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Mitsubishi Corporation and Buru to jointly explore and develop the Canning Superbasin

Buru Energy Limited (“**Buru**”) is pleased to announce that it has entered into a binding Farm-in Agreement (“**Farm-in**”) with Mitsubishi Corporation (“**MC**”) to jointly explore and develop the Canning Superbasin, located in the Kimberley region of the northwest of Western Australia.

Under the Farm-in, MC has the right to earn an equal interest to Buru in the majority of Buru’s exploration permits by spending up to A\$152.4 million on exploration and development. MC also has the right to acquire an interest in Buru’s production permits in exchange for an additional cash payment.

Buru and MC have a shared vision of the potential of the Canning Superbasin as a major oil and gas supply centre. This transaction creates a strategic partnership that draws on the strengths of both parties to realise this vision. The funding made available by this transaction underpins the full scale exploration program needed to properly evaluate the Canning Superbasin and to be able to develop both the conventional and unconventional resources that are identified.

Highlights

MC is Japan’s largest general trading company. It has a market capitalisation of in excess of ¥3.2 trillion (~A\$41 billion).¹ MC operates a global energy business with interests in all aspects of the oil and gas industry from exploration to LNG projects, refining, transport and distribution. In Australia, MC is a major producer of oil, gas, LPG and LNG from the North West Shelf LNG Joint Venture. Since the 1960’s MC has become a major participant in developing Australian oil and gas, coal, aluminium, iron ore, uranium, power generation and infrastructure projects.

Under the Farm-in:

- MC has the right to earn interests in Buru’s exploration permits by carrying up to A\$102.4 million of Buru’s exploration costs, split between up to A\$62.4 million of conventional exploration and A\$40 million of unconventional exploration.
- MC may also carry up to A\$50 million of Buru’s development costs for major oil and gas production infrastructure.
- In exchange for providing this funding MC has the right to earn up to a 50% interest in the majority of the exploration permits held by Buru.
- MC also has the right to acquire a 50% interest in Buru’s production permits in exchange for an additional cash payment at a price determined by an independent expert based on 2P reserves.

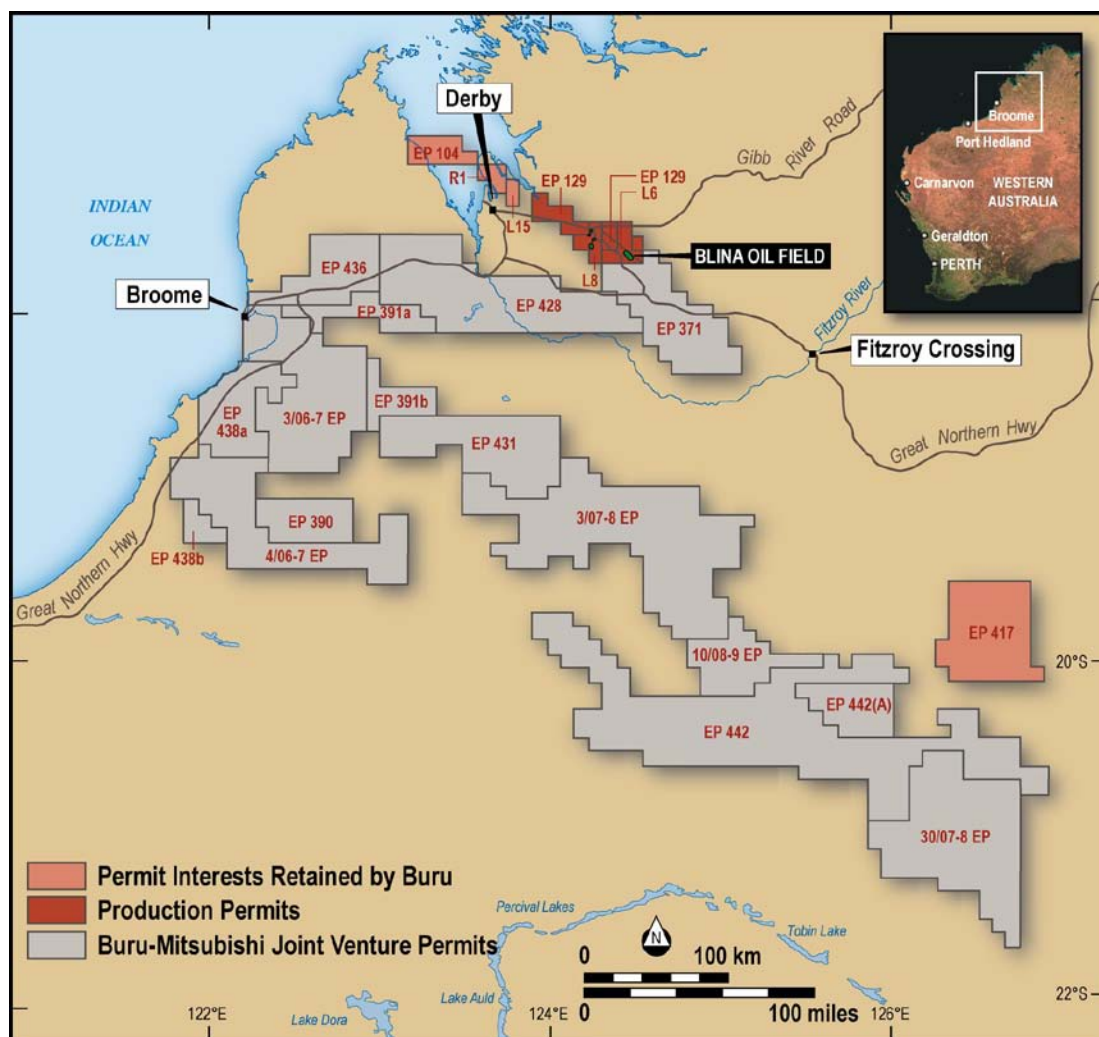
¹ Further details about MC are set out in Attachment 1.

