



ASX ANNOUNCEMENT (ASX:BRU)

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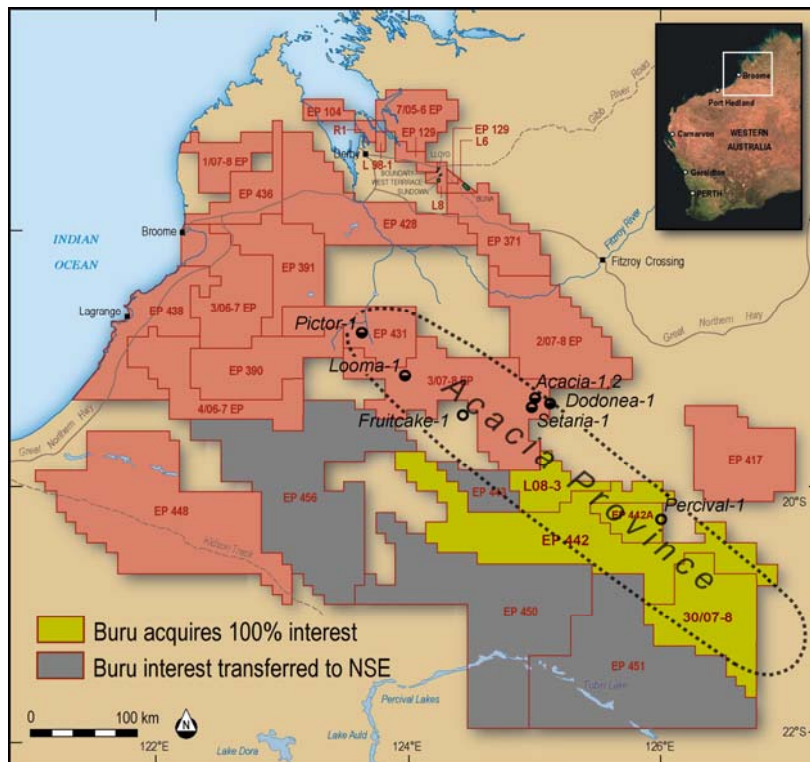
Acquisition of additional interests in Canning Basin

Summary

Buru Energy Limited ("**Buru**") is pleased to announce that it has entered into an agreement with New Standard Energy Limited ("**NSE**") which will result in Buru holding a 100% interest in Canning Basin permits EP 442, EP 442A, acreage release L08-3 and application area 30/07-8 ("**Acacia Permits**"). This acquisition complements Buru's existing 100% interest in EP 431 and application area 3/07-08 which, together with the Acacia Permits, cover the vast majority of the highly prospective Acacia fairway play and surrounding areas in the Canning Basin in the northwest of Western Australia (the "**Acacia Province**").

Technical background

The Acacia Province is one of the key exploration fairways in the Canning Basin. It has the potential for major oil and gas discoveries from a geological play type that has been demonstrated to have good reservoir, seal and source rocks. With the acquisition of the Acacia Permits, Buru will have a 100% interest across the vast majority of the Acacia Province covering a distance of some 500 kilometres. The map below shows the location of the Acacia Province and the Acacia Permits in the context of Buru's holdings in the greater Canning Basin together with previous wells which have intersected the Acacia Sandstone.



Live oil shows have been encountered in a number of the wells drilled in the Acacia Province, including the Pictor 1 oil and gas discovery in EP 431. The Pictor 1 well intersected an oil and gas accumulation in Nita Formation carbonates, and was also interpreted to contain a producible oil column in the underlying Acacia Sandstone, although this section was not successfully tested due to mechanical problems.

As part of Buru's acquisition of the Acacia Permits the original farm-in agreement entered into by ARC Energy and NSE prior to the demerger of Buru, which covers NSE's wider acreage holding in the southern Canning Basin, will be terminated. This will allow Buru to concentrate its southern Canning Basin exploration efforts on the Acacia Province. Buru and NSE will also continue their technical co-operation in the Acacia Province. Buru's current intention is to commence on ground exploration in the Acacia Province as part of the 2010 Canning Basin dry season exploration program.

Commercial Summary

In consideration of the transfer of the interests held by NSE in the Acacia Permits,¹ Buru will:

- transfer its 10% interest in EP 443, EP 450, EP 451 and EP 456 to NSE;
- pay cash consideration to NSE of \$3.2m; and
- issue NSE with 18 million new Buru shares.² On completion of this issue NSE will hold ~10% of Buru and Buru will continue to hold its ~10% holding in NSE.

As noted above, Buru and NSE have also agreed to the cancellation of the existing farm-in agreement covering NSE's wider acreage holdings in the southern Canning Basin. Pursuant to this agreement Buru was obliged to fund certain seismic and exploration drilling costs to earn up to a 75% interest in EP 442, EP 443, EP 450, EP 451 and EP 456. The cancellation of the farm in agreement releases Buru from these obligations and enables Buru to revise its planned exploration activities. It also enables Buru to re-allocate some \$15 million to \$25 million that would otherwise have been spent on exploration in these permits. Ultimately though, this acquisition means that future exploration activity in the acquired permits will provide greater leverage for Buru shareholders compared to the previous farm in agreement.

Buru will have first rights of refusal over NSE's interests in EP 443, EP 450, EP 451 and EP 456 in the event NSE proposes to farm-out these interests. NSE will have rights of first refusal over Buru's interests in the Acacia Permits in the event Buru proposes to farm-out its interests in the Acacia Permits.

Completion of the transaction is subject to certain conditions precedent, including regulatory approvals. It is expected that the transaction will be completed in the third quarter of 2009. Commenting on the initiative, Buru's Managing Director, Adrian Cook said:

¹ Trident Energy Limited ("**Trident**") holds a pre-emptive right over EP 442A. If Trident exercises this right EP 442A will be transferred from NSE to Trident and no interest in that permit will be acquired by Buru. In that event the total cash payable and shares issued to NSE by Buru will be reduced by the value of EP 442A. Trident also holds rights to earn up to a 17.5% interest in EP 442A which, if exercised, will reduce Buru's holding in EP 442A to 82.5%.

² NSE has agreed that prior to 31 December 2010, and subject to certain conditions, it will not initiate a change of control transaction in Buru. However, NSE is not restricted from acquiring additional Buru shares up to 19.9% or divesting its shares by selling on-market or into an unsolicited third party offer for its shares, even if this would result in the third party acquiring more than a 20% interest in Buru.

“This is an excellent transaction for Buru and a significant further step in Buru’s ongoing program of high grading its portfolio in the areas of highest prospectivity in the Canning Basin while at the same time controlling costs. The acquisition of the Acacia Permits enables Buru to focus its efforts on exploring the highly prospective Acacia Province and, at the same time, has significantly reduced its future farm in commitments as well as its future work commitments to the Department of Mines and Petroleum. We welcome NSE as a shareholder with a common belief in the potential of the Canning Basin and look forward to working with their technical team to further enhance Buru’s exploration efforts.”

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