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Update on business operations

On 20 April 2009 Buru announced that it planned to present shareholders with an offer by Arenite Pty Ltd (“**Arenite**”) to acquire Buru’s shares and options by way of schemes of arrangement. In that announcement, Buru stated that if the Arenite proposal was not supported, it intended to diligently pursue, and keep under review going forward, its existing strategy. That strategy, as it currently stands, consists of exploring for oil and gas in the Canning Basin and other regions as appropriate opportunities arise.

On 16 June 2009 Buru announced that the Arenite proposal had been terminated and accordingly the Board considers it timely to provide shareholders and optionholders with an update on the Company’s activities.

Buru’s exploration activities in 2009 will include the ongoing technical assessment of existing data in the Canning Basin together with the acquisition of 3D seismic data over a portion of the existing Sundown oil field complex, followed by the acquisition of additional 2D seismic data over the Paradise prospect in EP 371 and EP 428.

The purpose of acquiring 3D seismic data over and around the existing producing oil fields is to provide additional high quality data over prospects identified from existing 2D seismic data. Additional oil discoveries in this area are able to be easily and quickly connected into Buru’s existing oil production facilities to generate early cash flows.

The Traditional Owners of the area are currently scheduled to assess and provide heritage clearance over the 3D seismic region in late June 2009. Following heritage clearance Terrex Seismic is scheduled to commence acquiring the 3D seismic data in early August 2009. The seismic acquisition program is expected to take approximately eight weeks. Buru expects that, following processing and analysis, it will have interpretable results from the 3D seismic data in early 2010.

Provided the results of the 3D seismic data support the existing analysis of the 2D data and suitable drilling rigs are available, it is expected that drilling on the most prospective structures would commence in the 2010 dry season.

In 2007 ARC Energy Limited acquired 2D seismic data over the Paradise prospect in EP 371 and EP 428. In order to provide additional information on this prospect Buru plans to acquire around 100 kilometres of additional 2D seismic data over the prospect immediately following the acquisition of the 3D seismic data outlined above.

The Paradise 1 prospect appears, on existing 2D seismic data, to be a large and robust structural closure with the potential to contain both oil and gas to a depth of around 3,000 metres. Depending upon the outcome of the additional 2D seismic data, the availability of a suitable drilling rig and the suitability of any farm-in arrangements, Buru would expect this prospect to be drilled in the 2010 or 2011 dry seasons.

Buru has for some time been undertaking a detailed technical analysis of its permit portfolio with a view to refining its exploration strategy in this region. Buru expects that, following this work, it will high grade its permit holdings resulting in a focused regional exploration program, a reduced acreage holding through the release of the less prospective areas, and a sharing of exploration risks by introducing farm-in partners who share Buru's commitment to the Canning Basin.

One clear outcome of the above process will be a material reduction in the company's exploration permit commitments to more manageable levels. This is entirely consistent with the ARC and Buru strategy of acreage acquisition, high grading following technical assessment, and releasing the least prospective regions.

In relation to the Board and management, it is intended that Graham Riley will continue as the Chairman of the Company, a position he assumed (in an acting capacity) during the consideration of the Arenite proposal. The Board will also undertake a review of its structure and composition and will update the market separately on this matter.

FOR FURTHER INFORMATION PLEASE CONTACT

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