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ASX ANNOUNCEMENT (ASX: BRU) 2 December 2010

DRILLING PROGRESS REPORT NANGU-1

Buru Energy Limited (“**Buru**” or “**Company**”) provides the following update on drilling operations at the Nangu-1 well as at 06:00 hrs, 2 December 2010 (AWST).

The Nangu-1 well is the fourth well in Buru’s 2010 drilling program and the second in the Joint Exploration Program with Mitsubishi Corporation (“**MC**”). Paradise-1, the first well in the program is currently being drilled with Buru’s Fairway Rig. Subject to the terms of the farm-in agreement between Buru and MC, MC is obliged to fund 80% of the costs of Paradise-1 and Nangu-1 as part of an expenditure commitment of \$22.4 million in 2010. Following MC’s decision to participate in Buru’s 2011 exploration program each of Buru and MC hold a 50% interest in the well and in EP 471, where Nangu-1 is located.

The primary objective of Nangu-1 is wet gas in the sands of the Grant Formation with P50 potential resources of 1 million barrels of condensate and 15 Bcf of gas if hydrocarbons are present. The Nangu-1 well is being drilled on a well defined structure updip from the Willara-1 stratigraphic well drilled in 1965 that encountered excellent wet gas shows in the target section of Nangu-1.

The well was spudded at midday on 28 November and has been drilled ahead to 552 metres. 244mm (9 5/8 inch) casing was then run to 544 metres. The current operation is preparing to drill out of casing.

In accordance with its policy of releasing weekly drilling progress reports, the Company expects to issue a further drilling progress report on 9 December 2010, subject to any material events occurring in the meantime.

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

For inquiries please contact:

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Yours faithfully



ERIC STREITBERG
Executive Director

NANGU-1

PERMIT	Nangu-1 is located in exploration permit EP 471, some 200 kms south of Broome. A map showing the location of the well is set out below.
WELL LOCATION	19° 10' 30.2" S 122° 03' 50.8" E
JOINT VENTURE INTEREST	Buru and MC each hold a 50% interest in the well and in EP 471.
DATE OF PROGRESS REPORT	06:00 hrs, 2 December 2010 (AWST)
PROPOSED TOTAL DEPTH	1,000 metres
CURRENT DEPTH	552 metres
PROGNOSED DURATION	13 days
SPUD DATE	28 November 2010
DAYS SINCE SPUD	4 days
CURRENT TARGET FORMATION	The Nangu-1 well is targeting sands of the Grant Formations.
OPERATIONS SINCE LAST PROGRESS REPORT	Spudded well at 12.00 pm on 28 November, drilled ahead to 552 metres. Ran 244mm (9 5/8 inch) casing to 544 metres.
HYDROCARBON INDICATIONS	None. None predicted.
FORWARD OPERATIONS	The well is currently preparing to drill ahead to the first target formation.

NANGU-1 LOCATION MAP

