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## **ASX ANNOUNCEMENT (ASX: BRU)      6 July 2012**

### **COMMENCEMENT OF DRILLING OPERATIONS – UNGANI NORTH-1**

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Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to advise that drilling operations at the Ungani North-1 well commenced at 16:00hrs, 5 July 2012 (AWST) using Century Rig #7. The well is currently drilling ahead in 17½” (444mm) hole to the first casing point at ~620 metres.

Ungani North-1 is the fourth well to be drilled by the Buru – Mitsubishi Corporation (“**MC**”) Joint Venture in 2012. The well is located in exploration permit EP 391 some 100 kilometres to the east of Broome, and lies some six kilometres north of the Ungani Production Facility. Buru and MC each have a 50% interest in this well and in EP 391, with MC and Buru each contributing 50% of the cost of the well.

The Ungani Trend contains a number of prospects and leads, and the Ungani North prospect is one of the better defined of these. The Ungani North prospect is an associated but separate structural culmination to the Ungani Field, and the distinctive seismic signature associated with the Ungani Dolomite oil reservoir at the Ungani Field is also seen at the Ungani North prospect. However, success or failure at Ungani North-1 will not have any implications for the reserves of the Ungani Field.

Ungani North-1 is a vertical well with a prognosed total depth of 3,000 metres and an estimated dry hole drilling time of 32 days. If producible hydrocarbons are encountered, the well will be completed and an initial clean-up flow undertaken.

The primary target in the well is the Ungani Dolomite section which is the oil producing reservoir at the Ungani Field. The Ungani Dolomite is prognosed to be encountered at a drill depth of approximately 2,260 metres and the well is designed to reduce the amount of invasion of this primary target section by mud and drilling fluids if a similar reservoir to the Ungani Field is encountered. If hydrocarbons are present, and the reservoir section is developed and has similar characteristics to the Ungani Field, the structure could hold substantial volumes of oil. A probabilistic calculation of the potential recoverable hydrocarbon volumes at the Ungani Dolomite objective, gives a mean recoverable volume of 30 million barrels of oil, if hydrocarbons are present.

The well will also test a further zone of interest in the Nullara section below the prognosed Ungani Dolomite. The equivalent Nullara section had good oil and gas shows in a number of intervals in the Ungani-1 well, but was interpreted to have poor reservoir development at the Ungani-1 location.

The principal risks for the commercial success of the prospect are the presence and quality of the Ungani Dolomite reservoir, and the sealing capacity of the north bounding fault on the structure.

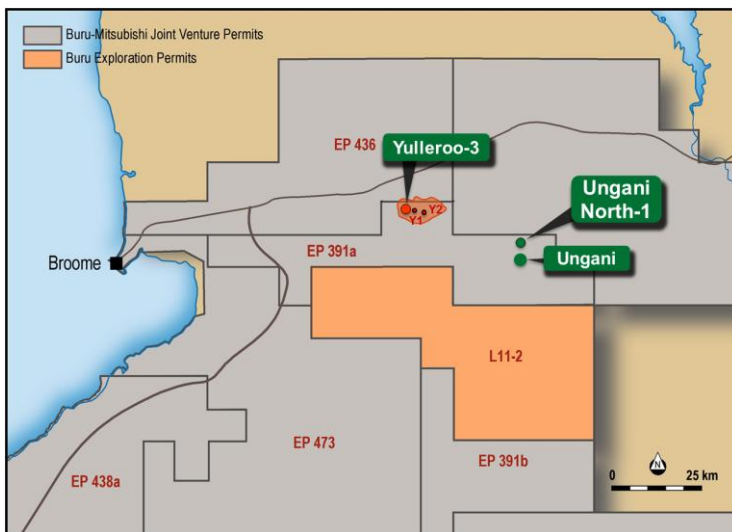
The first drilling progress report for the well is attached. During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday, and as required upon the occurrence of any material event. The Company expects to issue the next drilling progress report on 12 July 2012, subject to any material events occurring in the meantime.

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

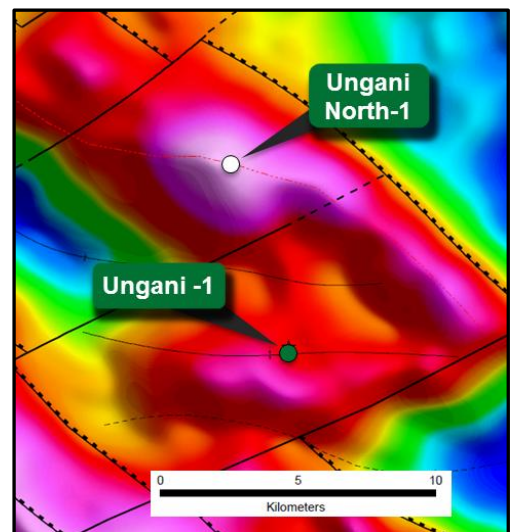
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## LOCATION MAPS



*Ungani North-1 Regional location map*



*Ungani North-1 Interpreted gravity gradient map*

## UNGANI NORTH-1

<b>PERMIT</b>	The Ungani North-1 well is located in exploration permit EP 391 some 100 kilometres east of Broome.
<b>WELL LOCATION</b>	Latitude: 17 <sup>0</sup> 55' 58.5" S      Easting: 517415m Longitude: 123 <sup>0</sup> 09' 52.0" E      Northing: 8017229m
<b>BURU'S INTEREST</b>	Buru Energy Limited holds a 50% interest in the well
<b>DATE OF PROGRESS REPORT</b>	06:00hrs, 6 July 2012 (AWST)
<b>PROPOSED TOTAL DEPTH</b>	3,000 metres
<b>CURRENT DEPTH</b>	84 metres
<b>PROGNOSED TIME TO COMPLETION</b>	32 days
<b>SPUD DATE</b>	5 July 2012
<b>DAYS SINCE SPUD</b>	1 day
<b>CURRENT TARGET FORMATION</b>	The Ungani North-1 well is targeting the Ungani Dolomite as seen in the Ungani Field together with the underlying Nullara section which had good oil and gas shows in the Ungani-1 well.
<b>OPERATIONS SINCE LAST PROGRESS REPORT</b>	Since spud, the well has been drilled ahead in 17½" hole to a measured depth of 84 metres as at 06:00hrs today.
<b>HYDROCARBON INDICATIONS</b>	None – None expected
<b>FORWARD OPERATIONS</b>	Drill ahead to first casing point at ~620 metres