The formation of a strategic alliance in the Canning Superbasin with such a significant and experienced international company provides a strong endorsement of Buru's strategy, business plan and exploration and development objectives. This transaction secures funding for Buru's ongoing exploration activities and underpins the development of new discoveries. Importantly, the transaction has been structured to ensure Buru receives full value for any discoveries made from the wells being drilled in the Bunda 3D Seismic area in 2010.

Under the terms of the Farm-in Buru will remain as the operator of all of its permits. However, MC will lead any LNG commercialisation efforts in the joint venture permits in the Canning Superbasin. This strategic partnership reflects Buru and MC's respective strengths and shared belief in the significance of the Canning Superbasin as a potential major energy supplier to Western Australia and the region.

Joint Exploration Area

The map below illustrates the permits in which MC has the right to earn an interest under the Farm-in.



MC will earn an initial 40% interest in the majority of these permits by funding the 2010 exploration program and may earn up to an additional 10% interest in these permits by funding the 2011 exploration program.²

MC also has the right to acquire a 50% interest in Buru's production permits (L6, L8 and EP 129). The Bunda 3D seismic survey was conducted in L8 and this permit, together with L6, contain the existing Sundown-Blina Oilfield complex. The Fairwell-1 and Leander-1 wells are being drilled in L8 during the 2010 drilling season. If MC elects to exercise this option it must pay Buru the value, in cash, determined by an independent valuer of the 2P reserves in each of these permits. Payment can be made at MC's election either as a lump sum or as part of a profit share from future production.

2010 Exploration Program

Buru and MC have worked together to define the 2010 exploration program to be conducted outside Buru's production permits. This program takes into account the refocusing of the exploration effort made possible by this strategic partnership and will test a variety of high impact prospects and provide important new data to assist with planning the 2011 exploration program. This joint program will commence after the completion of Buru's Fairwell-1 and Leander-1 exploration wells. MC will fund 80% of the costs of the following agreed program, up to a maximum contribution by MC of A\$22.4 million:

- the previously announced Paradise-1 well located on the boundary of EP428 and EP371;
- the Nangu-1 gas and condensate well, located in application area 4/06-7;
- the re-entry, fracing and testing of the Yulleroo-2 gas well in EP391;
- the appraisal of the Pictor oil and gas discovery in EP431;
- Buru's ongoing shale gas evaluation program (which has already commenced with the coring program in the Fairwell-1 well); and
- 756 kilometres of 2D seismic to be conducted in the Yulleroo and Acacia exploration provinces.

Further details of the joint 2010 exploration program will be released in due course.

In addition to the 2010 exploration program agreed with MC, Buru will complete the drilling of the Fairwell-1 and Leander-1 wells at its sole cost and is also able to undertake other exploration during 2010 which may include additional wells drilled by Buru on its retained production permits and the testing of the Stokes Bay-1 well on EP104 (retained by Buru).

