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ASX ANNOUNCEMENT (ASX: BRU) 6 May 2010

Corporate and Operations Update

Please find attached a corporate and operations update for Buru Energy Limited (“**Buru**” or “**Company**”). This provides a further update on the Company’s preparations for the 2010 drilling campaign.

The key points to note are:

- the Company has completed the refurbishment of the Fairway Rig following a final independent operational and safety inspection of the Rig;
- the Fairway Rig is currently being rigged down with mobilisation to the Canning Basin expected on 10 May 2010;
- all approvals have now been received from Traditional Owners and the Western Australian Department of Mines and Petroleum for the drilling of the first three wells in the Company’s 2010 drilling season; and
- the Fairway Rig will be mobilised first to drill the Fairwell-1 well, with drilling to commence in mid-May, subject to mobilisation time and operational requirements.

Buru will advise the ASX when the Fairway Rig has been mobilised to the Canning Basin.

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

For inquiries please contact:

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Yours faithfully

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

ERIC STREITBERG
Executive Director

Commencement of Exploration Program

April 2010



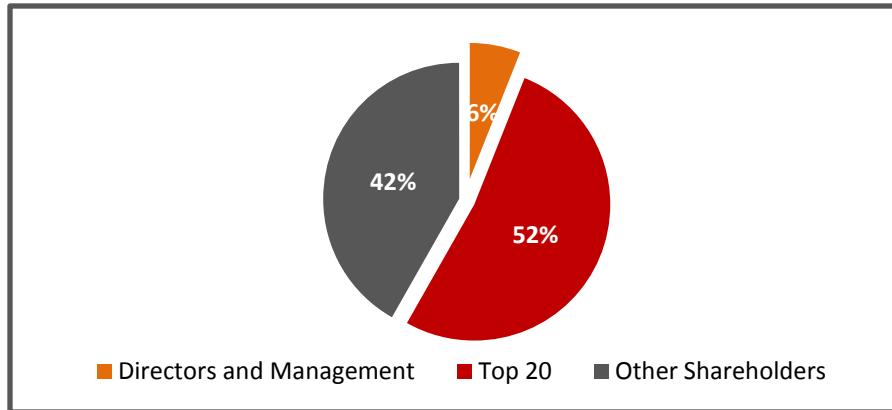
Commencement of 2010 exploration program

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

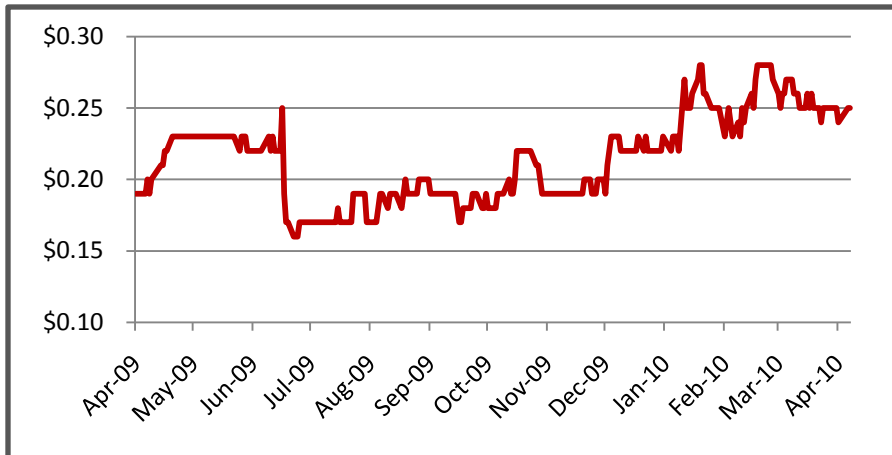
- Three initial wells confirmed with drilling to commence in mid-May with initial 3 wells to be drilled back-to-back through to August
- Up to three additional wells currently under evaluation for drilling in September through to November
- Three existing wells being evaluated for testing or re-entry 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 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 - \$30m will be used to fund the 2010 exploration program, depending on the final number of wells drilled

Share price appreciation potential – Buru has a market capitalisation of ~\$45m – approximately the same as its net cash position. Any success in the 2010 drilling campaign should deliver immediate value to shareholders

High equities – Buru has undertaken a strategic process of permit rationalisation which is now largely complete providing it with 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



