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ASX ANNOUNCEMENT (ASX: BRU) 19 October 2010

COMMENCEMENT OF DRILLING OPERATIONS PARADISE-1

Buru Energy Ltd (“**Buru**” or “**Company**”) advises that drilling operations at the Paradise-1 well commenced at 18:00 hrs, 18 October 2010 (AWST).

Paradise-1 is the third exploration well to be drilled in the 2010 drilling program and the first in the Joint Exploration Program with Mitsubishi Corporation. The well is located in exploration permit EP 428, on the boundary with EP 371.

The primary objective of the Paradise-1 well is the sands of the Anderson and Laurel Formation with secondary targets in the Grant Formation. The Paradise-1 prospect has the potential to hold significant volumes of oil, gas and condensate in a series of stacked reservoirs, with P50 potential resources of approximately 16 million barrels of oil and over 200 Bcf of gas if hydrocarbons are present.

Cores will be taken in the Anderson and Laurel Formations to confirm the identified potential for shale gas and tight gas accumulations.

The well will be drilled to a total depth of 2,500 metres with the well expected to take some 38 days to drill.⁽¹⁾

The first drilling progress report for the well is attached. During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday afternoon and as required on the occurrence of any material event during drilling operations. The Company expects to issue the next drilling progress report on Thursday, 21st of October 2010, subject to any material events occurring in the meantime.

Commenting on the Paradise-1 well, Mr Eric Streitberg, the Company’s Executive Director said:

“Paradise-1 is a high potential well for the Company and for the joint venture, and is testing a proven play type which was identified by the Valhalla-1 well.

⁽¹⁾Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.

The triple objectives of the well which are the oil potential in the Anderson Sands, the gas and possibly oil potential in the Laurel Formation and the tight gas and shale gas potential in both the Anderson and Laurel Formations again illustrates the enormous potential and variety of the Canning Superbasin oil and gas plays. Together with the imminent test of the Yulleroo-2 well and the test of Stokes Bay-1 we have a very exciting month ahead of us.”

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

For inquiries please contact:

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Yours faithfully



ERIC STREITBERG
Executive Director

PARADISE-1

PERMIT	The Paradise-1 well is located in exploration permit EP 428, on the boundary with EP 371. A map showing the location of the well is set out below.
WELL LOCATION	17 ⁰ 59' 59.6" S 124 ⁰ 34' 35.5" E
JOINT VENTURE INTEREST	Buru Energy Limited holds a 60% interest in EP 428 and EP 371. Under the terms of the farmin agreement between Buru Energy and Mitsubishi Corporation, Mitsubishi Corporation holds a 40% interest in EP 428 and EP 371.
DATE OF PROGRESS REPORT	09:00 hrs, 19 October 2010 (AWST)
PROPOSED TOTAL DEPTH	2,500 metres
CURRENT DEPTH	86 metres
PROGNOSED TIME TO TOTAL DEPTH	38 days
SPUD DATE	18 October 2010
DAYS SINCE SPUD	1 day
CURRENT TARGET FORMATION	The Paradise-1 well is targeting the sands of Anderson and Laurel Formations.
OPERATIONS SINCE LAST PROGRESS REPORT	Drilling operations commenced at 18:00 hrs, 18 October 2010 (AWST).
HYDROCARBON INDICATIONS	None. None expected.
FORWARD OPERATIONS	The well is currently drilling ahead to the first target formation.

PARADISE-1 LOCATION MAP

