



Buru Energy Limited
ABN 71 130 651 437
Level 1, 418 Murray Street
Perth, Western Australia 6000
PO Box 7794, Perth
Cloisters Square WA 6850
Ph: 61-8 9215 1800
Fax: 61-8 9215 1899
www.buruenergy.com

ASX ANNOUNCEMENT (ASX: BRU) 6 May 2010

Clarification - Corporate and Operations Update

Buru Energy Limited (“**Buru**” or “**Company**”) advises that the Corporate and Operations Update release made on 6 May 2010 incorrectly attached the Company’s operational update previously released on 20 April 2010. The correct Corporate and Operations update is attached.

The Company apologises for any confusion.

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

For inquiries please contact:

Eric Streitberg	Executive Director
Telephone	+61 8 9215 1800
Freecall	1800 337 330
Email	ericstreitberg@buruenergy.com

Yours faithfully

A handwritten signature in black ink, appearing to read "Eric Streitberg", written over a white background.

ERIC STREITBERG
Executive Director

Corporate and operations update

May 2010

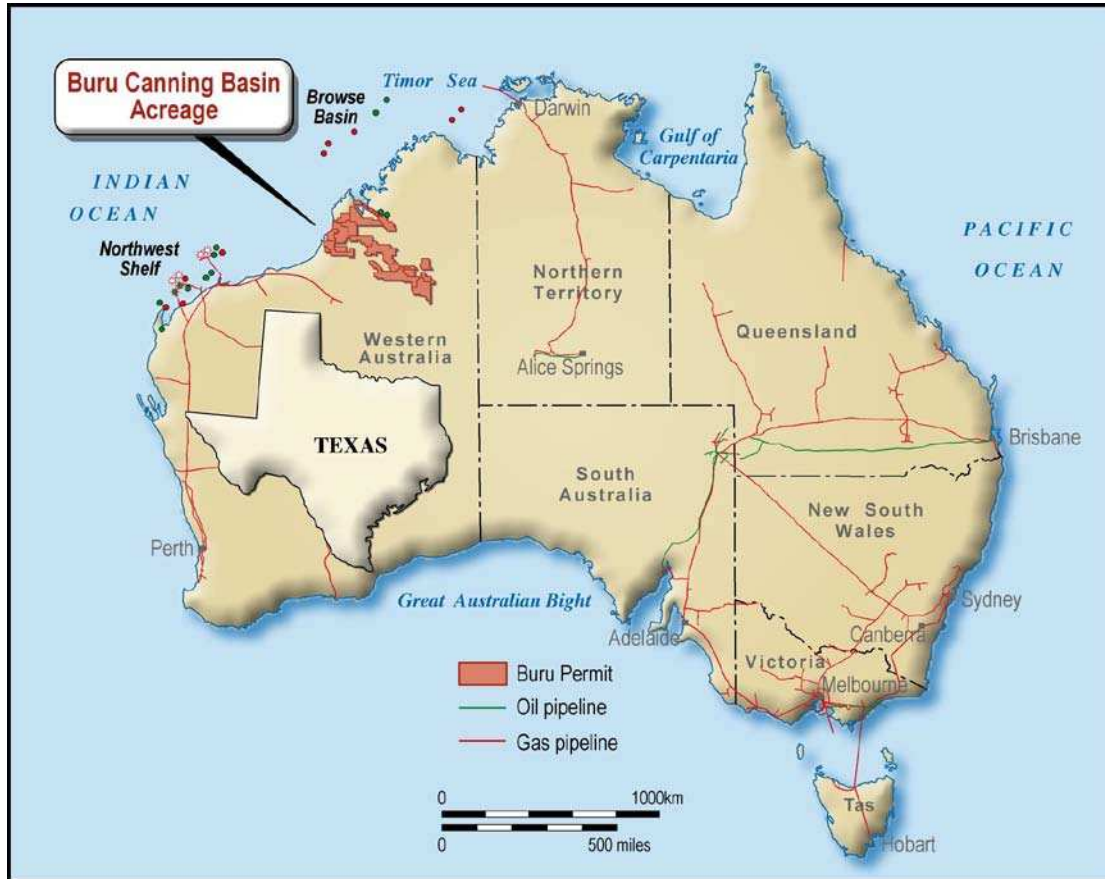


Commencement of 2010 exploration program

With the start of the 2010 field season, Buru's 2010 exploration program is about to begin:

- Three initial wells confirmed with drilling to commence in mid-May with initial 3 wells to be drilled back-to-back through to August
- Up to three additional wells currently under evaluation for drilling in September through to December
- Three existing wells being evaluated for testing or re-entry in 2010
- Coring of two wells as part of ongoing assessment of shale gas potential
- Terrex Seismic engaged to conduct two extensive 2D seismic surveys commencing mid to late July

Corporate summary



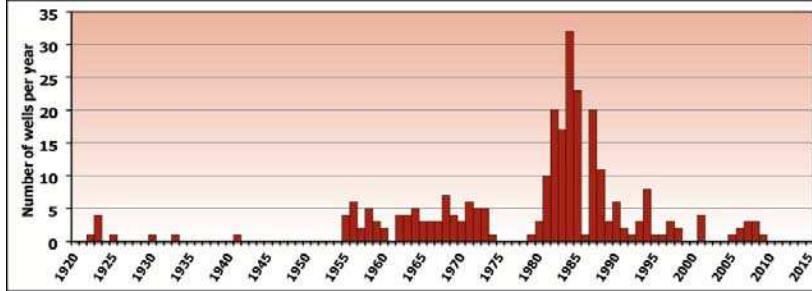
Buru's Canning Basin permit locations

Buru is a focused explorer and producer in the Canning Superbasin of Western Australia

