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## **ASX ANNOUNCEMENT (ASX: BRU)      25 November 2010**

### **Commencement of Nangu-1 Fourth Well in 2010 Canning Superbasin Drilling Campaign**

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Buru Energy Limited (“**Buru**” or “**Company**”) is pleased to announce that Hunt Energy Rig 3 is currently completing rig-up at the Nangu-1 well site in preparation for the commencement of drilling operations. Further details of the Nangu-1 well, including the geological prognosis, time depth curve and illustrative seismic data, are set out in the attached presentation.

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 drilling ahead 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 to earn an initial 40% interest in the majority of Buru’s permits.

Nangu-1 is located in exploration permit EP 471, some 250 kilometres south of Broome. It is well located for year round access as it is some 50 kilometres from the all weather Great Northern Highway via an all weather access road.

In summary, the key operational aspects of the well are as follows:

- the Hunt Energy Rig 3 has been mobilised to the Nangu-1 wellsite from Broome where it has been stacked following its recent completion of the Backreef-1 well (drilled by Oil Basins Limited);
- drilling is expected to commence in the next few days, with the well expected to take a total of 13 days to drill on a dry hole basis;<sup>1</sup>
- the primary objective of Nangu-1 is wet gas in the sands of the Grant Formation with potential resources of 1 million barrels of condensate and 15 Bcf of gas on a P50 basis 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; and
- the Nangu-1 target is modest in itself, but if successful will create the potential for the development of a regional gas gathering and condensate production project based on the identified follow-up potential in the area.

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<sup>1</sup> *Drilling days in this ASX release are indicative only. Commencement and timing of drilling operations is subject to weather and operational requirements.*

Buru will advise the ASX when drilling operations have commenced on the Nangu-1 well.

During the course of drilling operations, drilling progress reports will be provided to the ASX each Thursday, and as required on the occurrence of any material event during drilling operations.

### **Executive Director's Comments**

Commenting on the Nangu-1 well, Eric Streitberg, the Company's Executive Director said:

*"Nangu-1 is an important test of a concept that has the potential to provide a stepping stone gas development for the joint venture.*

*The well is located 200 kilometres closer than our other projects around Broome to the Port Hedland off take point for our proposed Great Northern Pipeline project, and also has the potential for a gas recycling condensate project and the supply of gas to local major mining projects."*

Further information on the company is available on the Buru website at:  
[www.buruenergy.com](http://www.buruenergy.com)

