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## **ASX ANNOUNCEMENT (ASX: BRU)      12 June 2012**

### **Paradise-1 Deepening – Operations Update**

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Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on the deepening operations at the Paradise-1 well as at 12 June 2012 (AWST).

The Paradise-1 deepening operation is the second well in the Buru – Mitsubishi Corporation (“**MC**”) 2012 Joint Exploration Program. The Paradise-1 well is located in exploration permit EP 428 on the boundary with EP 371, some 200 kms southeast of Derby. Buru and MC each have a 50% interest in this well and in EP 428, 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 6 inch hole to a measured depth of 2,798m. As previously reported, the top of the Upper Laurel Clastics was encountered at 1,968 metres measured depth, and the top of the Lower Laurel Clastics is interpreted to have been encountered at 2,731 metres measured depth.

Gas shows have continued to be encountered during drilling of the Upper and Lower Laurel Clastics. At a depth of 2,786 metres, the interpreted top of the regional overpressured section was encountered with an immediate increase in drilled gas to in excess of 600 units and circulation gas in excess of 3,000 units. These gas influxes are consistent with the intersections in the Valhalla wells.

It has now been calculated that drilling of the well to the originally planned total depth cannot be undertaken, due to the well configuration from the previous drilling operation being unsuitable to deal with the high pressures encountered in the well. Logging will now be completed and the well will be plugged and abandoned as planned.

The results from this well, including the depth to the overpressured section, the strong gas shows, and the gas wetness ratios, indicate that the Paradise well has intersected the same basin centred gas accumulation that was identified by the Valhalla wells. The potential of this accumulation was highlighted in the recent McDaniel independent assessment.

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

*"We are very pleased with the results we have seen from this well. Although we have not been able to drill the well as deep as we had hoped due to the well construction limitations and the pressures encountered, the result is consistent with the Valhalla basin centred gas accumulation extending to this location, some 21 kilometres to the west of the Valhalla wells. This provides further confirmation of our view of the substantial size of the Valhalla accumulation and is liable to lead to an increase in the McDaniel risked recoverable volume of 6.5 TCF and 187 million barrels of liquids.*

*These well results are another very positive step towards achieving the unrisked upside case identified by McDaniel of up to 33 TCF of recoverable gas and 1 billion barrels of recoverable liquid hydrocarbons. We will continue to work on defining this upside by now stepping out some 30 kms to the east of the Valhalla wells to the Asgard location. We are currently planning to drill Asgard after the completion of Yulleroo-3, once we have all of our approvals in place."*

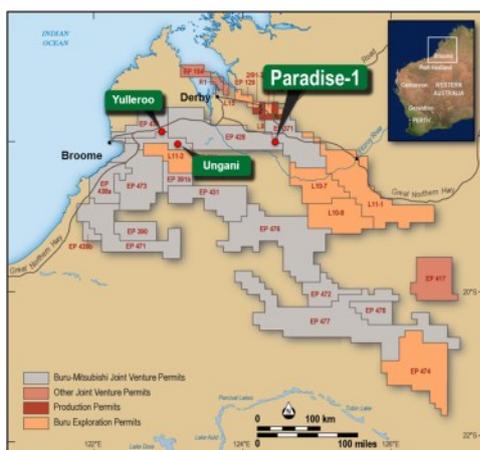
In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 14 June 2012. This is expected to be the last material release in respect of the Paradise-1 deepening operation.

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

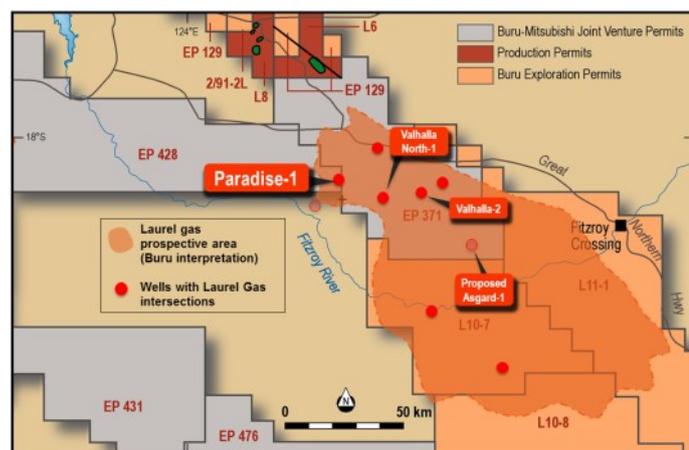
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## LOCATION MAPS



Paradise-1 Regional location map



Paradise-1 Interpreted Valhalla Laurel Formation Accumulation