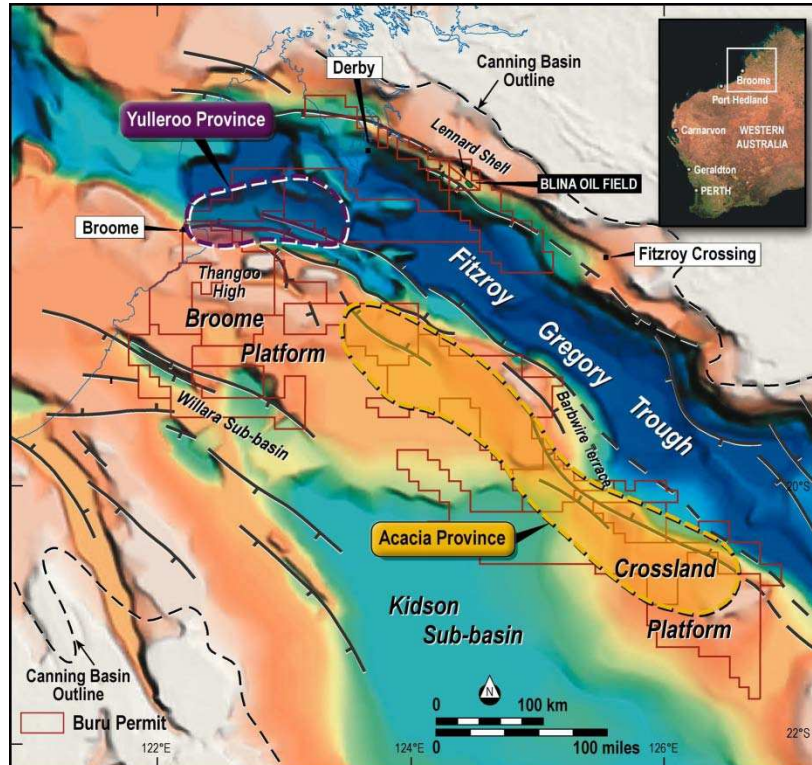
- Buru is an Australian stock exchange listed company (ASX code BRU) with a market cap of ~\$55 million, headquartered in Perth, Western Australia. It was formed by a demerger from ARC Energy in September 2008
- Buru operates solely in the Canning Superbasin in the Kimberley region of Western Australia
- Buru holds over 18 million acres of permits with high prospectivity and generally at 100% equity
- Buru is an experienced local operator with existing oil production (~80 bopd), its own drilling rig, and has recently acquired 3D and 2D seismic surveys in the Basin

The Canning Superbasin

The Canning Superbasin drilling history



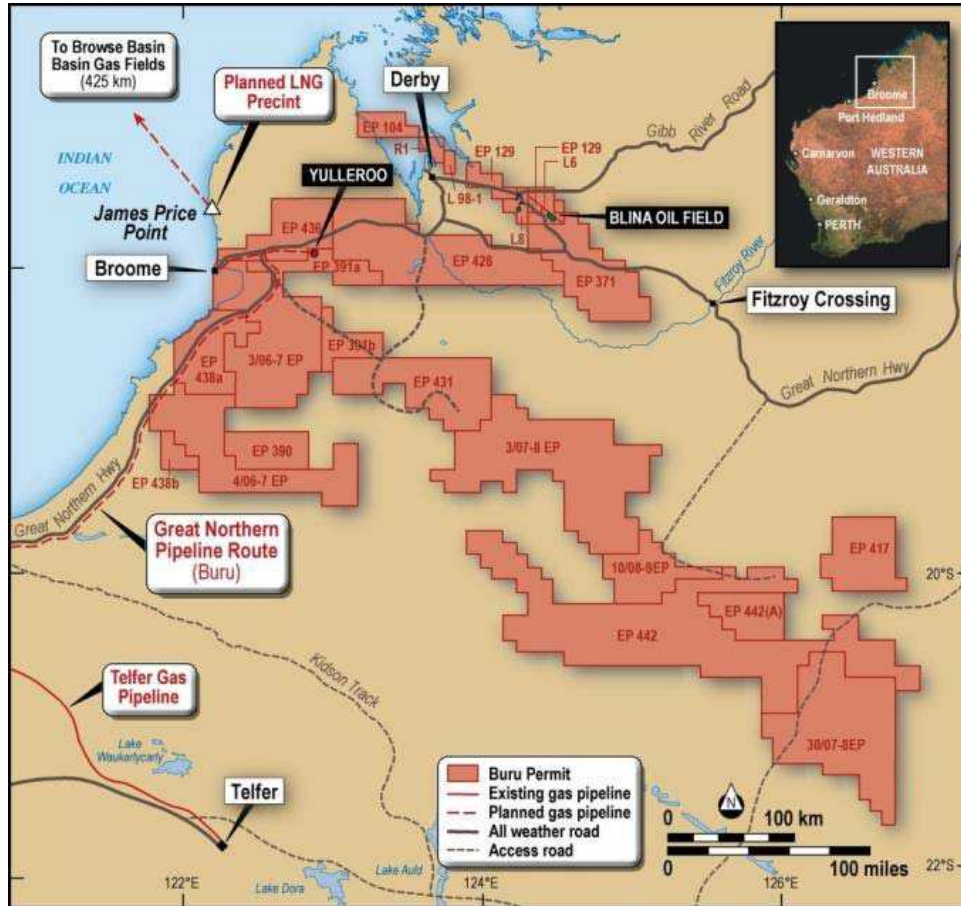
The Canning Superbasin geological framework



Buru has revived exploration in a neglected basin

- The Superbasin has working and proven petroleum systems, existing production and plenty of prospects
- Only some 170 wildcats have been drilled in an area the size of France, with very little drilling since the 1980's oil price and stockmarket crashes
- Buru has revived exploration in the basin. Since late 2006 Buru (and previously ARC) has:
 - acquired the first and only modern digital data set (seismic and wells) for the Basin
 - acquired and high graded permit holdings over the main prospective areas
 - rationalised the access and commercial framework for exploration and development
 - commenced the first systematic exploration program since the 1980's, including recent acquisition of the first 3D data set in the Basin
- A drilling campaign of up to six wells is starting shortly together with the acquisition of additional seismic to provide locations for the 2011 drilling program

The Canning Superbasin infrastructure



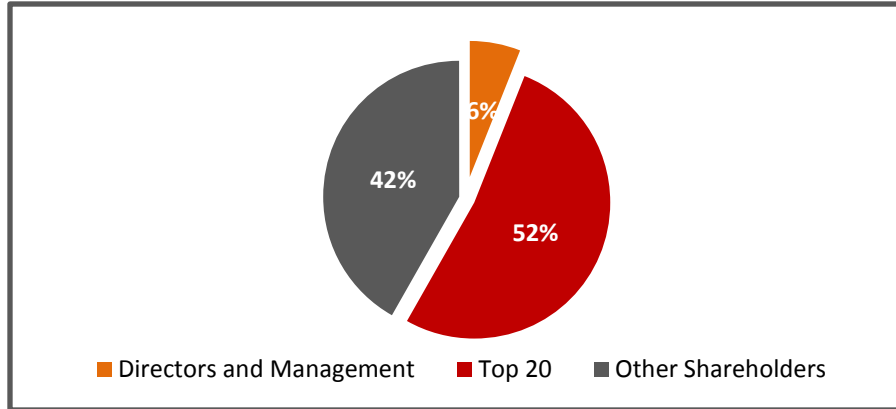
The Canning Basin:
logistics and access

Buru's permits are well positioned for exploration access and early production of discoveries

