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ASX ANNOUNCEMENT (ASX: BRU) 15 August 2011

COMMENCEMENT OF DRILLING OPERATIONS UNGANI-1

Buru Energy Limited (“**Buru**” or “**Company**”) advises that drilling operations at the Ungani-1 well commenced at 16:00 hrs, 13 August 2011 (AWST).

The Ungani-1 well is the third well in the Buru – Mitsubishi Corporation (“**MC**”) 2011 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 Ungani-1 well is being drilled on a large dip closed structure and has two principal objectives:

- oil in the Grant and Anderson Formations; and
- conventional and unconventional gas in the Laurel Formation.

The Ungani-1 well is located close to the Yulleroo Field, which has major gas and liquid resources contained in the Laurel Formation. The Laurel Formation is one of the principal objectives at Ungani-1. However, the Laurel Formation conventional gas target at Ungani-1 is interpreted from seismic and regional geological information to have different geological parameters and potentially better reservoir development compared to the Laurel Formation at the Yulleroo Field. Buru considers that the conventional Laurel Formation structure has the potential to hold in excess of 200 BCF of recoverable gas with significant quantities of associated liquids on a P50 basis if hydrocarbons are present. In addition, the well will provide a further test of the unconventional Laurel Formation play recently successfully tested by the Valhalla-2 well. A further test of the unconventional Laurel Formation play will provide valuable information about its extent across Buru’s permits and the potential recoverability and productivity of the formation.

The well is prognosed to be drilled to a total depth of 3,200 metres and is expected to take 26 days to drill on a dry hole basis.¹ The well is being drilled by Ensign Rig #32.

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 18 August 2011 unless a material event occurs in the interim.

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

For inquiries please contact:

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¹ *Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.*

UNGANI-1

PERMIT	The Ungani-1 well is located in exploration permit EP 391. A map showing the location of the well is set out below.	
WELL LOCATION	17° 59' 25.6"S 123° 09' 50.8"E	8010864mS 517375mE
BURU'S INTEREST	Buru Energy Limited holds a 50% interest in the well.	
DATE OF PROGRESS REPORT	06:00 hrs, 15 August 2011 (AWST)	
PROPOSED TOTAL DEPTH	3,200m	
CURRENT DEPTH	310m	
PROGNOSED TIME TO TOTAL DEPTH	26 days	
SPUD DATE	13 August 2011	
DAYS SINCE SPUD	2 days	
CURRENT TARGET FORMATION	Drilling ahead to the first target formation, being the Anderson Formation.	
OPERATIONS SINCE LAST PROGRESS REPORT	Drilling operations commenced at 16:00 hours, 13 August 2011 (AWST).	
HYDROCARBON INDICATIONS	None. None predicted.	
FORWARD OPERATIONS	The well is currently drilling ahead to the first casing point expected to be at 700 metres.	

LOCATION MAP – UNGANI-1

