

ASX ANNOUNCEMENT (ASX: BRU) 3 March 2011

Operations Update Canning Superbasin - Exploration and Appraisal Program

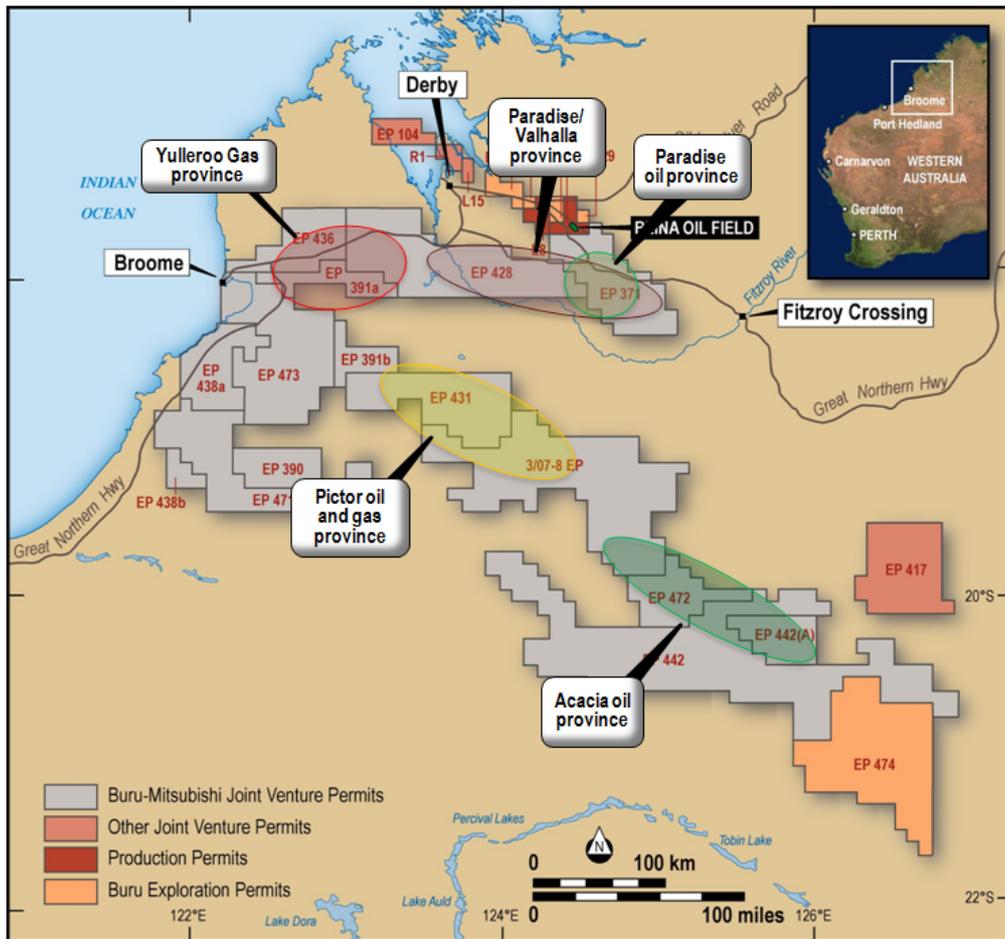
Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to provide the following update on its upcoming exploration program in the Canning Superbasin and the ongoing testing of the Yulleroo-2 well. Buru’s 2011 exploration program is expected to commence in late April 2011 and will be one of the largest onshore exploration and appraisal programs ever undertaken in Western Australia. Testing at Yulleroo-2 has recommenced and continues to provide encouraging results.

Highlights

- Preparations for the 2011 exploration program are now well advanced:
 - Ensign Rig #32 has been contracted for a six well exploration and appraisal drilling program expected to commence in late April.¹
 - The Company is seeking expressions of interest for an additional drilling rig to drill up to four shallower exploration wells commencing in June.
 - The award of contracts for oilfield services and the purchase of long lead items for the 2011 exploration program is nearing completion.
 - Additional drilling, operational, technical, financial and corporate staff have been engaged to support the 2011 exploration program.
- The 2011 exploration drilling program will focus on the areas of high prospectivity that have been identified by Buru’s regional geological work and the 2010 drilling and seismic program. It is expected that the program will include wells in the Yulleroo Gas Province, the Paradise/Valhalla Gas and Oil Province and the Acacia Province. Further details of the specific wells to be drilled, including the potential resources being targeted by each well, will be provided as the detailed technical evaluation of the prospects is finalised by the joint venture. However, all wells under consideration for the 2011 exploration program are targeting very substantial potential resources.

