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ASX ANNOUNCEMENT (ASX: BRU) 1 November 2010

Progress report 1 Yulleroo-2 Stimulation Program

Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to announce that the stimulation and testing program for the Yulleroo-2 well commenced on 31 October 2010. As of 06:00 on 1 November 2010 the perforation of the first stimulation zone at 3100 metres had been commenced.

Further details of the stimulation and testing program are set out below and in the appendix to this release.

The Yulleroo-2 stimulation and test is part of Buru’s 2010 Canning Superbasin exploration program and is a major component of the Joint Exploration Program with Mitsubishi Corporation (“**MC**”). Subject to the terms of the farm-in agreement between Buru and MC, MC is obliged to fund 80% of the costs of the Yulleroo-2 program as part of an expenditure commitment of \$22.4 million in 2010 to earn an initial 40% interest in the majority of Buru’s permits.

Yulleroo-2 is located in exploration permit EP 391 some 80 kilometres from Broome in northwest Western Australia. The Yulleroo-1 and Yulleroo-2 wells have defined a large gas and condensate accumulation with a combination of conventional gas, tight gas and shale gas reservoirs. The Yulleroo-2 stimulation and flow test is designed to determine if commercial rates of gas production can be obtained from the identified reservoirs.

The stimulation program is being conducted by BJ Services under the supervision of Buru personnel and specialist consultants.

Operations to date have been as follows:

- Mobilisation of the BJ Services equipment from Queensland and New Zealand and the mobilisation of Buru and BJ Services personnel to the Yulleroo-2 wellsite.
- Rig up and commencement of perforation of the first stimulation zone at 3100 metres (“**3100 Zone**”).

The next stage in the operation is to complete the perforation and stimulation of the 3100 Zone followed by the perforation and stimulation of the second zone at 2,980 metres.

During the course of the stimulation and test program, progress reports will be provided to the ASX each Thursday, and also as required on the occurrence of material events during the operation.

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

For inquiries please contact:

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Yours faithfully

A handwritten signature in black ink, appearing to read 'Eric Streitberg', with a stylized, cursive script.

ERIC STREITBERG
Executive Director

Appendix

Yulleroo-2 Stimulation Program Summary

In summary, the key technical and operational aspects of the stimulation and testing program are as follows:

- Three stimulation zones will be sequentially perforated and stimulated (at 3,100 metres, 2,980 metres and 2,850 metres) using high volumes of proppant and water (100,000 lbs (45,359 kilos) and 5,000 barrels (790,000 litres) respectively) for each zone. The 3,100 Zone operation has now commenced.
- At the conclusion of the stimulation process the well will be cleaned up using a coiled tubing unit, and once a gas flow is established the well will be shut in before being prepared for a production test program which will include flowing the well at a constant rate to determine a sustainable flow rate and to establish the composition and liquids content of the produced gas.
- During the approximately 7 day “shut-in” period of the production test the coiled tubing unit will be mobilised to the Stokes Bay-1 well site to undertake a nitrogen lift of that well.
- At the conclusion of the production test of Yulleroo-2 the well will be shut in and suspended pending further testing and observation.