



Buru Energy Limited
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ASX ANNOUNCEMENT (ASX: BRU) 28 November 2008

Shareholder Update and Guidance on Tax Ruling

Please find attached a shareholder update sent to all Buru shareholders today.

The update includes general guidance in respect of the application of ATO Class Ruling CR 2008/74 to Buru shares acquired as part of the demerger of Buru from ARC Energy Limited.

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

For inquiries please contact:

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Email	adriancook@buruenergy.com

Yours faithfully

A handwritten signature in black ink, appearing to be "Adrian Cook", written over a light grey circular stamp.

ADRIAN COOK
Managing Director

Dear Shareholder

I would like to take this opportunity to formally welcome you as a shareholder of Buru Energy Limited (“**Buru**”). Buru is an oil and gas exploration company formed by a demerger of assets from ARC Energy Limited (“**ARC**”) before ARC merged with Australian Worldwide Exploration Limited (“**AWE**”).

Buru starts its life as an independent company in a strong position with:

- an exciting and extensive exploration portfolio in the proven oil and gas region in the Canning Basin of Western Australia (you can see the map of Buru’s interests on the last page);
- a pre-commercialisation contract with Alcoa for any gas discoveries;
- existing oil production and the infrastructure to quickly commercialise any future oil discoveries; and
- substantial cash reserves available for exploration, development and investment of around \$60 million.

Buru’s vision is simple. We want to increase shareholder wealth and deliver benefits to shareholders, while also dealing fairly and appropriately with all relevant stakeholders concerned in all areas of operation. We will do this by adhering to Buru’s corporate strategy, which is to:

- apply appropriate and innovative techniques and strategies to exploration and development of the petroleum resources within our areas of interest;
- achieve technical, operational, commercial, safety and environmental excellence in our activities; and
- engage effectively, openly and fairly with the traditional owners in the areas in which we operate.

Shareholders will be aware of the current crisis gripping world markets, resulting in extreme difficulty in companies raising working capital for exploration. Buru is in a very favourable position with its robust cash balance to weather the current share market storm. Notwithstanding this position, these times demand a review of strategy and your Directors are assessing all options to ensure the Company remains in a strong financial position and is well placed to take advantage of opportunities created by current market circumstances. We will keep you informed of our progress, primarily through updates made to ASX (www.asx.com.au) and provided on Buru’s web site (www.buruenergy.com).

Finally, we have prepared the following overview of the recent taxation ruling issued by the Australian Taxation Office (“**ATO**”) to assist you in understanding the content of the ruling.

Yours faithfully



ADRIAN COOK
Managing Director

ATO Grants Demerger Relief to Buru Shareholders

As part of the demerger of Buru from ARC, ARC applied to the ATO for confirmation of certain tax consequences of the demerger. These rulings were explained in detail in section 10.3 of the Scheme Booklet in relation to the demerger, a copy of which is available for download from the Buru website at:

<http://www.buruenergy.com/web/ASX-Releases-and-News/ATO-Class-Ruling/>

On 12 November 2008 the ATO issued Class Ruling CR2008/74 confirming the tax consequences of the demerger. A copy of the Class Ruling is available for download from the Buru website at the web address above, or from the ATO website at:

<http://law.ato.gov.au/view.htm?DocID=CLR/CR200874/NAT/ATO/00001&PiT=99991231235958>

General guidance only

The following provides some general guidance to assist Buru shareholders to understand the impact of the Class Ruling on Buru shares acquired through the demerger (“**Eligible Buru Shares**”). This guidance does not take into account Buru shareholders’ individual circumstances. Buru shareholders should seek specialised tax advice from their financial or tax advisers in respect of the application of the Class Ruling to their specific circumstances. This guidance is based on the law in effect as at 12 November 2008. The law on which this guidance is based may be subject to future amendments with retrospective effect.

No guidance is provided by Buru in respect of the application of the Class Ruling to any AWE shares received as part of the merger of ARC and AWE. Any queries in that regard should be referred to AWE, using contact details provided on the AWE web site at: www.awexp.com.au.