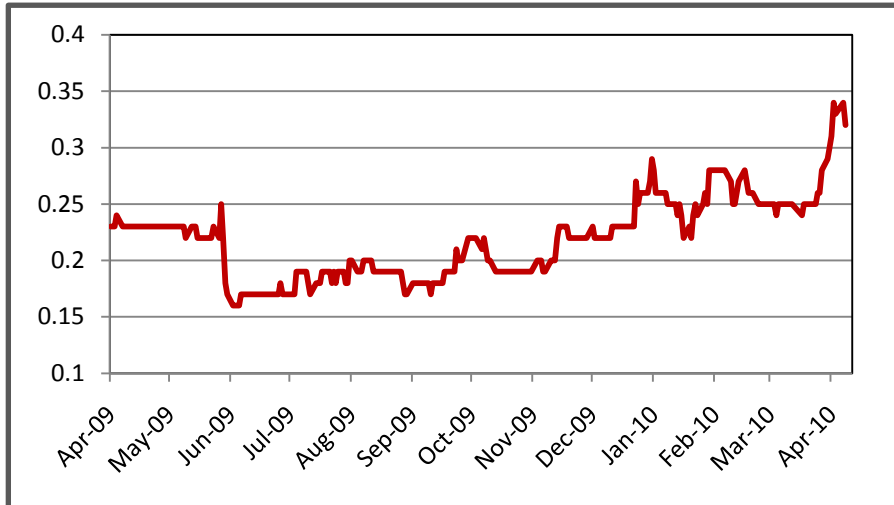
- Two regional centres (Broome and Derby) provide support infrastructure, airline access etc
- The planned James Price LNG precinct lies immediately to the west of Buru's permits
- Good all weather roads provide access year round to Buru's existing producing fields and near field exploration areas
- Access to the Fitzroy River drainage basin is restricted during the monsoon (cyclone) season from December to May, but outside this area year round access is possible
- Buru has production facilities and an operational base in the basin at the Blina Field
- Oil production from Blina is currently trucked to Perth but in the event of an oil discovery, export from Broome port could be resumed
- The planned Great Northern Pipeline will provide an export route for gas to the SW domestic markets

Corporate Status

Buru's
shareholder
breakdown



Buru's 12 month
share price
performance



Buru is well positioned to execute a successful drilling campaign and offers shareholders exposure to material upside

Management alignment – Buru's management holds ~6% of the shares on issue, ensuring a very close alignment with shareholders

Well funded – Buru has no debt and net cash available for exploration of ~\$44m, of which ~\$25m to \$30m will be used to fund the 2010 exploration program, depending on the final number of wells drilled

Share price appreciation potential – Buru has 182 million shares on issue and a market capitalisation of ~\$55m – little more than its net cash position. Any success in the 2010 drilling campaign should deliver immediate value to shareholders

High equities – Buru has operatorship and high equities (up to 100%) in the majority of its permits

Future opportunities – Buru is continuing to investigate ways to make the most effective use of shareholders' funds by preserving the Company's existing capital and enhancing its exploration effectiveness. This may include alternative funding mechanisms and farm-in / farm-out opportunities

Operational Status



Blina oilfield facility

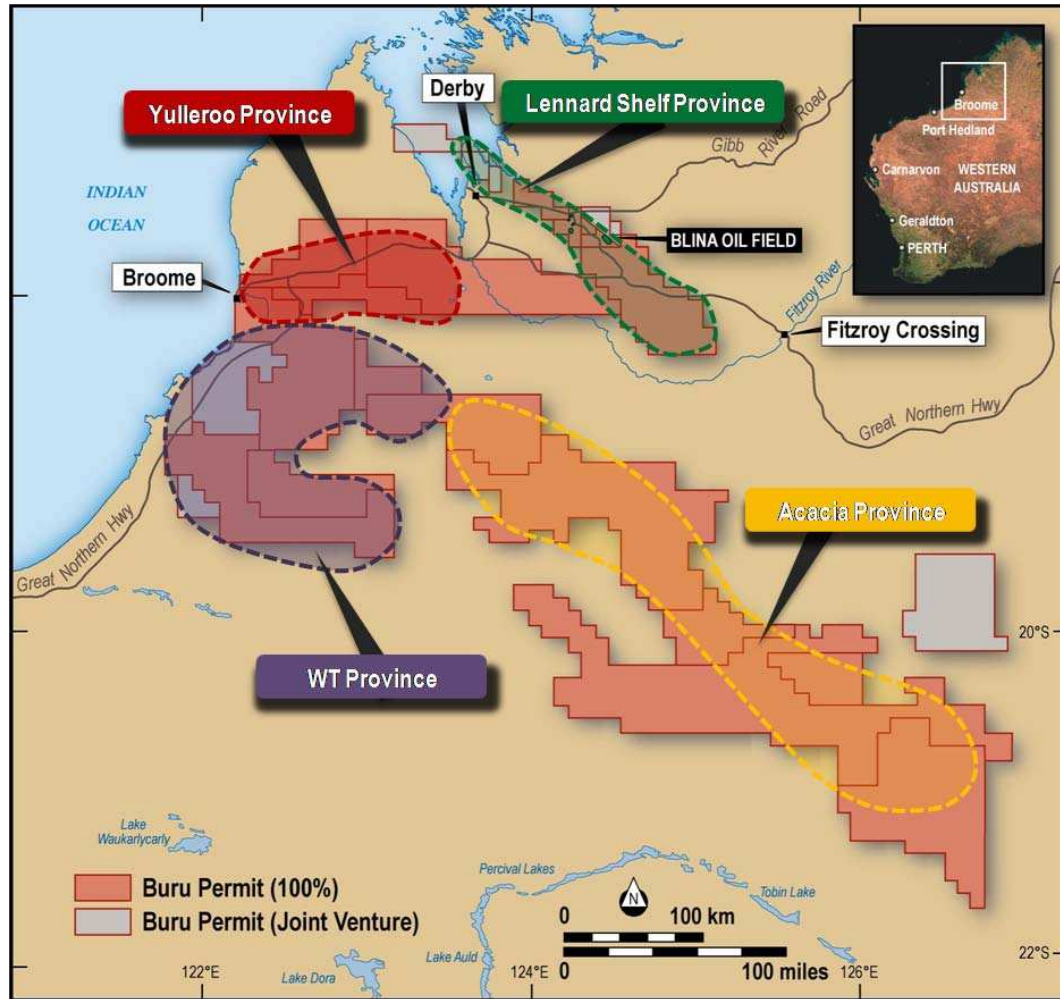


Drilling operations on the Fairway Rig

The past six months have seen the development of an experienced operational team to manage an aggressive exploration program

