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ASX ANNOUNCEMENT (ASX: BRU)

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FURTHER TESTING OF THE STOKES BAY-1 WELL, CANNING SUPERBASIN, WESTERN AUSTRALIA

Buru Energy Limited (“**Buru**”) is pleased to announce that further testing of the Stokes Bay-1 well will be undertaken by the participating parties of the R1 Joint Venture. Operations are expected to commence in mid-November 2010.¹ The testing program will utilise the coiled tubing unit being mobilised to the Canning Superbasin for the frac of the Yulleroo-2 well by Buru. Further details of the program and the background to the test and the Stokes Bay-1 well are set out below.

PARTICIPANTS

The Stokes Bay-1 well is located in the R1 permit (“**Licence**”). Several joint venture participants have declined to participate in the testing of the Stokes Bay-1 well. The percentage interests held by each party in the Stokes Bay-1 well test project and the Licence are as follows:

JOINT VENTURE PARTICIPANT	Interest in Stokes Bay-1 well test	Interest in the Licence
Buru Energy Limited	54.28%	38.95%
Gulliver Productions Pty Ltd	20.63%	14.80%
Pancontinental Oil & Gas	13.94%	10.00%
FAR Ltd	11.15%	8.00%
Phoenix Resources Plc	0.00%	10.00%
Emerald Oil and Gas NL	0.00%	12.75%
Indigo Oil Pty Ltd	0.00%	5.50%

Under the terms of the joint venture agreement governing the Licence the non-participating parties have the right to “back in” to the Stokes Bay-1 well test by paying a penalty equal to 900% of the costs of the testing operation.

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

STOKES BAY-1 BACKGROUND

The Stokes Bay-1 well was drilled in late 2007. The well encountered cavernous porosity and associated mud losses in the interpreted Nullara Formation reef section at a measured depth of 2,755 metres. During drilling operations a total of approximately 10,000 barrels of drilling fluids were lost to the Nullara Formation from and below this depth. No formation fluids were recovered from the Nullara Formation during drilling operations.

Following the drilling of the well, a number of attempts were made to flow the lost drilling fluids to surface and to obtain a sample of reservoir fluid. These attempts have resulted in the recovery of 3,834 barrels (approximately 38%) of the lost drilling fluids and no positively identified formation fluid.

The pressure data obtained during the drilling of the well, and subsequently during the various testing operations, can be interpreted in a number of ways, one of which is that the reservoir contains a gas column updip from the well and a potential oil column in the section intersected by the well. However, this interpretation is a non-unique solution, and there is a substantial probability that there are no hydrocarbons in the reservoir.

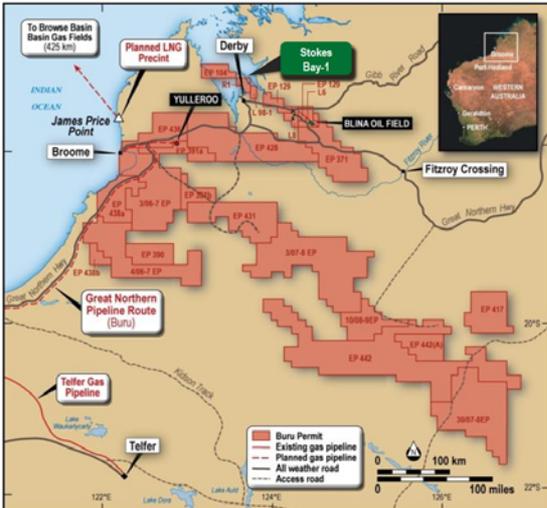
The objectives of the current test program are:

- To reduce the mud hydrostatic above the reservoir section thus enabling the lost drilling mud and reservoir fluid to flow to surface.
- To identify the reservoir fluid and obtain representative samples.
- To determine if the well is capable of flowing at commercially viable rates, if hydrocarbons are present.

A number of potential operations have been considered to achieve these objectives, including pumping the well and underbalanced redrilling of the reef section. None of those operations are considered feasible at this time for a combination of safety, cost and timing considerations. The participating members of the joint venture have therefore agreed to an alternative, being an attempt to lift the well with nitrogen using the coil tubing unit that Buru will mobilise into the Canning Superbasin in October 2010 to assist with its test of the Yulleroo-2 well. This operation is designed to provide a definitive sample of reservoir fluid from the Stokes Bay-1 well.

There is a risk that the operation will not be able to fully clean out the reservoir within the time and cost parameters agreed by the participating members of the joint venture. In this case the joint venture will evaluate further alternatives for the testing of the well.

The timing of the operation is dependent on the completion of the initial frac program at Yulleroo-2 but is expected to commence in mid-November and take no more than 7 days to complete.



Stokes Bay-1 Location map



Stokes Bay-1 well



BJ Services Coiled Tubing unit

For inquiries please contact:

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Yours faithfully

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