

**FORM 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme BURU ENERGY LTD

ACN/ARSN 130 651 437

**1. Details of substantial holder (1)**

Name Merrill Lynch & Co., Inc.

ACN/ARSN (if applicable) \_\_\_\_\_

The holder became a substantial holder on 5/09/2008

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on last the date the substantial holder became a substantial holder are as follows:

| Class of Securities (4) | Number of Securities (5) | Person's votes (5) | Voting Power (6) |
|-------------------------|--------------------------|--------------------|------------------|
| Ordinary Shares         | 8,295,102                | 8,295,102          | 5.12%            |
|                         |                          |                    |                  |
|                         |                          |                    |                  |

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder as follows:

| Holder of relevant interest           | Nature of relevant interest (7)  | Class of securities | Number of Securities |
|---------------------------------------|--|---------------------|----------------------|
| Merrill Lynch & Co., Inc.             | Beneficial Owner (deemed interest from its associates)   | Ordinary share      | 8,295,102            |
| Merrill Lynch International           | Beneficial Owner   | Ordinary share      | 1,635,132            |
| Merrill Lynch International           | Prime Broker with rehypothecation right pursuant to Prime Brokerage agreement (see relevant clause below)* | Ordinary share      | 411,159              |
| Blackrock Group                       | Investment Manager   | Ordinary share      | 157,797              |
| Merrill Lynch (Australia) Futures Ltd | Beneficial Owner   | Ordinary share      | 6,076,181            |
|                                       |  |                     |                      |

12.9 The Customer hereby consents (without any further notice, consent or reference) to MLI from time to time utilising any Securities for MLI's own purposes and for its own benefit on the terms specified in this Clause 12.9 (including, for the avoidance of doubt, the retention of any profit generated as a result of such utilisation).....

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities     | Persons entitled to be registered as holder (8) | Class of securities | Number of Securities |
|-----------------------------|-------------------------------------|---|---------------------|----------------------|
| Merrill Lynch & Co., Inc.   | Deemed interest from its associates | N/A   | Ordinary share      | 8,295,102            |
| Merrill Lynch International | Merrill Lynch International         | N/A   | Ordinary share      | 1,635,132            |

|                                       |  |                                       |                 |           |
|---------------------------------------|--|---------------------------------------|-----------------|-----------|
| Merrill Lynch International           | Prime Broker with rehypothecation right pursuant to Prime Brokerage agreement. | N/A                                   | Ordinary share  | 411,159   |
| Blackrock Group                       | Various Custodians   | N/A                                   | Ordinary share  | 157,797   |
| Merrill Lynch (Australia) Futures Ltd | Merrill Lynch (Australia) Futures Ltd  | Merrill Lynch (Australia) Futures Ltd | Ordinary Shares | 6,076,181 |

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of Relevant Interest | Date of Acquisition | Consideration (9) |          | Class and number of securities |
|-----------------------------|---------------------|-------------------|----------|--------------------------------|
|                             |                     | Cash              | Non Cash |                                |
| Appendix 1                  |                     |                   |          |                                |
|                             |                     |                   |          |                                |

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder as follows:

| Name and ACN/ARSN (if applicable)     | Nature of association                   |
|---------------------------------------|---|
| Merrill Lynch & Co., Inc.             | Ultimate holding company                |
| Merrill Lynch International           | Subsidiary of Merrill Lynch & Co., Inc. |
| Blackrock Group                       | Associate of Merrill Lynch              |
| Merrill Lynch (Australia) Futures Ltd | Subsidiary of Merrill Lynch & Co.       |

**7. Addresses**

The addresses of persons named in this form are as follows:

| Name                                  | Address   |
|---------------------------------------|---|
| Merrill Lynch & Co., Inc.             | 4 World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281 |
| Merrill Lynch International           | Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ             |
| BlackRock Group                       | 4 World Financial Center, North Tower, 250 Vesey Street, New York, New York 10281 |
| Merrill Lynch (Australia) Futures Ltd | Level 38, Govenor Phillip Tower, 1 Farrer Place, Sydney 2000                      |

\*This report is submitted on the basis of our present understanding of ASIC's current policy on reporting by Prime Brokers

**Signature**

print name                      Michael Horrax                      capacity                      Attorney-in-fact

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sign here                                            date

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**Transaction History****Appendix 1**

Period: 01 May 2008 and 02 Sept 2008

**BURU ENERGY LTD (ISIN: AU000000BRU3 / SEDOL: B3CCKH1)**

| Date of Acquisition                                   | Transaction | Loan Value / Consideration (AUS\$) | Price (AUS\$) | Currency | No of Shares |
|---|-------------|------------------------------------|---------------|----------|--------------|
| <b>Merrill Lynch International - Stock Borrowed</b>   |             |                                    |               |          |              |
| 15/08/2008  | Borrow      | 5,660.27                           | 0.03          | EUR      | 165859       |
| 15/08/2008  | Borrow      | 30,458.35                          | 0.03          | EUR      | 892500       |
| 15/08/2008  | Borrow      | 18,996.49                          | 0.03          | EUR      | 556641       |
| 15/08/2008  | RETURN      | 0.03                               | 0.03          | EUR      | -1           |
| <b>Merrill Lynch International - Stock lent</b>       |             |                                    |               |          |              |
| 15/08/2008  | Loan        | 405,759.47                         | 0.28          | USD      | 1449141      |
| 15/08/2008  | RETURN      | 0.28                               | 0.28          | USD      | -1           |
| 2/09/2008   | RETURN      | 405,759.19                         | 0.28          | USD      | -1449140     |
| 15/08/2008  | Loan        | 46,440.52                          | 0.28          | USD      | 165859       |
| 2/09/2008   | RETURN      | 46,440.52                          | 0.28          | USD      | -165859      |
| <b>Blackrock Inc - Discretionary Funds Management</b> |             |                                    |               |          |              |
| 12/08/2008  | Buy         | 816                                | 0.48          |          | 1,700        |
| 12/08/2008  | Buy         | 747                                | 0.41          |          | 1,822        |
| 12/08/2008  | Buy         | 1,020                              | 0.48          |          | 2,125        |
| 12/08/2008  | Buy         | 2,040                              | 0.48          |          | 4,250        |
| 12/08/2008  | Buy         | 2,763                              | 0.50          |          | 5,525        |
| 12/08/2008  | Buy         | 5,304                              | 0.48          |          | 11,050       |
| 12/08/2008  | Buy         | 8,075                              | 0.50          |          | 16,150       |
| 12/08/2008  | Buy         | 8,075                              | 0.50          |          | 16,150       |
| 12/08/2008  | Buy         | 8,976                              | 0.48          |          | 18,700       |
| 12/08/2008  | Buy         | 13,175                             | 0.50          |          | 26,350       |
| 12/08/2008  | Buy         | 26,988                             | 0.50          |          | 53,975       |
| <b>Merrill Lynch (Australia) Futures Ltd</b>          |             |                                    |               |          |              |
| 29/08/2008  | Buy         | 0.00                               | 0.00          | AUD      | 6,095,304    |
| 1/09/2008   | Sell        | -871.71                            | 0.29          | AUD      | -3,000       |