- Buru has hired an Operations Manager to supervise and maximise the production from the Blina/Sundown oilfield complex and to exercise overall responsibility for the Company's on-ground activities, with a mandate to deliver best practice health and safety performance in all the Company's activities
- The drilling campaign will be supervised by an experienced full time Drilling Manager and a Rig Manager based on the Fairway Rig and working directly for Buru
- Drilling operations will be conducted by an experienced team under the direct supervision of the Drilling Manager together with Buru's experienced field representatives
- Buru has enhanced its corporate and support functions to ensure its drilling operations are provided with all necessary logistic, health and safety support and that the Company is able to carry-out up to the minute monitoring of costs and operations to ensure the drilling campaign is completed cost effectively and safely

Drilling Campaign Overview



Buru's Canning Basin acreage showing location of the major hydrocarbon provinces

Testing up to six prospects across the major hydrocarbon provinces in the Canning Basin

2010 drilling philosophy – Buru's philosophy is to test a variety of play types to maximise the geological knowledge gained, whilst diversifying the geological risk of the drilling campaign

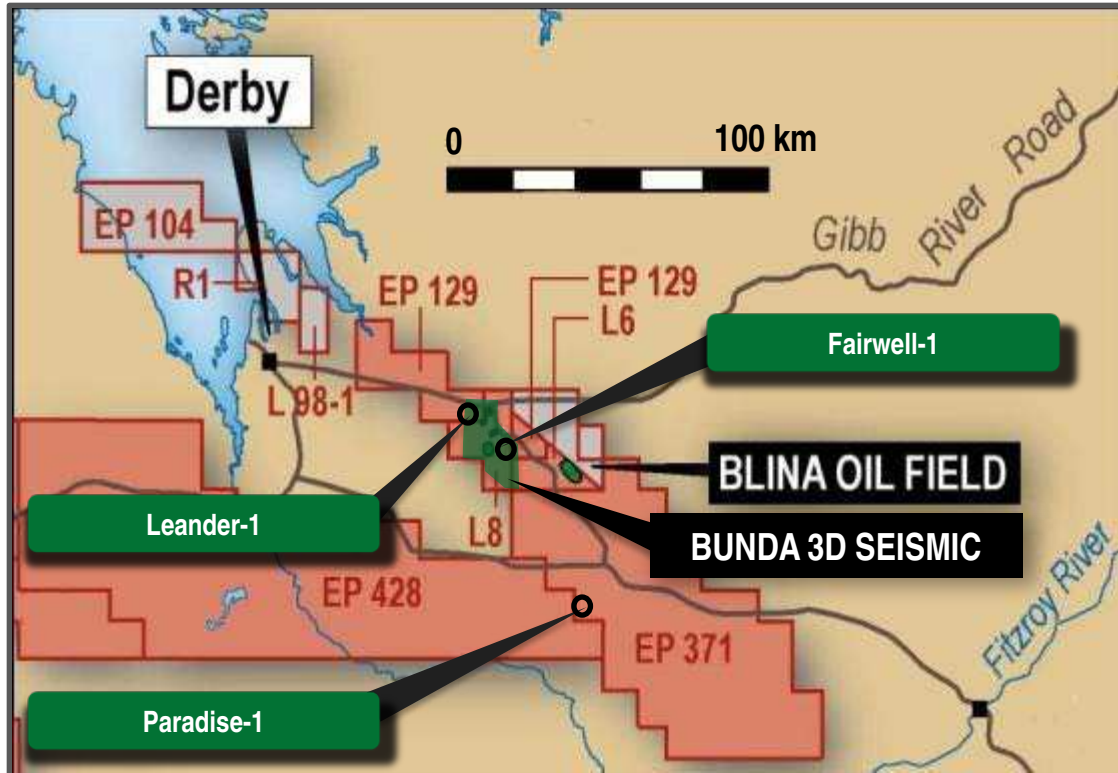
2010 prospect criteria – to be considered for drilling in 2010 a prospect must:

- have a proven hydrocarbon system
- be technically robust
- have the potential for early monetisation; and
- have identified follow-on prospects in the event of a discovery

2010 initial wells – Buru has confirmed the first three wells to be drilled in the 2010 drilling campaign, each of which are located in the Lennard Shelf Province

2010 additional wells – Buru is continuing its technical evaluation and seeking regulatory and Traditional Owner approvals for up to three additional wells to be drilled in the 2010 drilling campaign

2010 Initial Wells



Indicative locations of the initial three wells in Buru's 2010 drilling campaign

The first three wells of the 2010 drilling campaign have now been confirmed after extensive technical review

Three wells confirmed – internal technical and commercial reviews have been completed and approvals have been received from Traditional Owners and the Western Australian Department of Mines and Petroleum for the first three wells in the 2010 drilling campaign:

- Fairwell-1
- Leander-1
- Paradise-1

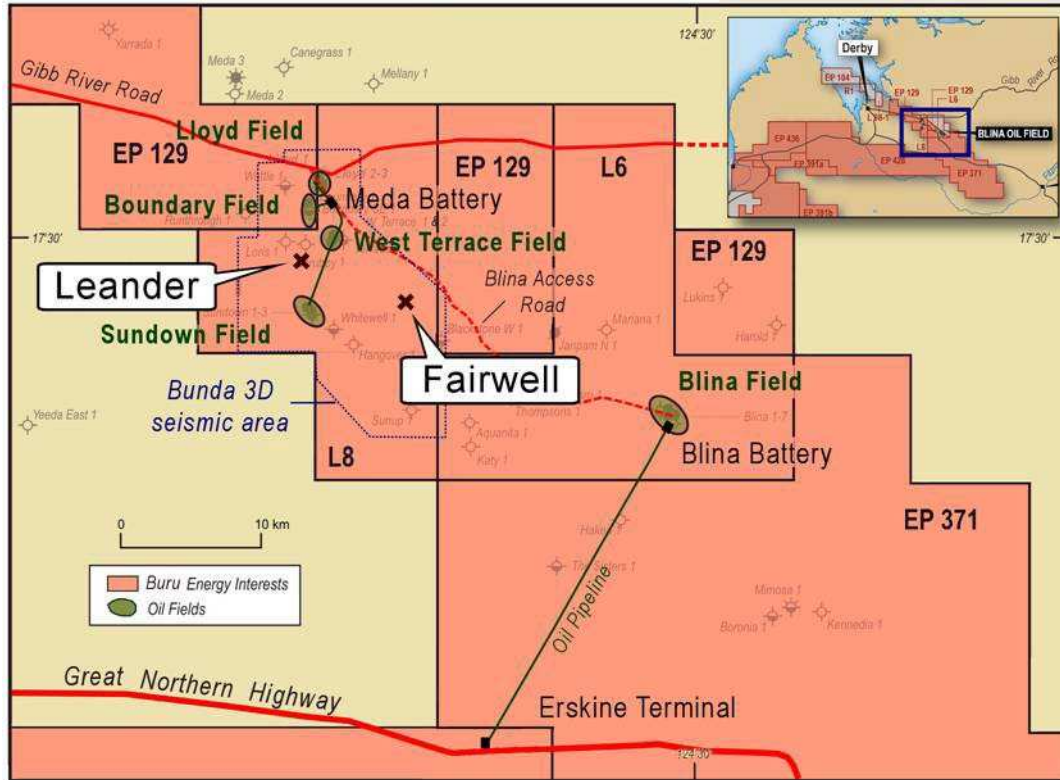
Buru's interest – Buru has a 100% interest in each of these initial wells

Commencement of drilling – drilling of the first well is scheduled to begin in mid May 2010, subject to weather and operational requirements

Well order – Fairwell-1 will be drilled first, followed by Leander-1 and Paradise-1

Drilling rig – all wells in the 2010 drilling campaign will be drilled using Buru's own Fairway Rig

Fairwell-1

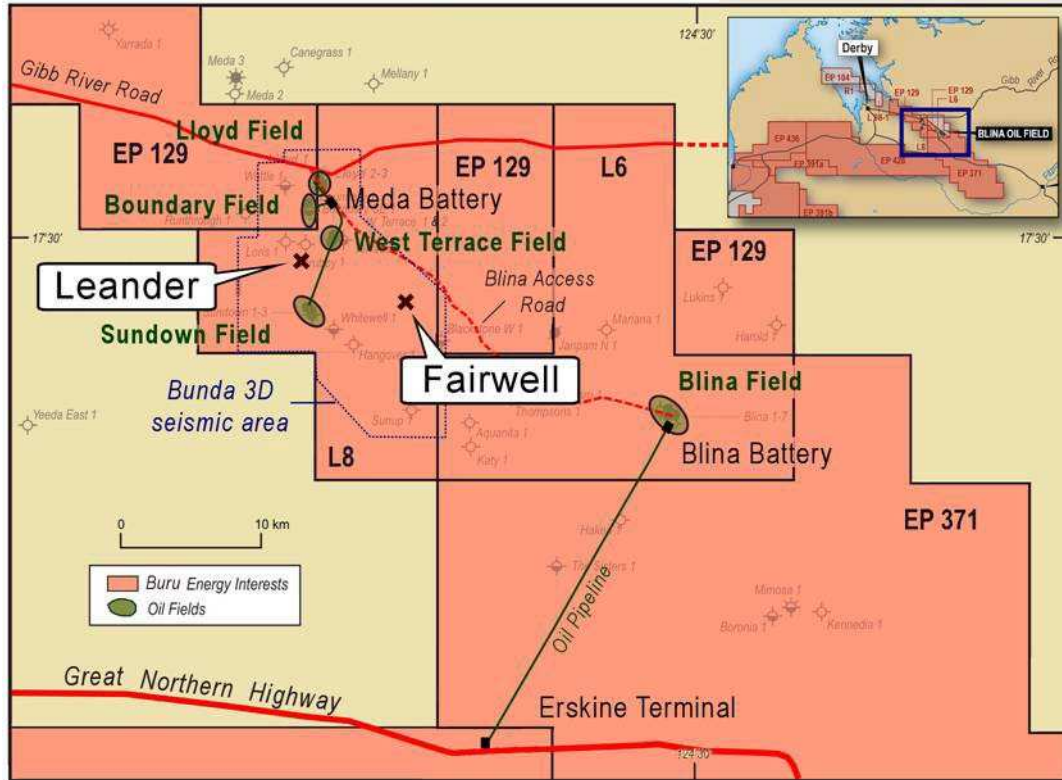


Fairwell-1 location

3D oil target with high upside (Buru 100%)

- Fairwell-1 is located in Production License L8 in the area covered by the 2009 Bunda 3D seismic survey
- The well is targeting oil in the Upper Grant Formation sands on a large regional high and in the Yellow Drum Formation draped over a prominent basement high. The Grant Formation sands are the principal producing intervals in the Sundown oilfields complex and the Yellow Drum is a major producing interval at the Blina Oilfield. The dual targets of this well make it a very attractive prospect.
- The well has a planned total depth of 1,800m which is expected to take 20 days to drill on a dry hole basis
- In the event of a discovery Fairwell-1 could be quickly brought into production through a tie back to the existing Meda production facility with oil being trucked to Perth
- The use of Buru's existing production infrastructure for a discovery at these wells means that the minimum economic field size on a full cycle basis is less than 200,000 bbls, and the minimum well production rate to justify a completion is some 50 bopd (at current oil prices)