If the joint exploration program cannot be completed during 2010 for operational or other reasons the program will be completed in 2011. If MC's share of the costs of the completed program is less than A\$22.4 million the unspent portion will be credited towards Buru's costs of the 2012 exploration campaign.

² Details of the interests to be earned are set out in Attachment 2.

2011 Exploration Program

Buru and MC will work together to finalise the 2011 exploration program, which will be focussed on the identification of significant oil and gas reserves, and indicatively includes at least:

- two wells in the Yulleroo Province targeting significant gas and condensate accumulations;
- two wells in the Acacia Province targeting significant oil accumulations;
- one well to test the potential for shale gas production;
- 250 square kilometres of 3D seismic; and
- 1,250 line kilometres of 2D seismic.

Buru and MC may also undertake additional exploration, appraisal and development drilling to follow-up positive results from the 2010 exploration program.

MC has until 30 November 2010 to elect whether to participate in the 2011 exploration campaign. MC may elect to participate in either the whole program or only that part of the program focussed on the Yulleroo Province.

If MC elects to participate in the whole 2011 exploration program, it will fund 80% of the costs of that program, up to a maximum contribution by MC of A\$40 million. If MC elects to participate only in the Yulleroo Province it will only earn an interest in permits EP391, EP431 and EP436 (and any interest in other permits previously assigned to MC will revert back to Buru) but must still fund the 2010 exploration program as set out above up to a maximum contribution of A\$22.4m, and contribute up to A\$36 million of the 2011 exploration campaign in so far as it relates to EP391, EP431 and EP436.

If the exploration program cannot be completed during 2011 for operational or other reasons the program will be completed in 2012. If MC's share of the costs of the completed program is less than A\$40 million (or A\$36 million if MC elects to only participate in the Yulleroo Province) the unspent portion will be credited towards Buru's costs of the 2012 exploration campaign.

If MC elects not to participate in the 2011 exploration program it will earn no interest in any of Buru's permits (and any interest previously assigned to MC will revert back to Buru), but must still fund the 2010 exploration program as set out above.

Unconventional Resources

Buru has identified significant potential for unconventional resources in its Canning Superbasin permits and is undertaking a structured evaluation program of this potential. Under the Farm-in MC has the right to acquire the same interest in the unconventional resources as it acquires in the conventional resources in each of Buru's permits.³ To acquire an interest in the unconventional resources MC must participate in the whole of the 2011 exploration campaign and elect, before 30 November 2011, to fund an agreed 2012 unconventional resource exploration program. MC will fund 80% of the costs of the agreed unconventional resource exploration program, up to a maximum contribution by MC of A\$40 million.

If MC does not elect to fund the 2012 unconventional resources exploration program, Buru will retain all rights to the unconventional resources contained in its permits in the Canning Basin.

³ Details of the interests to be earned are set out in Attachment 2.

Development Funding

Where MC elects to participate in the 2011 exploration program (either as a whole or only in the Yulleroo Province) and Buru and MC agree to the development of a new discovery MC will contribute up to a total of A\$50 million of Buru's capital expenditure for that development project. These funds are available for all aspects of the development project, and could be used to assist with funding the construction of the Great Northern Pipeline.

The amount of MC's contribution to any particular project will depend on the size of the project. The larger the project, the greater the proportion of development costs MC will commit (subject to the A\$50 million total) according to a formula agreed by the parties. The A\$50 million may be spent across a number of projects.

Executive Director's Comments

Commenting on the transaction, Eric Streitberg, Buru's Executive Director said:

"This transaction is truly transformational for Buru. For a company with a market capitalisation of around A\$50 million to secure a strategic partnership with a company of MC's stature represents an endorsement in the clearest terms – money in the ground - of our strategy and vision for the Canning Superbasin. MC's agreement for Buru to continue as operator is also testament to the strength of the organisation we have built in a very short time.

The financial contribution of up to \$152.4 million provided by MC's involvement in the Canning Superbasin gives us the confidence that we can carry out the full scale exploration program necessary to realise the potential of the basin and have available the resources we need to develop the oil and gas we find. Buru and MC have a shared vision of the Canning Superbasin as a major supplier of energy to Australia and the region. This strategic partnership allows us to realise this vision.