Who does the Class Ruling apply to?

The Class Ruling and this guidance only apply to Buru shareholders (“**Eligible Buru Shareholders**”) who:

- received their Buru shares as part of the demerger;
- were residents of Australia for tax purposes on 25 August 2008; and
- held their ARC shares on capital account on 25 August 2008.

If you do not satisfy these criteria, or received your ARC shares under the ARC Employee Share Option Plan or Performance Rights Plan, the Class Ruling and this guidance may not apply to you. You should seek your own advice on the application of the Class Ruling to your specific circumstances.

What does the Class Ruling confirm?

The Class Ruling describes certain aspects of the tax treatment of the demerger of Buru and the merger of ARC and AWE. This guidance only relates to the demerger aspects of the Class Ruling.

For Eligible Buru Shareholders the Class Ruling describes the following tax treatment of the demerger:

- for capital gains tax (“CGT”) purposes, the first element of the cost base and reduced cost base of Eligible Buru Shares will be calculated as follows:
 - take the sum of the cost base of ARC shares held just prior to the demerger; and
 - apportion 9.13% of that sum to the Eligible Buru Shares;
- for CGT purposes, Eligible Buru Shareholders will be taken to have acquired their Eligible Buru Shares on the date they acquired their corresponding ARC shares; and
- Eligible Buru Shareholders will not be required to include the demerger dividend they received under the demerger in their assessable income. The demerger dividend will not be franked. Note that the demerger dividend was automatically applied as part of the demerger process to acquire the Buru shares issued as part of the demerger. The demerger dividend was not paid in cash.

These tax consequences will apply irrespective of any election you may make.

The Class Ruling also confirms that Eligible Buru Shareholders may elect to receive demerger relief. For Eligible Buru Shareholders who elect to receive demerger relief any capital gain made as a result of the capital reduction made by ARC as part of the demerger will be disregarded. Note that the proceeds of ARC’s capital reduction were automatically applied to acquire the Buru shares issued as part of the demerger. The proceeds were not paid in cash.

You do not need to make any formal election to take advantage of this tax treatment. All you are required to do is to prepare your income tax return in a manner consistent with the tax treatment specified in the Class Ruling. Your accountant or other specialist adviser should be able to assist you to do this.