Leander-1

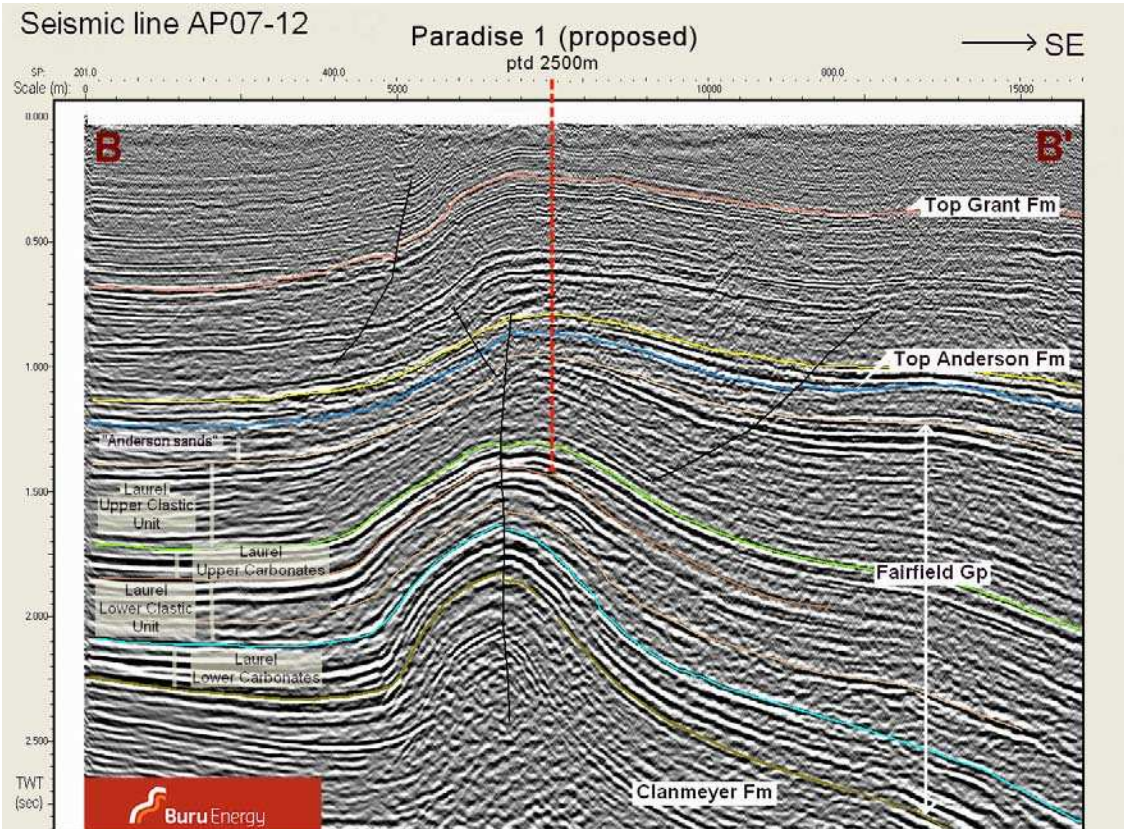


Leander-1 location

3D oil target (Buru 100%)

- Leander-1 is located in Production License L8 close to the existing West Terrace oil field in the area covered by the 2009 Bunda 3D seismic survey
- The well is targeting oil in the Anderson Formation sands. These sands are productive in the Lloyd Oilfield and hold potentially commercial oil accumulations in the existing Boundary and Sundown wells
- The well will be drilled to a total depth of 2,250m and is expected to take 22 days to drill on a dry hole basis
- In the event of a discovery Leander-1 could be quickly brought into production through a tie back to the existing Meda production facility with oil being trucked to Perth
- The use of Buru's existing production infrastructure for a discovery at these wells means that the minimum economic field size on a full cycle basis is less than 200,000 bbls, and the minimum well production rate to justify a completion is some 50 bopd (at current oil prices)

Paradise-1



Targeting substantial oil and gas accumulations in the southern Lennard Shelf Province

- Paradise-1 is located in Exploration Permit EP 371, on the boundary with EP 428. The prospect was confirmed by the 2009 Paradise 2D seismic survey
- The well is targeting the Anderson and Laurel Formation sands in a large regional structure with the potential to hold significant volumes of oil, gas and condensate in a series of stacked reservoirs
- The target sands for the Paradise-1 well contained numerous oil and gas zones in the Valhalla-1 well drilled by ARC Energy in 2007
- Cores will also be taken of the Anderson and Laurel Formations to provide information on the potential for shale gas and tight gas plays
- The well will be drilled to a total depth of 2,500m and is expected to take 32 days to drill on a dry hole basis
- The size of the Paradise-1 structure gives this well the potential to have a transformational effect on Buru and the Canning Basin as a hydrocarbon province

Paradise 2D seismic line showing Paradise-1 well location



Commercial Objectives

Meda load-out facility



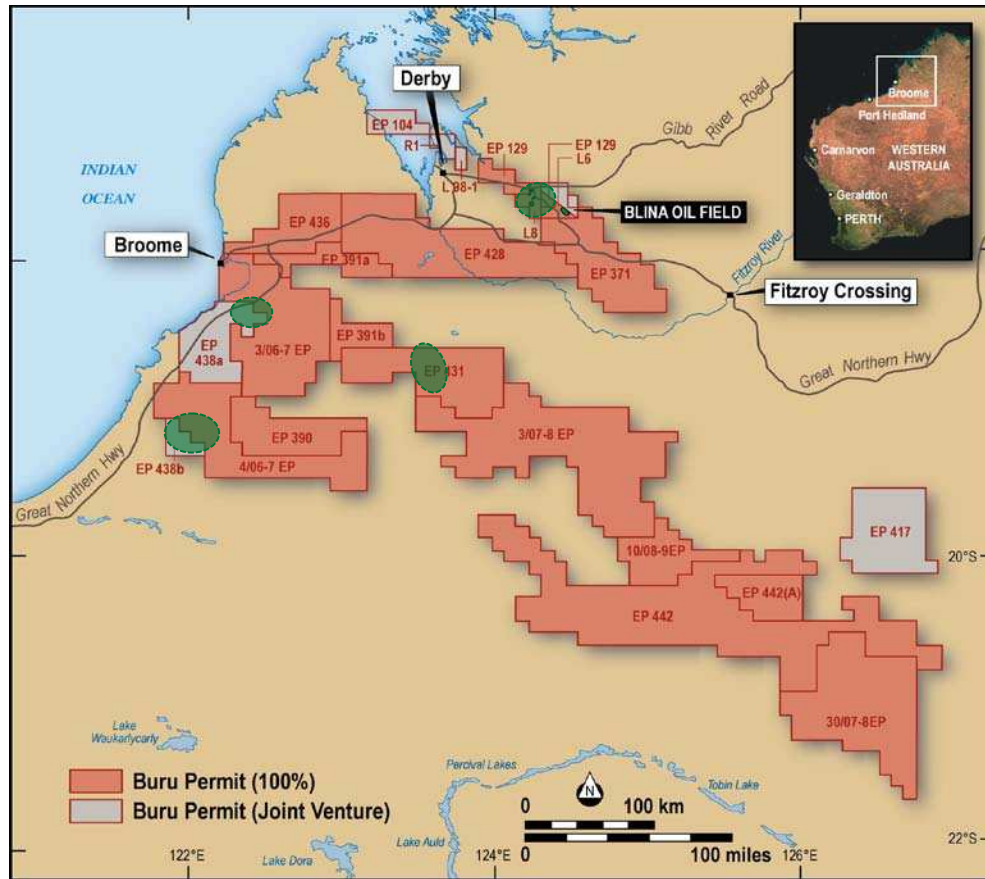
Meda storage tanks



The initial wells in the 2010 drilling campaign are focused on early commercialisation

