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ASX ANNOUNCEMENT (ASX: BRU) 20 May 2010

DRILLING PROGRESS REPORT FAIRWELL-1

Buru Energy Ltd (“**Buru**” or “**Company**”) provides the following update on drilling operations at the Fairwell-1 well as at 00:00hrs, 20 May 2010 (AWST). Buru holds a 100% interest in this well.

Since the last progress report the Fairwell-1 well has drilled to a depth of 403m. No hydrocarbons were prognosed or have been encountered in the well to date. The Company’s Fairway Rig is performing in line with expectations. Further details of the drilling operations are attached.

The well will now be drilled ahead to the 9 5/8 inch casing point at approximately 500m. After setting casing a core will be cut in the Noonkanbah Shale Formation at approximately 650m drill depth. The core will provide valuable information in relation to the shale gas potential of the Noonkanbah Shale which is widespread over Buru’s permits, and from preliminary analysis of existing data, appears to have good to excellent potential for shale gas production where it is thermally mature.

At the completion of coring the well will be drilled ahead to the top of the Grant Formation which is expected to be encountered at 900 metres. The well will then be drilled ahead to 1,250m to penetrate the complete Grant Formation objective section in approximately 10 days time.¹

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 27 May 2010, subject to any material events occurring in the meantime.

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

¹ *Drilling dates and times in this ASX release are indicative only. The timing of drilling operations is subject to weather and operational factors.*

For inquiries please contact:

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Yours faithfully

A handwritten signature in black ink, appearing to read 'Eric Streitberg', with a stylized, cursive script.

ERIC STREITBERG
Executive Director

FAIRWELL-1

PERMIT	The Fairwell-1 well is located in production licence L8. A map showing the location of the well is set out below.
WELL LOCATION	17° 32' 38.71"S 8059770.025N 124° 18' 58.24"E 639697.826E
BURU'S INTEREST	Buru Energy Limited holds a 100% interest in the well.
DATE OF PROGRESS REPORT	00:00hrs, 20 May 2010 (AWST)
PROPOSED TOTAL DEPTH	1,800m
CURRENT DEPTH	403m
PROGNOSSED TIME TO TOTAL DEPTH	18 days
SPUD DATE	18 May 2010
DAYS SINCE SPUD	3 days
TARGET FORMATIONS	The Fairwell-1 well is targeting two principal horizons with the potential to collectively hold 4.8 million barrels of oil on a P50 basis: <ul style="list-style-type: none"> • multiple sands of the Grant Formation at 1,250m; and • dolomitic limestones of the Yellow Drum Formation at 1,800m.
OPERATIONS SINCE LAST PROGRESS REPORT	The well was drilled ahead from 89m to 403m.
HYDROCARBON INDICATIONS	None.
FORWARD OPERATIONS	The well will now be drilled ahead to the 9 5/8 inch casing point at approximately 500m. After setting casing a core will be cut in the Noonkanbah Shale Formation at approximately 650m drill depth. At the completion of coring the well will be drilled ahead to the top of the Grant Formation which is expected to be encountered at around 900m.

LOCATION MAP FAIRWELL-1

