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ASX ANNOUNCEMENT (ASX: BRU) 13 October 2010

Commencement of Paradise-1 Third Well in 2010 Canning Superbasin Drilling Campaign

Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to announce that the Company’s Fairway Rig is currently completing rig-up at the Paradise-1 well site in preparation for the commencement of drilling operations. Further details of the Paradise-1 well including the geological prognosis, time depth curve and illustrative seismic data are set out in the attached presentation.

The Paradise-1 well is the third well in Buru’s 2010 drilling program and the first in the Joint Exploration Program with Mitsubishi Corporation (“**MC**”). Subject to the terms of the farm-in agreement between Buru and MC, MC is obliged to fund 80% of the costs of Paradise-1 as part of an expenditure commitment of \$22.4 million in 2010 to earn an initial 40% interest in the majority of Buru’s permits.

Paradise-1 is located in exploration permit EP 428, on the boundary with EP 371, some 200 kms southeast of Derby. It is well located for access to Buru’s existing production infrastructure and in close proximity to the all weather Great Northern Highway.

In summary, the key operational aspects of the well are as follows:

- the Company’s Fairway Rig has been mobilised to the Paradise-1 well site from the Yulleroo-2 well site where the Rig has completed operations to prepare the Yulleroo-2 well for the upcoming well test;
- drilling is expected to commence later this week, with the well taking a total of 38 days to drill on a dry hole basis;¹
- the primary objectives of Paradise-1 are oil in the sands of the Anderson and Grant Formations with P50 potential resources of approximately 16 million barrels of oil if hydrocarbons are present, and gas in the sands of the Laurel Formation with P50 potential resources of approximately 200 BCF of gas if hydrocarbons are present;
- the primary objective sands in Paradise-1 contained numerous oil and gas zones in the Valhalla-1 well drilled by ARC Energy in 2007 on a similar structure to Paradise-1, but these zones were not tested due to drilling and rig problems. The Anderson Formation in Valhalla-1 in particular contained an untested interpreted 11 metre oil column;

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

- secondary objectives in the Paradise-1 well include sands of the Grant Group which also included oil shows in the Valhalla-1 well; and
- it is also planned to cut a total of up to four cores in the Paradise-1 well in the Anderson and Laurel Formations as part of Buru's ongoing evaluation of the identified potential for shale gas and tight gas plays.

Buru will advise the ASX when drilling operations have commenced on the Paradise-1 well.

Once drilling operations have commenced, drilling progress reports will be provided to the ASX each Thursday, and as required on the occurrence of any material event during drilling operations.

Executive Director's Comments

Commenting on the Paradise-1 well, 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.

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 on the Buru website at:

www.buruenergy.com

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Yours faithfully



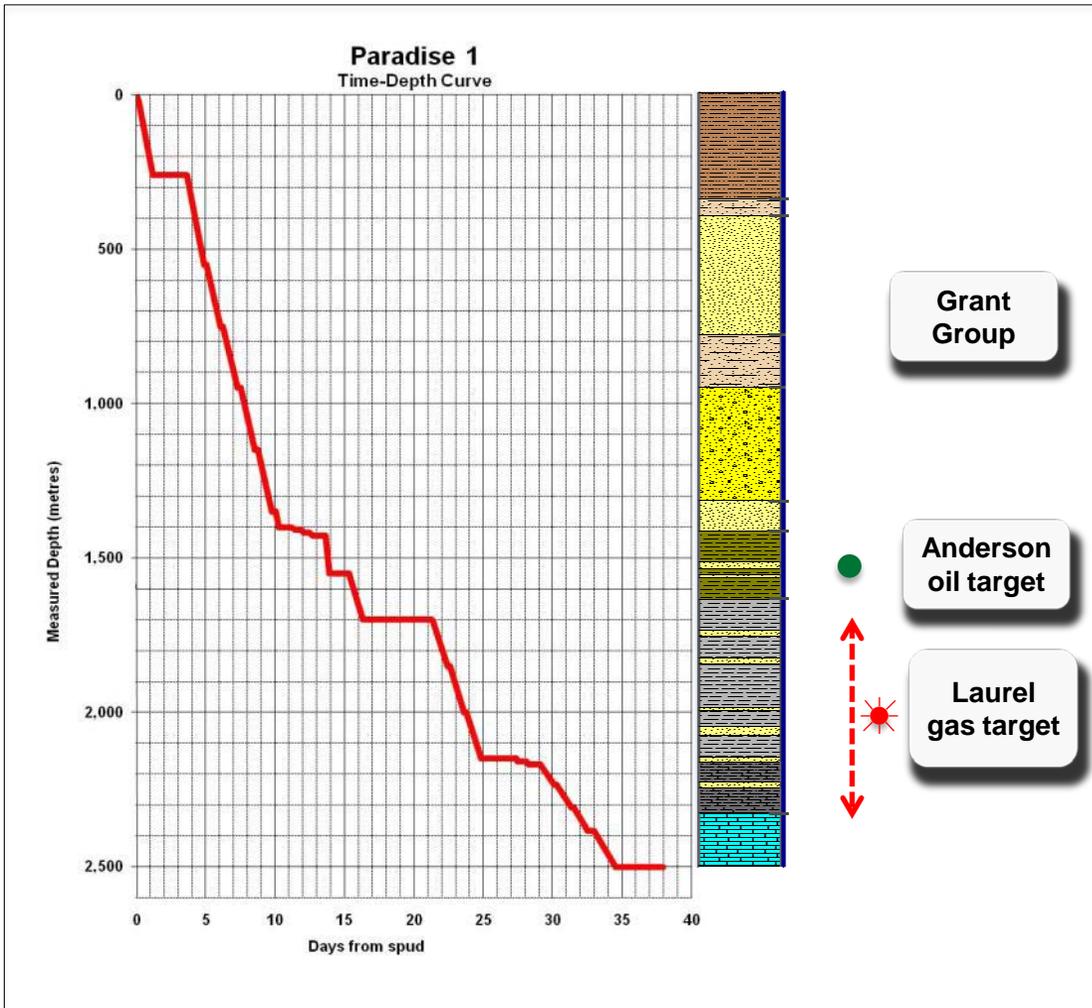
ERIC STREITBERG
Executive Director

Paradise-1 well overview

October 2010



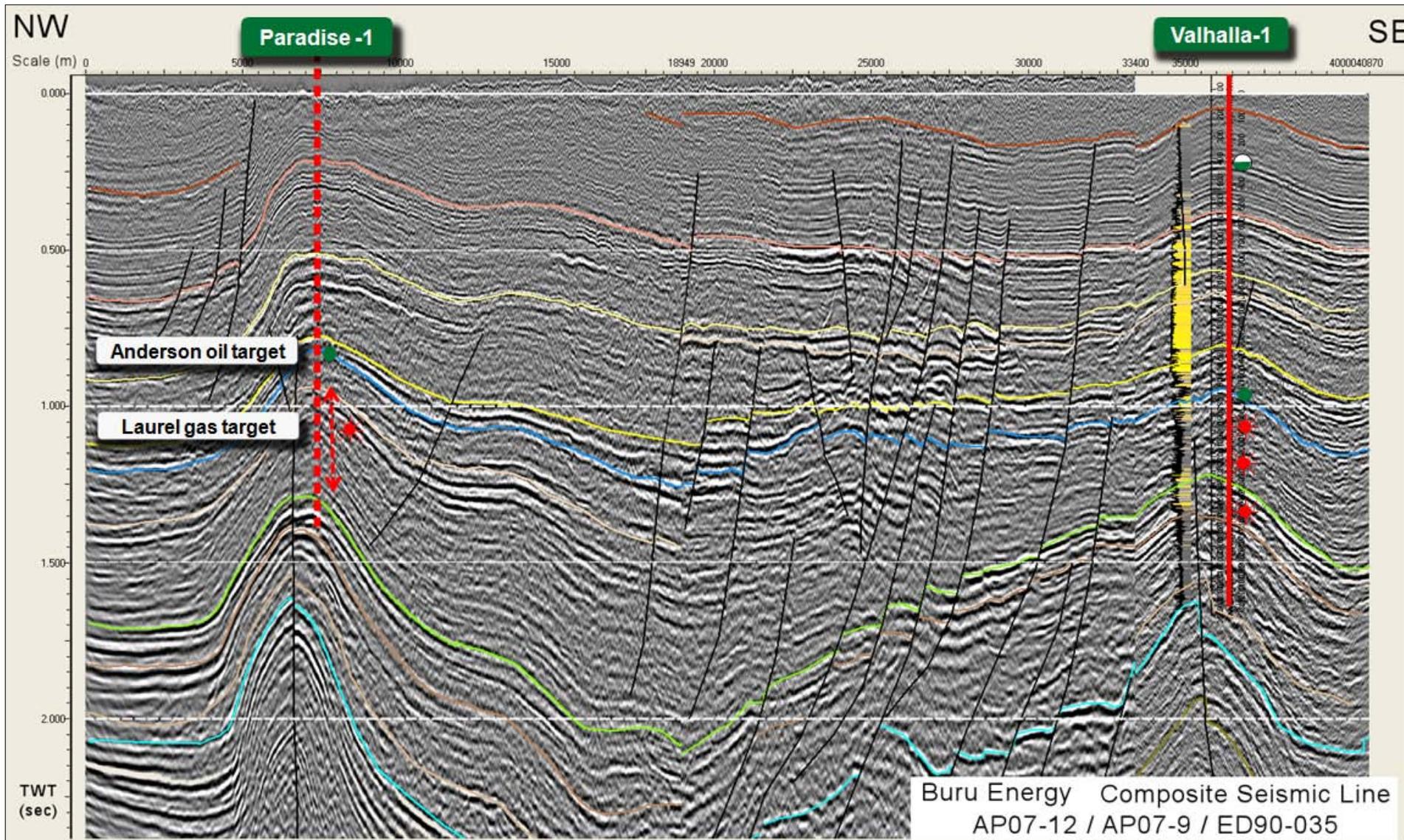
Paradise-1 description and prognosis



Paradise-1 is the third exploration well to be drilled in the 2010 drilling program and is the first of the wells in the Buru/Mitsubishi Joint Exploration program

- The prospect is a large anticlinal feature with well developed closure and was confirmed by Buru's 2009 Paradise 2D seismic survey
- The well is targeting the Anderson and Laurel Formation sands with secondary targets in the Grant Formation. These sands contained numerous oil and gas zones in the Valhalla-1 well drilled by ARC Energy in 2007 but these were not tested due to drilling and rig problems
- 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 also 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 2,500m with the well expected to take some 38 days to drill
- There are numerous prospective target zones in the well and these will be evaluated by logging and drill stem testing if appropriate

Paradise-1 seismic line



Paradise 2D seismic line showing Paradise-1 well location and Valhalla-1 well