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Mitsubishi Corporation commits to Buru's Canning Superbasin 2011 Exploration Program

Buru Energy Limited ("**Buru**") is pleased to announce that Mitsubishi Corporation ("**MC**")¹ has exercised its option to participate in Buru's 2011 exploration program in the Canning Superbasin. By exercising this option MC is now committed to fund A\$40 million of an A\$50 million exploration program in 2011 and up to A\$50 million of Buru's development costs for major oil and gas production infrastructure in the Canning Superbasin. This is in addition to the A\$22.4 million of exploration MC is already committed to fund as part of the 2010 exploration program.

MC's commitment to the 2011 exploration program is a validation not only of the outcomes of the 2010 exploration program, but also an acknowledgement of the broader long term potential of the Canning Superbasin as a major oil and gas province.

Buru's 2010 and 2011 exploration programs in the Canning Superbasin are the most aggressive onshore exploration programs being undertaken in Western Australia and are targeting not only prospects with the potential for major oil and gas discoveries but have also begun to unlock the very substantial unconventional gas potential of the Canning Superbasin.

Joint Exploration Program

MC is already committed to spend up to A\$22.4 million during 2010 to fund 80% of the following work program:

- the Paradise-1 and Nangu-1 wells which are currently being drilled;
- the successfully completed reservoir stimulation and testing of the Yulleroo-2 gas condensate well in EP391;
- the successfully completed Pijalinga and Yulleroo 2D seismic surveys, covering some 756 line kilometres in the Yulleroo and Acacia exploration provinces; and
- Buru's ongoing shale and tight gas evaluation program.

Any unspent portion of the A\$22.4 million commitment is available to be spent on future exploration by the joint venture, in addition to the A\$40 million commitment to the 2011 work program.

¹ Further details of Mitsubishi Corporation are contained in the attachment.

The 2011 work program is still subject to review and confirmation by Buru and MC, particularly in light of the positive results from the Yulleroo-2 well test, but will indicatively include:

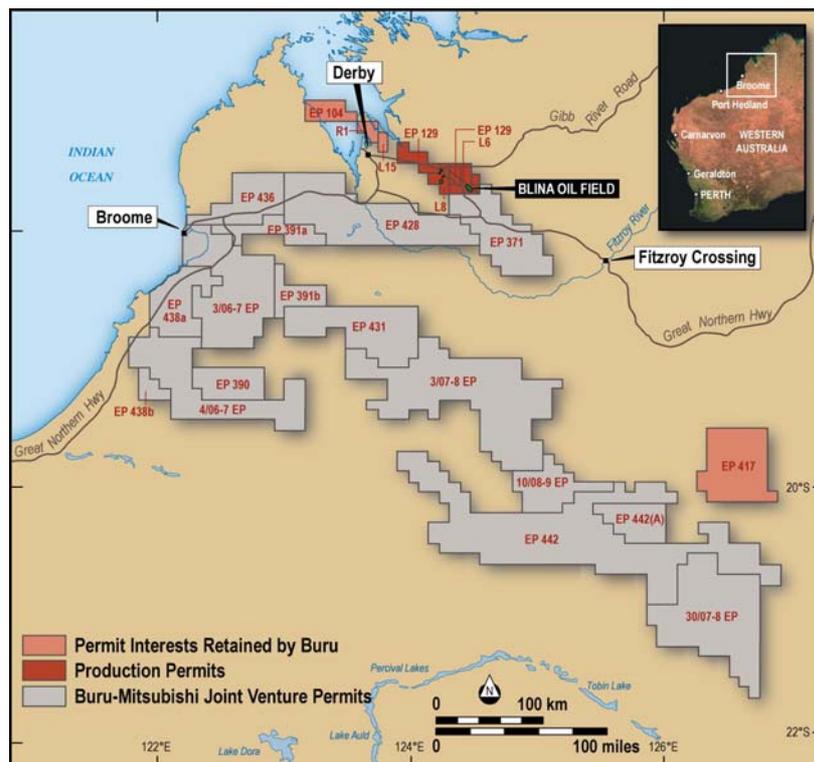
- the appraisal of the Pictor oil and gas discovery in EP431;
- two wells in the Yulleroo exploration province, either to directly appraise Yulleroo-2 or to drill new prospects on the trend confirmed by Yulleroo-2, targeting further significant gas/condensate accumulations;
- two wells in the Acacia exploration province targeting significant oil accumulations; and
- a well to test one of the unconventional play types currently being evaluated and quantified by Buru.