- The proximity of the Fairwell-1 and Leander-1 wells to the existing Blina / Sundown Oilfields allows any discovery to be brought into production cheaply and quickly
- Both the Fairwell-1 and Leander-1 wells could be produced by a tie back to the existing Meda facilities at a cost of approximately \$600,000 per well
- Buru is well advanced in planning for a discovery of this kind with a discovery expected to be able to brought into full production within 3 to 6 months
- The low cost and short time frame to bring a discovery into production means even very modest discoveries can very quickly provide Buru with meaningful positive cashflow
- By focusing the initial program on low risk wells that are quick to develop, Buru is able to quickly add value for shareholders and generate cashflow to enable it to fund ongoing exploration and development

2010 Additional Wells



Green shading shows broad areas of interest for further exploration drilling in 2010

Buru is evaluating additional prospects for drilling in the 2010 drilling campaign

Up to three additional wells – it is expected that the initial three wells in the 2010 drilling campaign will be completed by August 2010. This will allow up to three wells to be drilled during September – November, subject to the timing of additional wells and the commencement of the wet season

Locations – Buru is focusing on identifying prospects in the WT Province and the northern Acacia Province. Buru is not focusing on new prospects in the Yulleroo Province until the Yulleroo-2 well test has been completed. In addition, Buru is evaluating additional prospects and new play concepts in the Lennard Shelf Province in the Bunda 3D seismic area given the quick path to commercialisation and the high profit a successful well can generate in that area

Further details – further information will be released regarding the additional wells as Buru finalises its technical review and receives relevant approvals

Drilling Rig

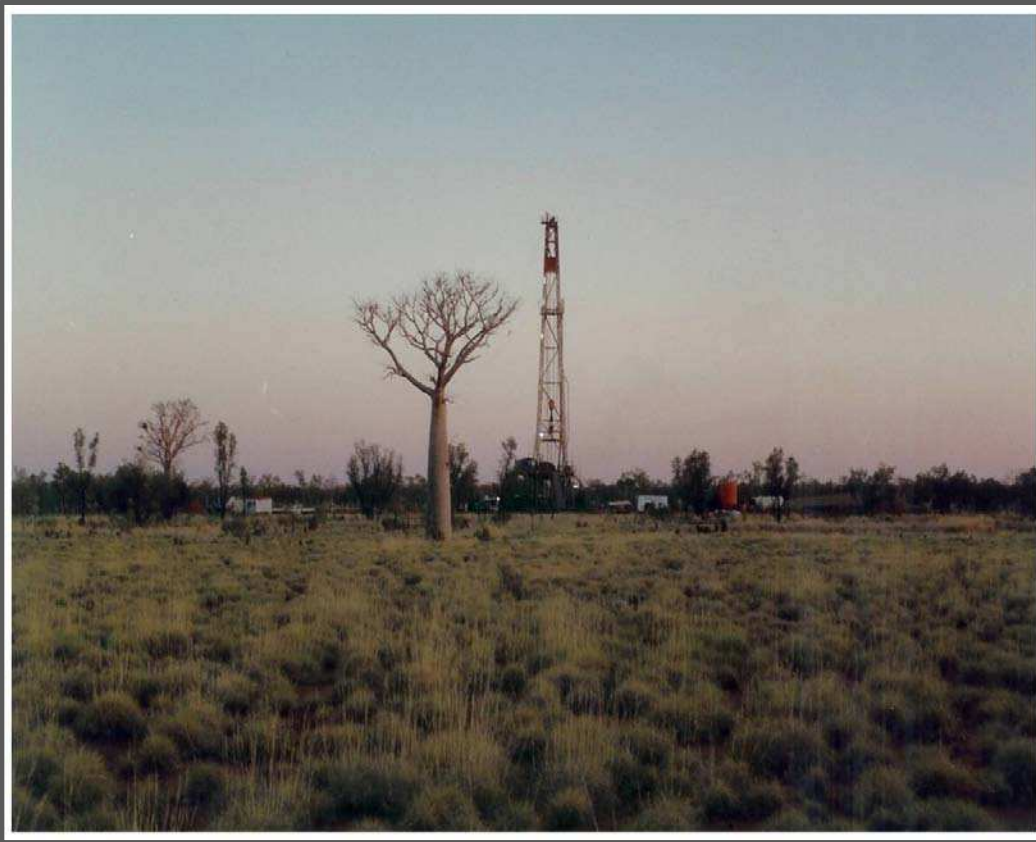


Fairway Rig in Geraldton prior to mobilisation to the Canning Basin

All wells in the 2010 drilling campaign will be drilled by Buru's Fairway Rig

- Buru has undertaken a comprehensive refurbishment of the Fairway Rig to enable it to drill to a depth of 2,500m, sufficient for all committed and proposed wells in the 2010 drilling campaign
- The refurbishment has now been substantially completed. The derrick has been raised and a shallow test hole has been drilled
- A final independent safety and operational inspection of the Fairway Rig has been completed with the Rig now scheduled to be mobilised to the Canning Basin on 10 May 2010
- Subject to successful mobilisation and rig-up, the Fairway Rig is scheduled to begin drilling the first well in the 2010 drilling campaign in mid May

2010 Existing Well Tests



Yulleroo-2 well

In addition to up to six exploration wells, three existing wells are being evaluated to determine whether they can be re-entered during the 2010 field season

Stokes Bay-1

- An inconclusive test of the reservoir at Stokes Bay-1 was undertaken by the joint venture in late 2008
- The joint venture is currently undertaking a study to identify an effective way to definitively test the Stokes Bay-1 well
- Depending on the outcome of the study, and the view of the joint venture, it is possible that a test of Stokes Bay-1 could be included as part of the 2010 exploration program

Yulleroo-2

- The Yulleroo-2 well encountered a significant gas column when it was drilled in 2007 by ARC Energy, but was not tested at the time due to mechanical and operational drilling problems
- Buru is currently conducting a study to determine whether it is possible to test Yulleroo-2 during the 2010 field season

