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ASX ANNOUNCEMENT (ASX: BRU) 6 December 2010 DRILLING PROGRESS REPORT NANGU-1, AND FORWARD DRILLING PROGRAM

Buru Energy Limited ("Buru" or "Company") provides the following update on drilling operations at the Nangu-1 well as at 06:00 hrs, 6 December 2010 (AWST).

The Nangu-1 well is the fourth well in Buru's 2010 drilling program and the second in the Joint Exploration Program with Mitsubishi Corporation ("MC"). Following MC's decision to participate in Buru's 2011 exploration program each of Buru and Mitsubishi hold a 50% interest in the well and in EP 471, where Nangu-1 is located.

The well was has now been drilled ahead to a total depth of 1,049 metres. The objective section was encountered on prognosis updip from the good gas shows encountered in the Willara-1 well. No hydrocarbons were evident in cuttings or mud gas in the objective section in Nangu-1. The well is now being logged, and subject to the results of the logging confirming the results while drilling, will be plugged and abandoned.

Hunt Rig 3 that drilled Nangu-1 will now be released by the Buru/MC joint venture. The proposed Cyrene-1 well, which Buru and MC had agreed should be drilled by Hunt Rig 3 after Nangu-1, was not approved by the remainder of the EP 438 joint venture and will now be reviewed for drilling during the 2011 drilling season.

Commenting on these results Buru's Executive Director, Eric Streitberg said:

"We are obviously disappointed in the Nangu-1 result, but have the satisfaction of knowing that the well has been drilled safely and efficiently and that we got the seismic structural predictions right. We will have a close look at the results over the coming wet season to see what the implications are going forward."

This release and further information on the company is available at: www.buruenergy.com

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DRILLING PROGRESS REPORT



NANGU-1

| PERMIT | Nangu-1 is located in exploration permit EP 471, some 200 kms south of Broome. A map showing the location of the well is set out below. |
|---------------------------------------|---|
| WELL LOCATION | 19° 10' 30.2" S 122° 03' 50.8" E |
| JOINT VENTURE INTEREST | Buru and MC each hold a 50% interest in the well and in EP 471. |
| DATE OF PROGRESS REPORT | 06:00 hrs, 6 December 2010 (AWST) |
| CURRENT DEPTH | 1,049 metres |
| PROGNOSED DURATION | 13 days |
| SPUD DATE | 28 November 2010 |
| DAYS SINCE SPUD | 9 days |
| OPERATIONS SINCE LAST PROGRESS REPORT | Drilled ahead to TD at 1,049 metres. |
| HYDROCARBON INDICATIONS | No significant shows |
| FORWARD OPERATIONS | The well will be logged, and subject to the results of the logging confirming the results while drilling, the well will be plugged and abandoned. |

NANGU-1 LOCATION MAP