In the context of the Federal Government's proposed new tax on the resources industry it is important to remember that this transaction is primarily focussed on exploration. This transaction secures Buru a major source of exploration funding which will be used to identify a wide variety of conventional and unconventional resources. However, what projects, if any, are developed will depend not only on our exploration success but also on the fiscal regime under which the project is assessed. Although there is still great uncertainty around how the Federal Government will finally structure this proposed new tax, there can be no doubt that the imposition of the tax in its current form would be a major factor in determining whether any projects are developed in the future. Traditional sources of financing for development have made it clear that it will be much more difficult for projects to secure development funding under the currently proposed structure of the tax, particularly for smaller companies such as Buru. So, while Buru is firm in its belief in the prospectivity of the Canning Superbasin, our ability to develop all of the resources we expect to find does depend on Australia having a competitive and effective tax regime.

This is a very exciting time for the company. We welcome the experience and strength of MC, our new partner, as we continue with our 2010 drilling campaign and begin planning for 2011 and beyond."

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

For inquiries please contact:

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Yours faithfully



ERIC STREITBERG
Executive Director

Attachment 1 – Mitsubishi Corporation

Mitsubishi Corporation (“MC”) is Japan's largest general trading company (*sogo shosha*) with over 200 bases of operations in approximately 80 countries worldwide. Together with its over 500 group companies, MC employs a multinational workforce of approximately 60,000 people. MC has long been engaged in business with customers around the world in virtually every industry, including energy, metals, machinery, chemicals, food and general merchandise.

MC seeks to contribute to the enrichment of society through business firmly rooted in principles of fairness and integrity.

Further information on the company is available on the MC website at:
<http://www.mitsubishicorp.com/jp/en/>

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Attachment 2 – Permit Interests

Permit	Buru's Current Interest	MC's Interest in 2010	Buru's Interest in 2010	MC's Interest in 2011		Buru's Interest in 2011		MC's Interest in Unconventional Resources	
				Full Farm-in	Yulleroo Farm-in	Full Farm-in	Yulleroo Farm-in	2012 Campaign Funded	No Participation by MC in 2012 Campaign
Production Permits									
L6	100.00%	-	100.00%	50.00% ^{##}	-	50.00%	100.00%	50.00%	-
L8	100.00%	-	100.00%	50.00% ^{##}	-	50.00%	100.00%	50.00%	-
EP129	100.00%	-	100.00%	50.00% ^{##}	-	50.00%	100.00%	50.00%	-
Joint Exploration Permits									
EP371	100.00%	40.00%	60.00%	50.00%	-	50.00%	100.00%	50.00%	-
EP390	100.00%	40.00%	60.00%	50.00%	-	50.00%	100.00%	50.00%	-
EP428	100.00%	40.00%	60.00%	50.00%	-	50.00%	100.00%	50.00%	-
EP438*	5.00%	-	5.00%	37.50%**	-	37.50%	75.00%	37.50%	-
EP442	100.00%***	-	100.00%	50.00%	-	50.00%	100.00%	50.00%	-
EP442(A)*	100.00%	-	82.50%****	41.25%	-	41.25%	82.50%	41.25%	-
Joint Exploration Permits – Application Areas[#]									
3/06-7	100.00%	-	100.00%	50.00%	-	50.00%	100.00%	50.00%	-
4/06-7	100.00%	40.00%	60.00%	50.00%	-	50.00%	100.00%	50.00%	-
3/07-8	100.00%	-	100.00%	50.00%	-	50.00%	100.00%	50.00%	-
10/08-9*	100.00%	40.00%	60.00%	50.00%	-	50.00%	100.00%	50.00%	-
30/07-8*	100.00%	-	100.00%	50.00%	-	50.00%	100.00%	50.00%	-
Yulleroo Permits									
EP391	100.00%	40.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%	-
EP431	100.00%	40.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%	-
EP436	100.00%	40.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%	-
Excluded Permits									
EP 104	38.95%	-	38.95%	-	-	38.95%	38.95%	-	-
R1	38.95%	-	38.95%	-	-	38.95%	38.95%	-	-
L15	31.70%	-	31.70%	-	-	31.70%	31.70%	-	-
EP417	35.00%	-	35.00%	-	-	35.00%	35.00%	-	-

* Subject to pre-emptive rights.

** Buru will earn 70%, taking Buru's interest to 75%, by spending A\$3m on an exploration well. MC will then earn half of Buru's interest in this permit.

*** Subject to carve out of EP442(A) sub-block from EP442.

**** An existing farm-inee has the right to earn 17.5% by spending the first 25% of 200km of seismic and a well.

Applications will be held on trust by Buru for MC until issued to Buru by the Western Australian Department of Mines and Petroleum.

Assuming MC exercises its option to acquire the Production Permits.