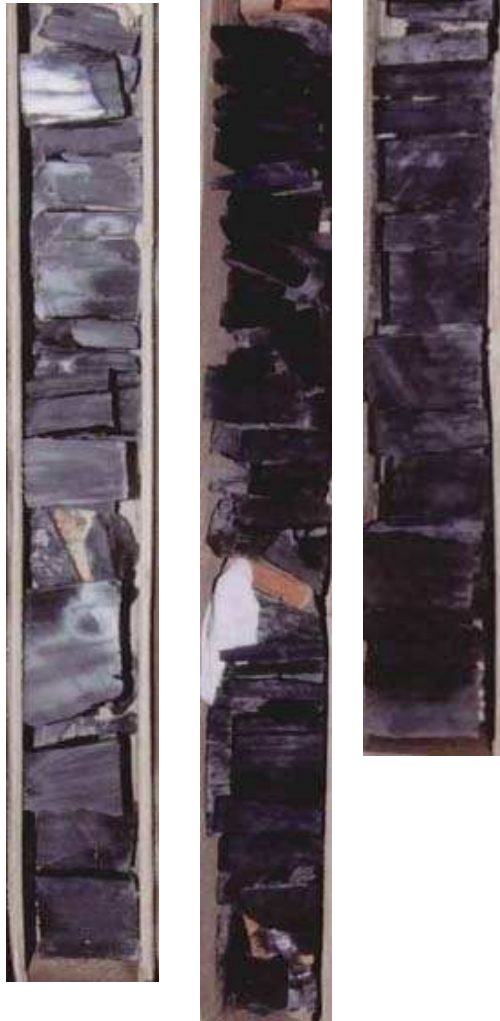
Lawford-1

- The Lawford-1 well was drilled by New Standard Energy in 2008 but did not reach its target depth due to operational problems
- The joint venture is currently reviewing options for re-entering the well to complete drilling to the target depth during the 2010 field season

Shale Gas Potential

Cores of gas mature, organic rich shale from the Laurel formation in the Yulleroo-1 well in Buru's permit EP 391.

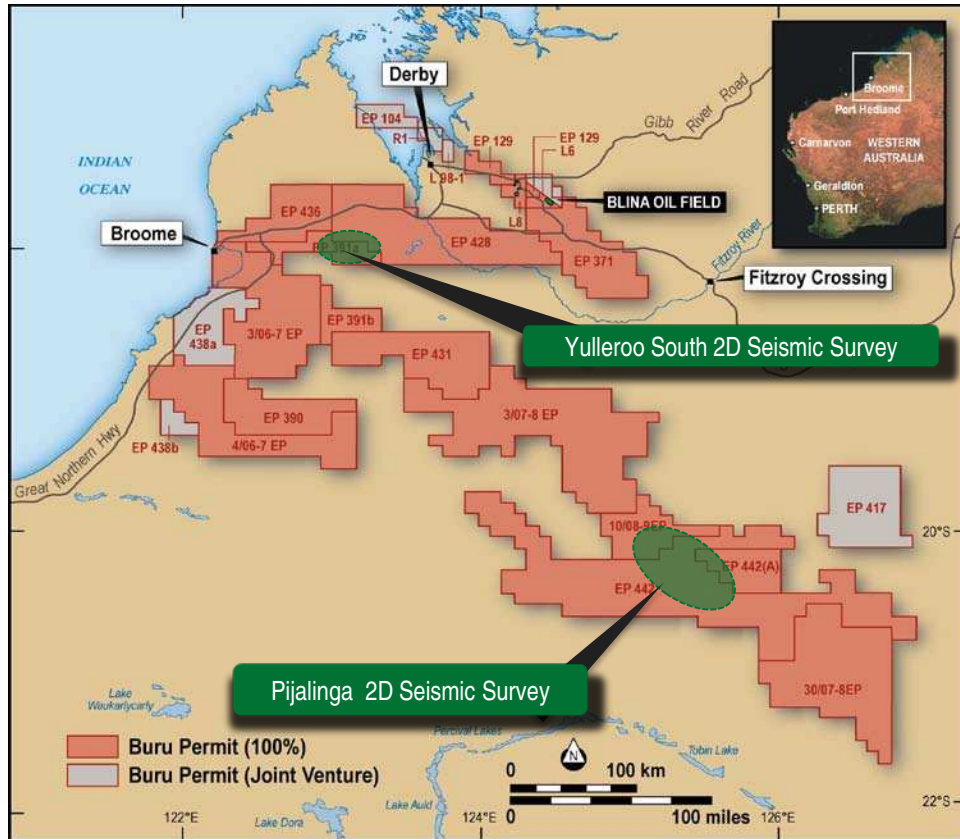
The thin laminae and natural fractures suggest that the formation will be amenable to the fracture treatments that shale gas reservoirs require for economic productivity.



Buru has been actively evaluating the shale gas potential of the Canning Basin and in 2010 will be cutting the first shale gas evaluation cores in the Canning Basin

- There is very large potential for shale gas in the Canning Basin together with potential for a major tight gas play
- There are several thick, widespread, mature, organic rich shales on Buru's permits including the Lower Anderson, Laurel, Gogo and Goldwyer Formations
- Buru and its consultants have undertaken an analysis of the shales in the areas of its permits including additional sample and core analysis and have confirmed that good potential for shale gas plays is extensively present on Buru's permits
- As part of its 2010 drilling campaign Buru will be coring the most prospective of these intervals in at least two wells
- Obtaining fresh core in potential shale gas formations is an essential part of the evaluation of these plays and Buru is ideally positioned to do this during its 2010 drilling program

2010 Seismic



Green shading shows indicative locations of 2010 seismic surveys

Buru will also be acquiring extensive 2D seismic in 2010 in preparation for the 2011 drilling campaign

Terrex Seismic – Buru has appointed Terrex Seismic to undertake the Yulleroo South and Pijalinga 2D seismic surveys. Terrex Seismic successfully completed the Bunda 3D and Paradise 2D seismic surveys in 2009 on time and on budget

Yulleroo South 2D seismic survey

- Approximately 347 line kilometres to be acquired in the Yulleroo Province
- Designed to further delineate prospects in the Yulleroo Province and to identify the potential for follow-up wells to Yulleroo-1 and Yulleroo-2

Pijalinga 2D seismic survey

- Approximately 408 line kilometres to be acquired in the southeastern part of the Acacia Province
- This survey will be one of the first modern seismic surveys conducted in the southeast part of the Acacia Province and will greatly enhance the geological understanding of the region and the prospect identification process
- The results of this survey will be an important part of identifying prospects for drilling in the 2011 drilling campaign

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