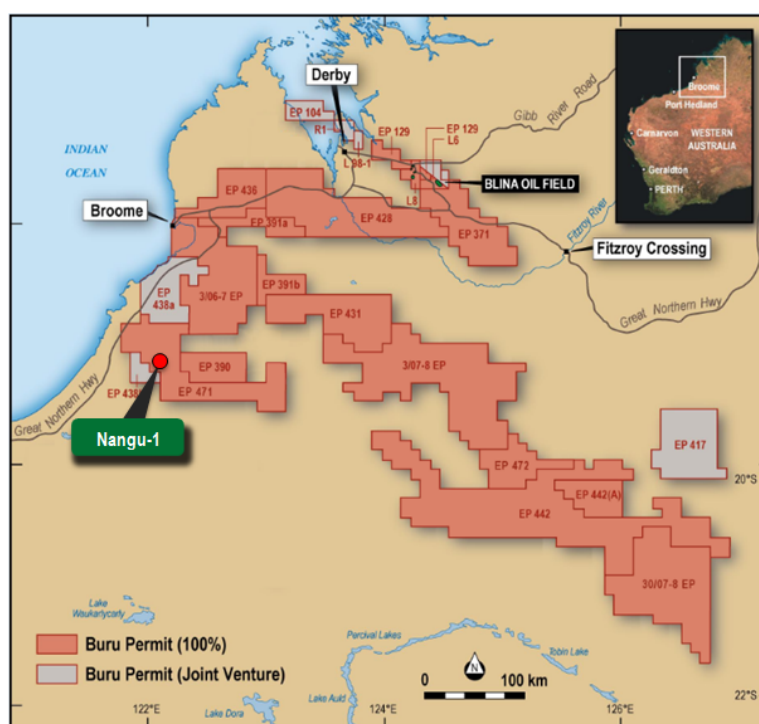
**For inquiries please contact:**

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Yours faithfully



**ERIC STREITBERG**  
Executive Director



Canning Superbasin permits – Nangu-1 location

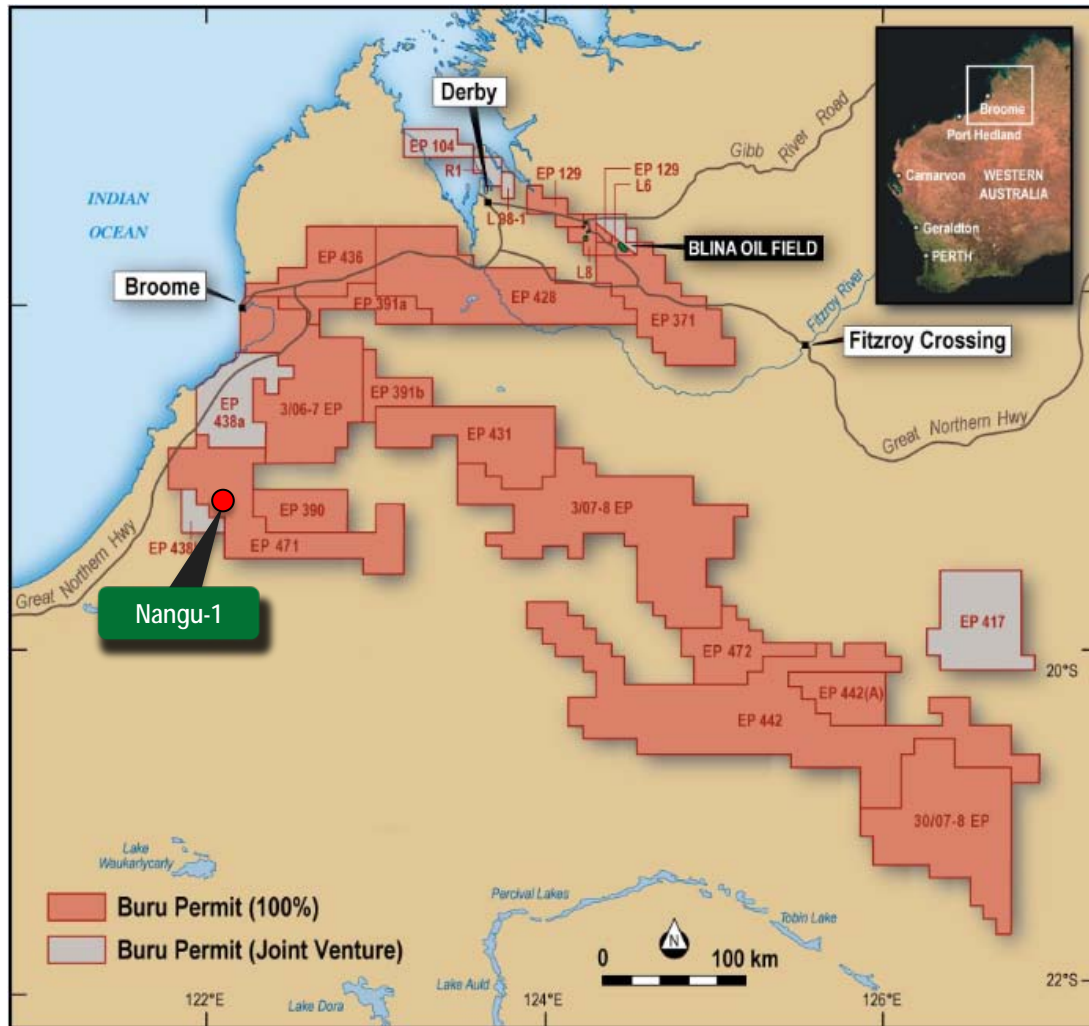
# Nangu-1 well overview

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November 2010



# Nangu-1 location and summary

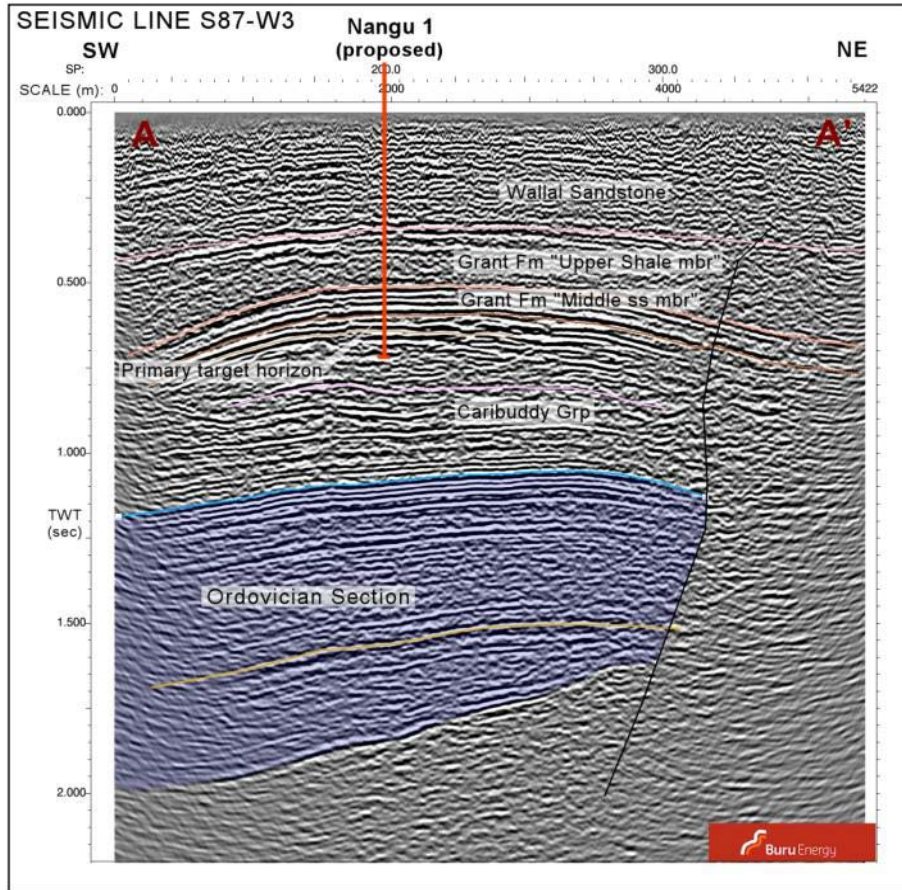


Canning Superbasin permits – Nangu-1 location

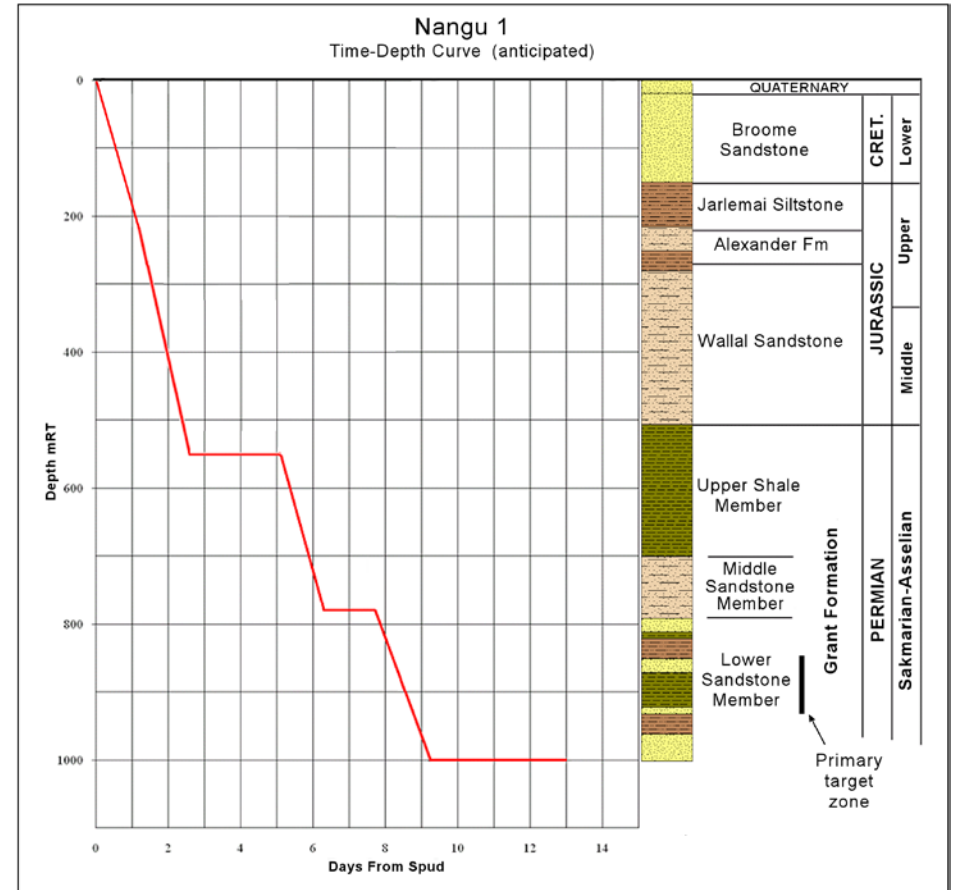
## Nangu-1 is the fourth exploration well to be drilled in the 2010 Canning Superbasin drilling program

- Nangu-1 is located in Permit EP 471, approximately 250 kilometres south of Broome
- 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
- The well is an important test of a major play type with significant potential for gas and condensate
- The well is targeting potential resources of 1 million barrels of condensate and 15 Bcf of gas on a P50 basis if hydrocarbons are present
- The Nangu-1 target is modest in itself, but if successful will create the potential for the development of a regional gas gathering and condensate production project based on the identified follow-up potential in the area
- The well is located close to the Great Northern Highway allowing rapid commercialisation, potentially through sales to the major mining projects in the area

# Nangu-1 seismic line and drilling prognosis



2D seismic line showing Nangu-1 well location



Nangu-1 prognosis and time depth curve