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## **ASX ANNOUNCEMENT (ASX: BRU)      28 May 2012**

### **Yulleroo-3 Appraisal Well Spuds**

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Buru Energy Limited advises that drilling operations on the Yulleroo-3 well commenced at 23:30hrs on 25th May 2012 (AWST) using Ensign Rig#32. As at 06:00hrs on 28 May 2012 (AWST) the well was drilling ahead at 396 metres.

Yulleroo-3 is the third well in the Buru – Mitsubishi Corporation (“**MC**”) 2012 Joint Exploration Program.

Buru and MC each have a 50% interest in this well and in EP 391, with MC contributing 80% of the cost of the well under the terms of its farm-in agreement with Buru.

The Yulleroo-3 well is located in exploration permit EP 391 some 80 kilometres to the east of Broome. The well location is some 10 kilometres from the all weather Great Northern Highway along a good quality gravel road.

The well has a programmed total depth of 3,600 metres and is expected to take some 58 days to drill and suspend.

The Yulleroo wet gas accumulation was identified by the Yulleroo-1 well 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, but was suspended without testing due to rig problems. A subsequent reservoir stimulation operation demonstrated that the reservoir was capable of flowing gas of good quality and with significant hydrocarbon liquid content.

These two wells have defined a large gas and condensate accumulation which has been independently estimated to contain a mean recoverable resource of 352 PJ of gas and 13.4 million barrels of hydrocarbon liquids.

Subsequent to this independent review of the resources of the field, Buru acquired a 3D seismic survey over the area which confirmed the structural configuration of the field, and led to the identification of the Yulleroo-3 and Yulleroo-4 appraisal locations.

Yulleroo-3 will test the lateral extent, reservoir development, and hydrocarbon column of the field. There is potential for considerable upside to the resources identified by the independent review if the current interpretation of the field based on the 3D seismic data is substantiated by the results of the well.

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

*"This is another important test of the potential of the Laurel Formation, on a large gas field that has been defined by two wells and a 3D seismic survey. The recent drilling at Valhalla has identified a very large basin centred gas accumulation in the Laurel Formation in that area, and the Yulleroo-3 well has the potential to identify a similar accumulation in the Yulleroo area, as well as confirming the resources proven to date in the accumulation.*

*If hydrocarbons are encountered as prognosed in the Laurel Formation, the potential hydrocarbon volumes associated with the Yulleroo accumulation are expected to be confirmed, and potentially significantly increased."*

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](http://www.buruenergy.com)

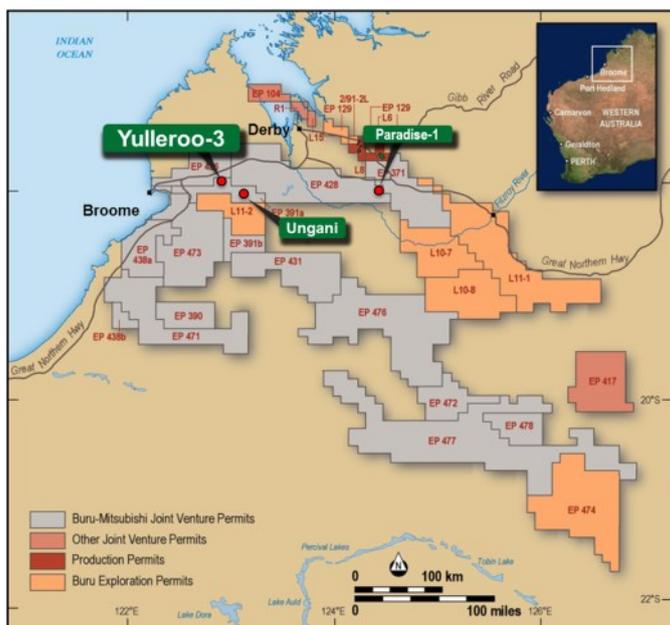
**For inquiries please contact:**

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|------------------------|---|
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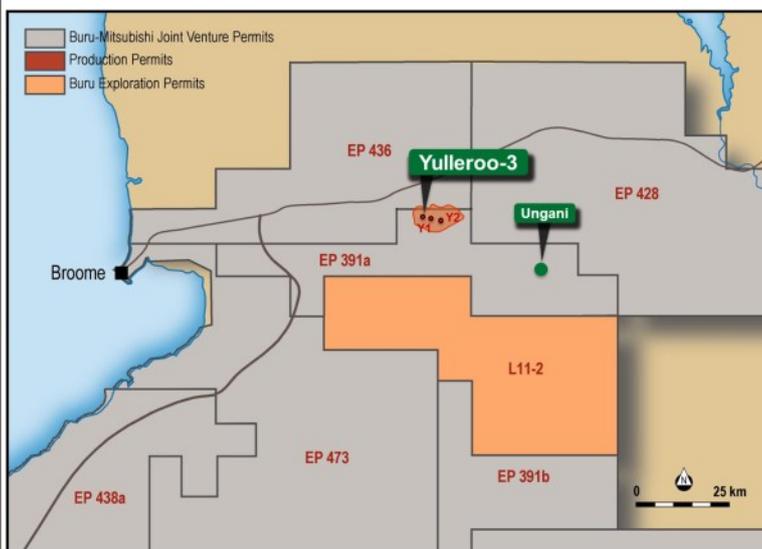
## Yulleroo-3

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|--|--|------------------|------------------------------|
| <b>PERMIT</b>                                | The Yulleroo-3 well is located in exploration permit EP 391 some 80 kms east of Broome. Maps showing the location of the well are set out below. |                  |                              |
| <b>WELL LOCATION</b>                         | Latitude: 17° 50' 59.39" S   | Easting: 488510m | Longitude: 122° 53' 20.59" E |
| <b>BURU'S INTEREST</b>                       | Buru Energy Limited holds a 50% interest in the well   |                  |                              |
| <b>DATE OF PROGRESS REPORT</b>               | 06:00hrs, 28 May 2012 (AWST)   |                  |                              |
| <b>PROPOSED TOTAL DEPTH</b>                  | 3,600 metres   |                  |                              |
| <b>CURRENT DEPTH</b>                         | 396 metres   |                  |                              |
| <b>PROGNOSED TIME TO COMPLETION</b>          | 58 days  |                  |                              |
| <b>SPUD DATE</b>                             | 25 May 2012  |                  |                              |
| <b>DAYS SINCE SPUD</b>                       | 3 days   |                  |                              |
| <b>CURRENT TARGET FORMATION</b>              | The Yulleroo-3 well is targeting the Upper and Lower Laurel reservoirs   |                  |                              |
| <b>OPERATIONS SINCE LAST PROGRESS REPORT</b> | Drilling operations commenced at 23:30hrs on 25th May 2012. (AWST). The well has now been drilled ahead to a measured depth of 396 metres.       |                  |                              |
| <b>HYDROCARBON INDICATIONS</b>               | None - None expected.  |                  |                              |
| <b>FORWARD OPERATIONS</b>                    | Drill ahead to first casing point.   |                  |                              |

## LOCATION MAPS



Yulleroo-3 Regional location map



Yulleroo-3 Detailed Location map