Application of the Class Ruling

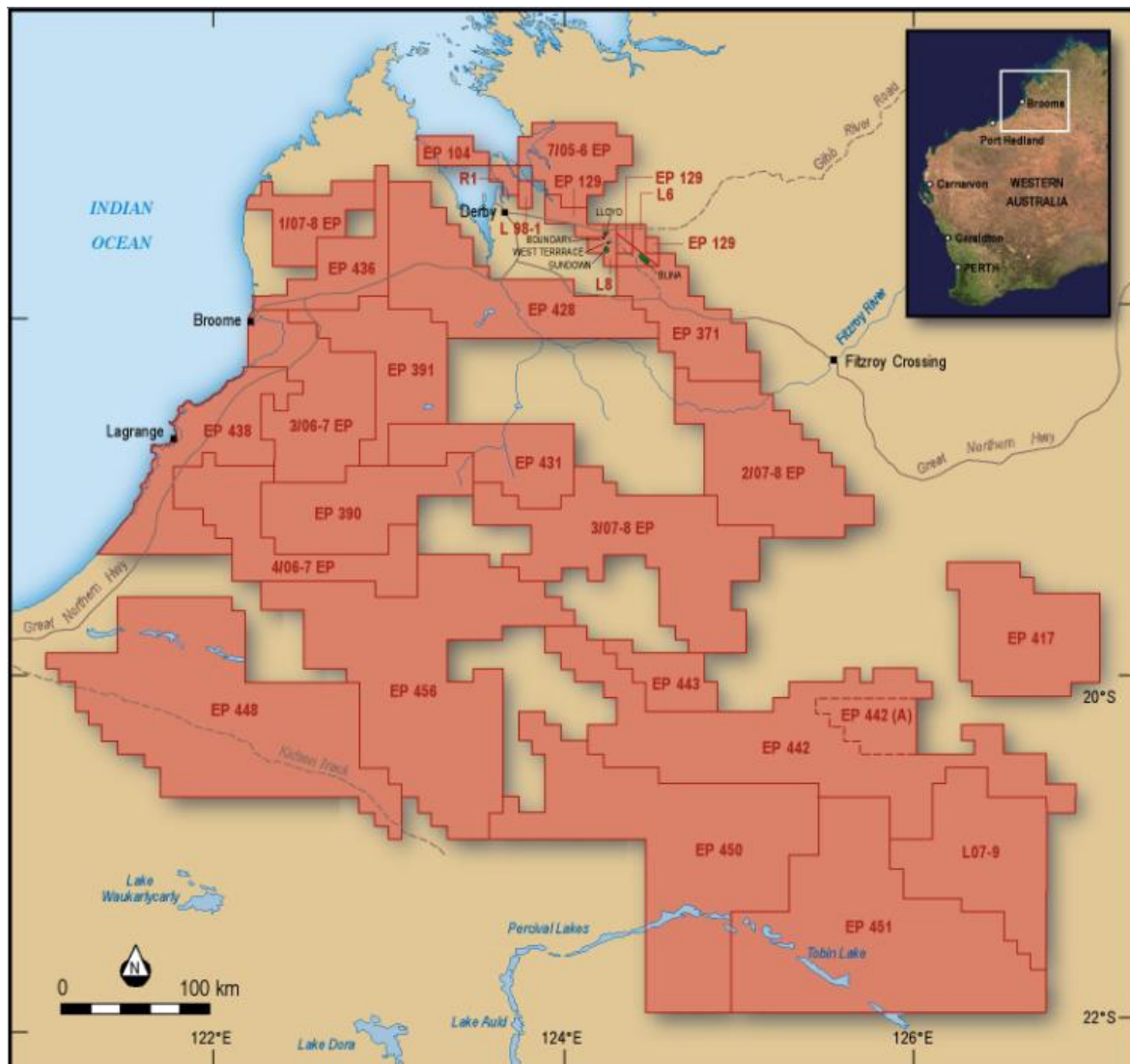
The following hypothetical example is provided to illustrate the application of the demerger aspects of the Class Ruling.

Assume ARC shares held at demerger:	10,000 acquired for \$10,900 on 1 April 2007
Cost base of ARC shares prior to demerger:	$\$10,900 / 10,000 = \1.09
Buru shares received in demerger:	$0.425 \times 10,000 = 4,250$
Apportionment to Buru cost base:	Total cost base x 9.13%
	$\$10,900 \times 9.13\%$
	\$995.17
Buru cost base per share:	$\$995.17 / 4,250$
	\$0.23

For CGT purposes the Buru shares are deemed to have been acquired on 1 April 2007 with a cost base of \$0.23 per share.

Buru is an Australian company focused on exploring and developing petroleum resources in the Canning Basin in the Kimberley region of northwest Western Australia. Buru was created from the demerger of ARC's portfolio of Canning Basin assets as part of the merger of ARC and AWE in August 2008.

Buru holds, or has rights to earn interests in, permit holdings covering in excess of 140,000 square kilometres that provide access to all of the major petroleum systems in the Canning Basin, as shown in the map below.



Buru has now completed the demerger from ARC and moved into its new offices. Buru's new contact details are:

Office	Mail	Other	
Level 1	PO Box 7794	Phone	61-8 9215 1800
418 Murray Street	Cloisters Square	Free call	1800 337 330
Perth 6000	Perth 6850	Facsimile	61-8 9215 1899
Western Australia	Western Australia	Email	adriancook@buruenergy.com

The Buru website contains further information about Buru at www.buruenergy.com