¹ All operational dates in this ASX release are indicative only. Commencement and timing of drilling operations is subject to receipt of all necessary approvals, weather and operational requirements.

Map showing location of 2011 exploration program areas



- In addition to the exploration drilling program, the Company is also undertaking an extensive geological and geophysical program including:
 - Processing and interpreting of the 756 kilometres of new 2D seismic acquired during 2010.
 - Acquisition of approximately 1,250 kilometres of new 2D seismic across the most prospective area of the Canning Superbasin and approximately 250 square kilometres of new 3D seismic over the Yulleroo accumulation.
 - Further evaluation of the very significant unconventional resource potential of the Canning Superbasin identified during 2010.
- Evaluation of the Yulleroo accumulation is ongoing, with testing of the Yulleroo-2 well having recommenced with continuing encouraging results. The results of the current testing program are expected to form the basis of an independent resources and reserves assessment to be undertaken later in the year.

Preparations for the 2011 Exploration Program

Following Mitsubishi Corporation's ("MC") commitment to participate in the 2011 exploration program in the Canning Superbasin, the joint venture has rapidly progressed preparations for the commencement of what is planned to be one of the largest onshore exploration and appraisal programs ever undertaken in Western Australia. These preparations include:

- **Engaging Ensign Rig #32** - The Company has now executed a contract with Ensign Australia Pty Limited ("**Ensign**") for the use of Ensign Rig #32 to drill up to six wells during the 2011 exploration program. Ensign has advised Buru that Rig #32 is about to spud the final well to be drilled in its current program prior to mobilisation to the Canning Superbasin. Based on this timing Buru is targeting a spud date of late April for the first well in the 2011 exploration program. However, it should be noted that the operator of the current well has an option for an additional well after the current well. Should that option be exercised the target spud date for the first well in the Buru program will be mid-May.

The use of Rig #32 for the 2011 exploration program frees up Buru's Fairway Rig to conduct well completions, preparations for further stimulation operations, and workovers at the Blina and Sundown oil field complex.

- **Additional Drilling Rig** - The extent of the planned 2011 exploration program may require the mobilisation of an additional drilling rig to the Canning Superbasin to drill up to four shallower exploration wells. The Company has commenced an expression of interest process to ascertain rig availability and capability. The target commencement date for operations with the additional rig is June 2011. The potential to have two rigs with complementary capabilities operating in the Canning Superbasin provides Buru with enhanced operational flexibility and the scope to undertake a wider range of exploration and development activities during 2011.
- **Oilfield Services** - The award of contracts for oilfield services for the 2011 exploration program is also close to completion. Casing, wellheads and other necessary well equipment has also been ordered and is expected to arrive in good time for the planned commencement of drilling operations with Rig #32 in late April.
- **Personnel** - The Company has substantially increased its operational capabilities by bringing on board the additional drilling, operations, technical, finance and corporate staff required for a program with the scope of the 2011 exploration program.
- **Approvals** – The Company is progressing with seeking all necessary approvals to allow the drilling programme to commence in late April and seismic acquisition to commence in mid-June. These approvals include safety and environmental approvals for all operations from the Department of Mines and Petroleum and land access arrangements with Traditional Owners whose land may be affected by the upcoming exploration program.

Indicative 2011 Exploration and Appraisal Drilling Program

Buru and MC are currently finalising the 2011 drilling program for the Canning Superbasin and are reviewing a range of potential targets including the following wells:

- **Valhalla-2** – an appraisal of the Valhalla-1 well drilled in 2006 by ARC Energy that was not tested due to mechanical problems but which intersected two zones with interpreted gas pay and a very substantial section of interpreted unconventional gas pay, plus several zones with interpreted oil pay in an equivalent section to the oil shows encountered in the Paradise-1 well during 2010.
- **Paradise Deep** – a deepening of the Paradise-1 well to 3200 metres to test the Laurel section for both conventional and unconventional potential prior to a decision on testing the shallower interpreted oil zone.
- **Ungani-1** - an exploration well to test one of several highly attractive large gas prospects in the Yulleroo Gas Province.
- **Pictor East-1** – a well to appraise the Pictor-1 oil and gas discovery to the south of the Yulleroo Gas Province.
- **Yulleroo Gas Province Well** - a further well in the Yulleroo Gas Province is planned, with the ultimate prospect being determined based on the results of ongoing testing at Yulleroo-2 and the Ungani-1 exploration well.
- **Acacia Wells** – two wells are planned in the Acacia Province targeting significant oil accumulations with the ultimate prospects being determined based on interpretation of the Pijalinga 2D seismic survey acquired in 2010.
- **Additional Wells** – with the number of rig slots available on Rig #32 and the additional drilling rig (if engaged) the Company is considering up to four further wells including the drilling of an additional well in the Paradise/Valhalla Gas and Oil Province and the drilling of Cyrene-1 in EP 438.

