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ASX ANNOUNCEMENT (ASX: BRU) 9 July 2010

COMMENCEMENT OF DRILLING OPERATIONS LEANDER-1

Buru Energy Limited (“**Buru**” or “**Company**”) advises that drilling operations at the Leander-1 well commenced at 16:00 hrs, 8 July 2010 (AWST).

Buru holds a 100% interest in this well.¹

The Leander-1 well is the second well to be drilled in the Company’s proposed six well 2010 Canning Basin drilling campaign. The well is located in Production Licence L8 in an area covered by the Bunda 3D seismic survey, approximately 70km east of Derby.

The primary objective of the Leander-1 well is the sands of the Anderson Formation which are expected to be encountered below the 7 inch intermediate casing depth of approximately 1,500 metres. The structure at Anderson Formation level has the potential to hold approximately 1 million barrels of recoverable oil on a P50 basis, if hydrocarbons are present.

The Anderson Formation currently produces oil in the nearby Lloyd Oilfield and holds previously identified potentially commercial oil accumulations in the existing Boundary and Sundown wells. Secondary objectives in the well include carbonates of the Yellowdrum Formation and the Nullara Limestone.

The well is expected to take 20 days to reach the primary objective Anderson Formation and a total of 35 days to drill on a dry hole basis.²

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 15 July 2010, subject to any material events occurring in the meantime.

¹ *Mitsubishi Corporation has an option to acquire a 50% interest in each of Buru’s 100% owned L6, L8 and EP129 permits at a price to be determined by an independent valuer based on 2P reserves.*

² *Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.*

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

"We are very pleased to have successfully commenced drilling our second well in the 2010 drilling campaign. From an operational perspective it is a resounding demonstration of our ability to operate our wholly owned Fairway Rig across a full drilling cycle, from rig-up and drilling, to rig-down, mobilisation and then rig-up for the next well. We have achieved this without a single lost time injury and with no material interruptions to operations.

More importantly, Leander-1 is an integral and exciting part of our 2010 drilling campaign. It is located amidst our existing fields and in the middle of the Bunda 3D seismic survey. This makes the well relatively low risk in exploration terms and, although the P50 target is relatively modest, we see potential in a number of target zones in this well. A discovery of as little as 200,000 barrels would be able to be immediately and profitably commercialised providing cash flow to fund our ongoing exploration program as it ramps up to bigger targets this year and in 2011."

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

For inquiries please contact:

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Yours faithfully



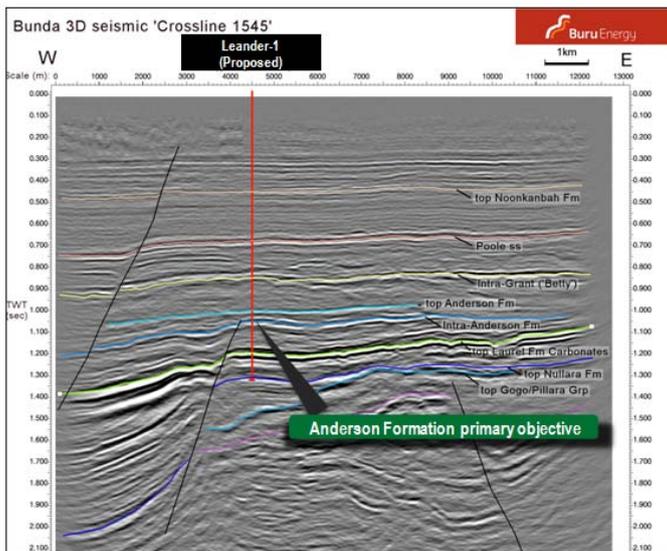
ERIC STREITBERG
Executive Director

LEANDER-1

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| PERMIT | The Leander-1 well is located in production licence L8. A map showing the location of the well is set out below. | |
| WELL LOCATION | 17° 30' 56.8"S 124° 14' 19.9"E | 8062957.857N 631512.556E |
| BURU'S INTEREST | Buru Energy Limited holds a 100% interest in the well. | |
| DATE OF PROGRESS REPORT | 06:00hrs, 9 July 2010 (AWST) | |
| PROPOSED TOTAL DEPTH | 2,250m | |
| CURRENT DEPTH | 108 metres | |
| PROGNOSED TIME TO TOTAL DEPTH | 35 days | |
| SPUD DATE | 8 July 2010 | |
| DAYS SINCE SPUD | 1 day | |
| CURRENT TARGET FORMATION | The Leander-1 well is targeting the sands of Anderson Formation which are expected to be encountered below the 7 inch intermediate casing depth of approximately 1,500 metres. | |
| OPERATIONS SINCE LAST PROGRESS REPORT | Drilling operations commenced at 16:00hrs, 8 July 2010 (AWST). | |
| HYDROCARBON INDICATIONS | None. | |
| FORWARD OPERATIONS | The well is currently drilling ahead to the first target formation. | |

LEANDER-1

PROSPECT SEISMIC LINE



LOCATION MAP

