

ASX ANNOUNCEMENT (ASX: BRU) 18 May 2010

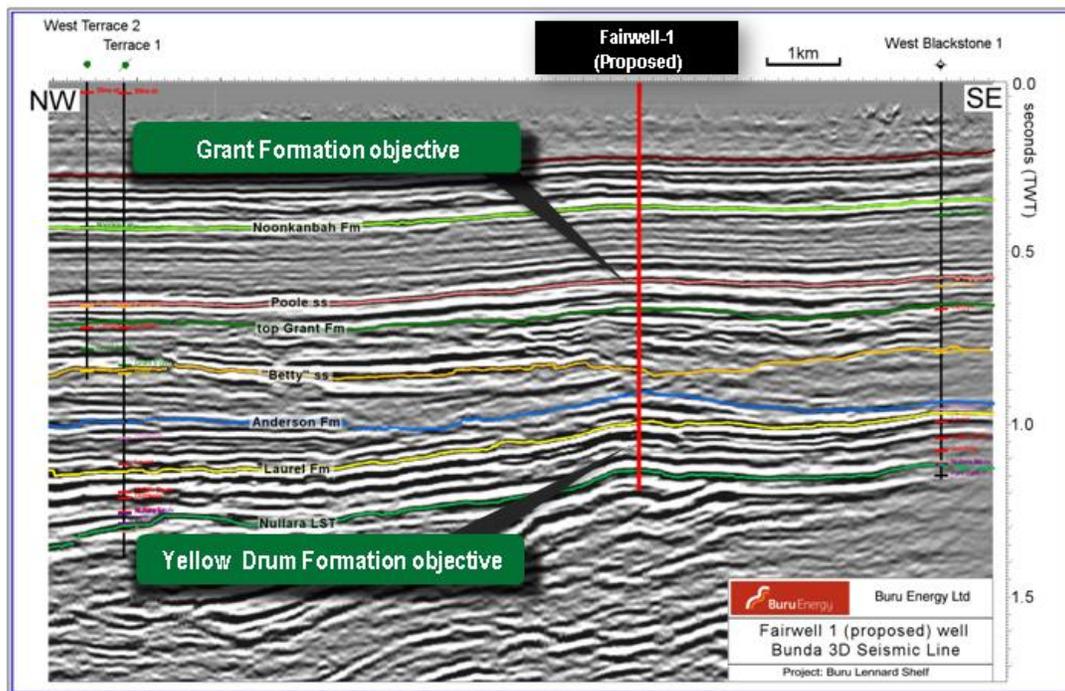
COMMENCEMENT OF DRILLING OPERATIONS FAIRWELL-1

Buru Energy Ltd (“**Buru**” or “**Company**”) advises that drilling operations in the Canning Basin have commenced with the spud of the Fairwell-1 well at 01:00hrs, 18 May 2010 (AWST). Buru holds a 100% interest in this well.

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:

- multiple sands of the Grant Formation at 1,250m; and
- dolomitic limestones of the Yellow Drum Formation at 1,800m.

Both the Grant Formation and Yellow Drum Formation produce oil in various wells in the Sundown and Blina oilfield complex.



The well is expected to take 12 days to reach the first target horizon and a further 6 days to reach the second target horizon. The total time taken to drill the well is expected to be 20 days on a dry hole basis.¹

The first drilling progress report for the well is attached. During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday afternoon and as required on the occurrence of any material event during drilling operations. The Company expects to issue the next drilling progress report on 20 May 2010, subject to any material events occurring in the meantime.

Commenting on the Fairwell-1 well, Mr Eric Streitberg, the Company's Executive Director commented:

"Spudding the first well in the 2010 drilling campaign is a significant achievement for Buru. We have worked hard on the operations front to put ourselves in a position where we can safely and cost effectively drill wells with our own rig. Just as importantly, Fairwell-1 is being drilled based on the results of the 3D seismic data we acquired last year which gave us a number of attractive prospects to test. Fairwell-1 is the first of these and the two independent target horizons in this prospect means there is a relatively high chance of success, particularly for an exploration well. The P50 target of 4.8 million barrels is also attractive given the proximity of the well to our existing production facilities. Any discovery can quickly and cheaply be put onto production, delivering Buru an almost immediate and substantial source of cash flow to help fund our ongoing exploration program."

Further information on the company is available 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



ERIC STREITBERG
Executive Director

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

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.
BURU'S INTEREST	Buru Energy Limited holds a 100% interest in the well.
DATE OF PROGRESS REPORT	06:00hrs, 18 May 2010 (AWST)
PROPOSED TOTAL DEPTH	1,800m
CURRENT DEPTH	89m
PROGNOSED TIME TO TOTAL DEPTH	18 days
SPUD DATE	18 May 2010
DAYS SINCE SPUD	1 day
TARGET FORMATIONS	<p>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:</p> <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	Drilling operations commenced at 01:00hrs, 18 May 2010 (AWST).
HYDROCARBON INDICATIONS	None.
FORWARD OPERATIONS	The well is currently drilling ahead to the first target horizon.

LOCATION MAP FAIRWELL-1