Further details of the 2011 work program will be released as they are agreed by the joint venture.

MC's ongoing contribution to the costs of the 2010 work program and its commitment to fund 80% of the 2011 work program places Buru in a strong financial position, allowing an extensive exploration program to be undertaken without the need to raise additional funds in the near term.

MC's Interests and Future Commitments

By committing to fund the 2011 work program MC will earn an equal interest to Buru in the majority of Buru's permits as set out in the map below.



By electing to participate in the 2011 exploration program MC is also committing to fund up to A\$50 million of Buru's development costs for major oil and gas projects. These funds will be made available to Buru for any development project the joint venture agrees to develop on its permits in the Canning Superbasin and could, for example, be used to assist with funding the construction of the Great Northern Pipeline. The larger the project, the greater the proportion of development costs MC will commit (subject to the A\$50 million total) according to a formula agreed between Buru and MC. The A\$50 million may be spent across a number of projects.

In addition:

- MC has the right to earn an interest in the unconventional resources in Buru's exploration permits by carrying a further A\$40 million of Buru's unconventional exploration costs in 2012 (if MC does not fund this exploration than all rights to unconventional resources in Buru's permits in the Canning Basin will revert back to Buru); and
- MC also has the right to acquire a 50% interest in Buru's production permits in exchange for an additional cash payment at a price determined by an independent expert based on 2P reserves.

Buru will continue as the operator of all of its permits. However, MC will lead any LNG commercialisation efforts in the joint venture permits in the Canning Superbasin. This strategic partnership reflects Buru and MC's respective strengths and shared belief in the significance of the Canning Superbasin as a potential major energy supplier to Western Australia and the region.

Chairman's Comments

Commenting on MC's decision to participate in the 2011 work program, Graham Riley, Buru's Chairman, said:

"We said at the time we entered this transaction that it would be transformational for the Company, and it has turned out to be. MC's participation in the 2010 work program allowed us to accelerate the stimulation and well test of Yulleroo-2. The success we have had at Yulleroo-2 lays the foundation for the potential commercialisation of a very significant resource.

Before committing to participate in the 2011 work program MC undertook a further thorough review and due diligence of the Canning Superbasin. Their commitment to participate in the 2011 work program underlines not only the initial success we have had at Yulleroo-2 but also the broader vision shared by Buru and MC of the Canning Superbasin as a major supplier of energy to Australia and the region.

For a company of Buru's size and resources to be able to earn the confidence of MC and achieve what has been achieved so far is a testament to the strength of the organisation that we have been able to build in a very short time. There is no clearer demonstration of this than MC's agreement for Buru to continue as operator for such an extensive exploration campaign and a potentially major development project at Yulleroo.

2011 is a shaping up to be a very exciting time for Buru. I am very happy to welcome MC as our ongoing partner as we look to put in place an exciting exploration and development program for the Canning Superbasin."

Further information on the company is available on the Buru website at:
www.buruenergy.com

For inquiries please contact:

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Attachment 1 – Mitsubishi Corporation

Mitsubishi Corporation is Japan's largest general trading company (*sogo shosha*) with over 200 bases of operations in approximately 80 countries worldwide. It has a market capitalisation of in excess of ¥3.6 trillion (~A\$44 billion).

MC operates a global energy business with interests in all aspects of the oil and gas industry from exploration to LNG projects, refining, transport and distribution. In Australia, MC is a major producer of oil, gas, LPG and LNG from the North West Shelf LNG Joint Venture. Since the 1960's MC has become a major participant in developing Australian oil and gas, coal, aluminium, iron ore, uranium, power generation and infrastructure projects.

Together with its over 500 group companies, MC employs a multinational workforce of approximately 60,000 people. MC has long been engaged in business with customers around the world in virtually every industry, including energy, metals, machinery, chemicals, food and general merchandise.

MC seeks to contribute to the enrichment of society through business firmly rooted in principles of fairness and integrity.

Further information on the company is available on the MC website at:
www.mitsubishicorp.com/jp/en/

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