The unconventional component of the exploration program will include the acquisition of cores and the conducting of drill stem and pressure testing to confirm the presence of hydrocarbons in unconventional trap configurations.

It is anticipated that the Rig #32 program will run continuously from late April until the end of the dry season, expected to be in November 2011.

The two exploration wells planned in the Acacia Province are targeting significant oil accumulations at relatively shallow depths of some 2200 metres. Interpretation of the 2D seismic data acquired over this area in 2010 is ongoing. At this stage the two prospects nominated for drilling are Hope and Woolnough. These wells will require a sophisticated logistics operation due to the remote and sand dune dominated nature of the Acacia Province. Consequently, it is planned to use a smaller, more mobile rig than Rig #32 to drill these wells. It is anticipated this program will commence mid-year, subject to rig availability.

The rig used to drill the Acacia Province wells will also be suitable for the drilling of the Cyrene-1 exploration well in exploration permit EP 438 and the deepening of the Lawford-1 well in EP 417, if agreement is reached with these joint ventures.

Geological, Geophysical and Unconventional Evaluation Program

Buru acquired 756 kilometres of new seismic data during the 2010 exploration program in the Yulleroo and Acacia Provinces. Processing of this data is now substantially completed, together with the reprocessing of substantial amounts of existing data. Initial interpretation of this data is now underway with very positive initial results.

Buru is currently well advanced in planning for the substantial 2011 seismic program which is expected to include the acquisition of approximately 1250 kilometres of new 2D seismic across the most prospective regions of the Canning Superbasin and approximately 250 square kilometres of new 3D seismic over the Yulleroo accumulation. Acquisition is currently expected to commence in mid-June.

The unconventional resource evaluation program during 2010 identified very substantial resource potential in the Canning Superbasin and planning is underway to ensure the unconventional component of the 2011 drilling program provides significant additional information in preparation for a major unconventional evaluation program during 2012.

It is also intended to solicit expressions of interest from well stimulation companies for a potential stimulation program on a number of wells in late 2011, depending on the results of the initial exploration wells and the availability of suitable equipment.

Yulleroo Accumulation Evaluation

The evaluation of the Yulleroo accumulation is following two paths. First, the continued testing of the Yulleroo-2 well, and second an ongoing program of technical evaluation including the acquisition of a large 3D seismic survey over the structure during the 2011 field season.

The Yulleroo-2 testing program has been recommenced with the well currently on test flow. The well is continuing to flow gas at low rates, together with high salinity fluid (which is interpreted to be stimulation fluid flowback) at low rates (20 to 30 barrels per day). Approximately half of the injected fluid has been recovered to date. Condensate is also being produced, particularly after shut-ins for pressure build up.

Analysis of the data acquired to date is being carried out by consultants, both locally and in the United States. The view of these consultants is that the rates being achieved are consistent with the size of the stimulation program and that the continued production of gas from the reservoir is very encouraging. It is also apparent from this analysis that the limitations placed on the stimulation program by the existing well casing, and the higher than expected downhole pressures, limited the effectiveness of the stimulation program. The

wells being drilled in the 2011 program have a substantially modified casing program that will remove this limitation for future wells.

Once the further data is analysed from this test it is planned to have a reserves review of the accumulation undertaken by an independent reservoir evaluation group.

The acquisition of 3D seismic over the Yulleroo accumulation will provide the information needed to site another well on the structure in an optimum location to provide a further test of the structural configuration and to also provide an optimum location for a reservoir stimulation program. The data will be acquired as the first survey in the 2011 program to allow for the possibility of drilling another well on the Yulleroo accumulation during the 2011 drilling program.

Executive Director's Comments

Commenting on the planned 2011 program, Buru's Executive Director Eric Streitberg said:

"We are tremendously excited about our 2011 program. The number of wells and the quality of the prospects gives us an outstanding chance to Crack the Canning this year.

We have in place all the building blocks we need: a great acreage position, quality prospects, a world class drilling contractor and a world class, fully committed partner.

We have put in a huge effort to get to this point and have also substantially strengthened our team to ensure we can deliver safely, effectively and successfully on what is a very large and multi-faceted program.

The prospects we are drilling each have the potential to deliver an outcome that is company changing, basin changing and Western Australian economy changing.

We look forward to continued support from our shareholders and local and international stakeholders during the program."

Further information on the company is available on the Buru website at:

www.buruenergy.com

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