## **Sundown Oilfield Workovers**

Buru's Fairway Rig has been mobilised from the Paradise-1 location to the Sundown oilfield and the previously announced workover program has now been commenced. If successful, this program is expected to result in a material increase in production from the Sundown oilfield.

The workover program consists of recompletions of the Sundown-2 and Sundown-4 wells. These wells are located in Buru's wholly owned production permits L8.

Following the Sundown oilfield workovers, the Fairway Rig will be mobilised to the Yulleroo-2 well site and will install a 2 $\frac{3}{8}$  inch tubing string in the well. This is designed to increase lift efficiency and assist in the clean-up of Yulleroo-2.



*Fairway Rig on site at Sundown oilfield*

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