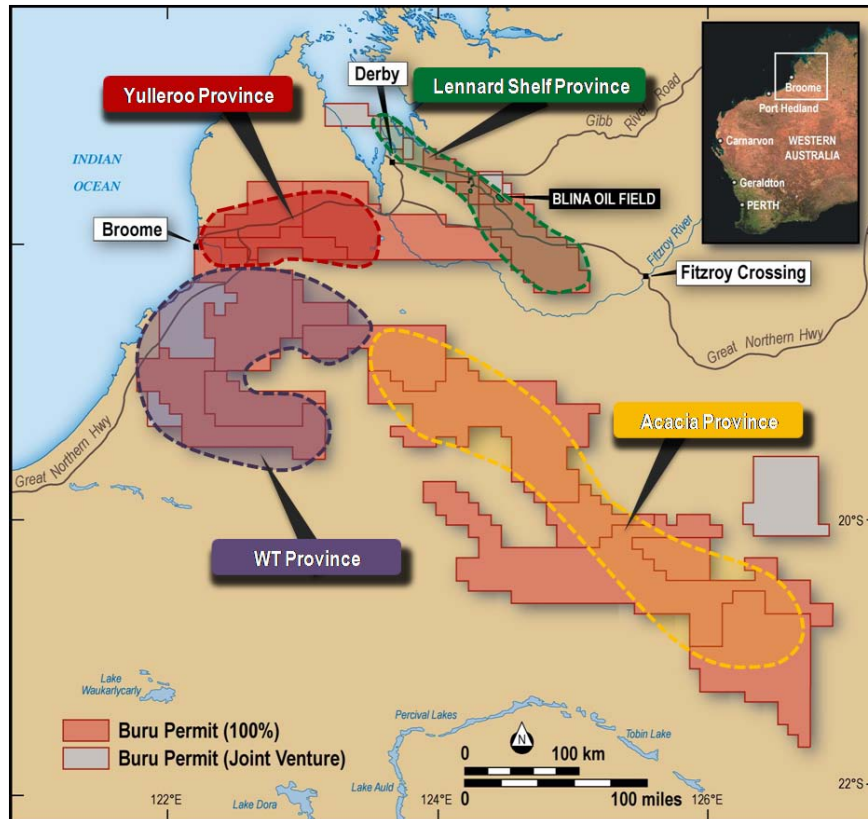
Drilling operations on the Fairway Rig

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 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 also 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

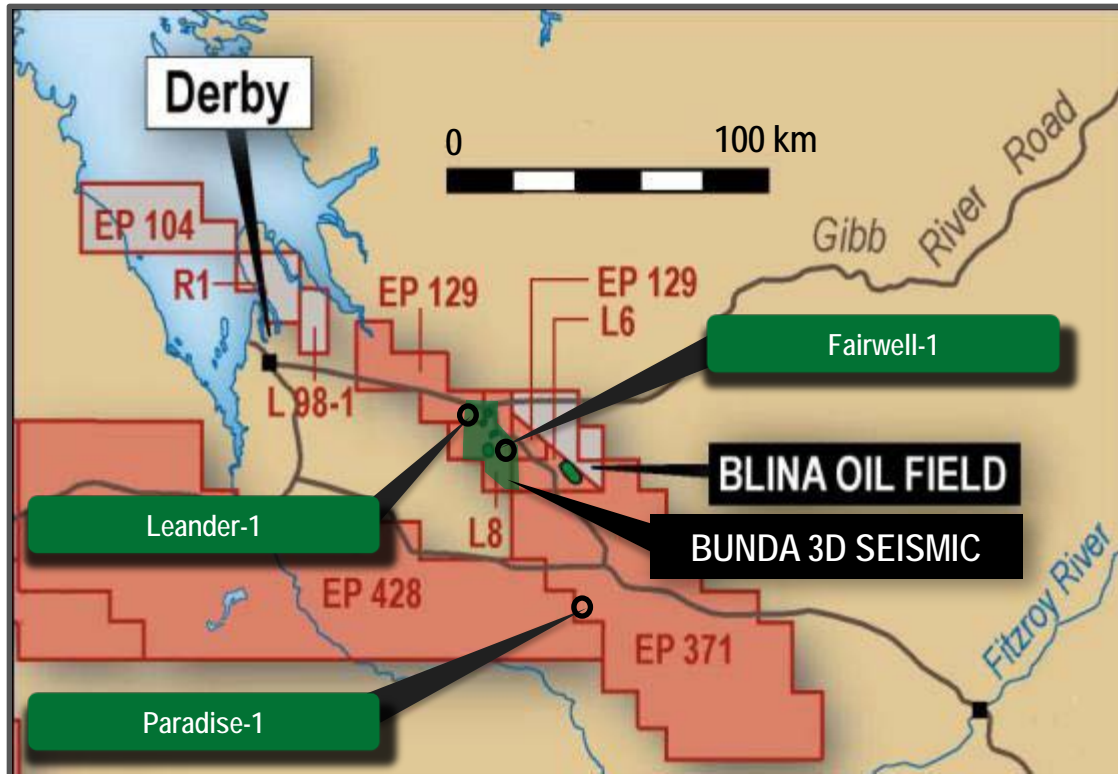
2010 prospect criteria – to be considered for drilling in 2010 a prospect must:

- 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 review completed, Traditional Owner approval received and drill programs in the final stages of Department of Mines and Petroleum approval process:

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

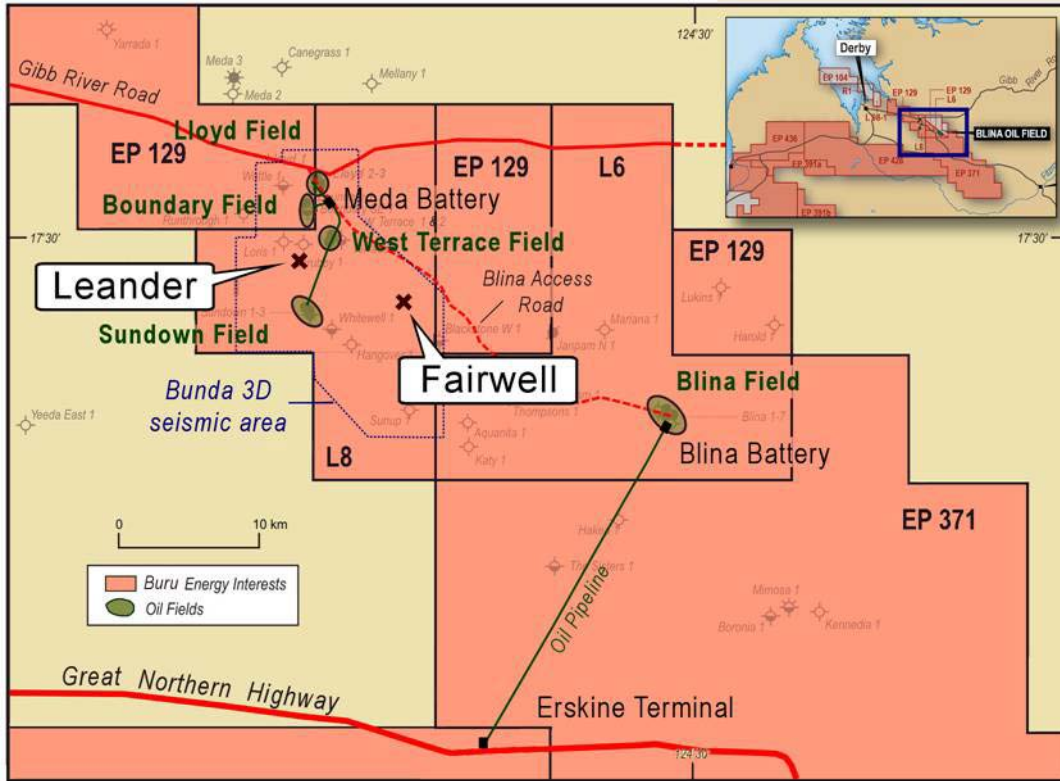
Buru's interest – Buru has a 100% interest in each of these initial wells

Commencement of drilling – drilling of the first well is scheduled to begin in the week commencing 10 May 2010, subject to weather and operational requirements and receipt of final Department of Mines and Petroleum approvals

Well order – either of Leander-1 or Fairwell-1 will be drilled first, depending on the timing of construction of access roads and drill sites. A final decision on the order of the first two wells will be made in the coming weeks. Paradise-1 will be the third well drilled.

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

Leander-1

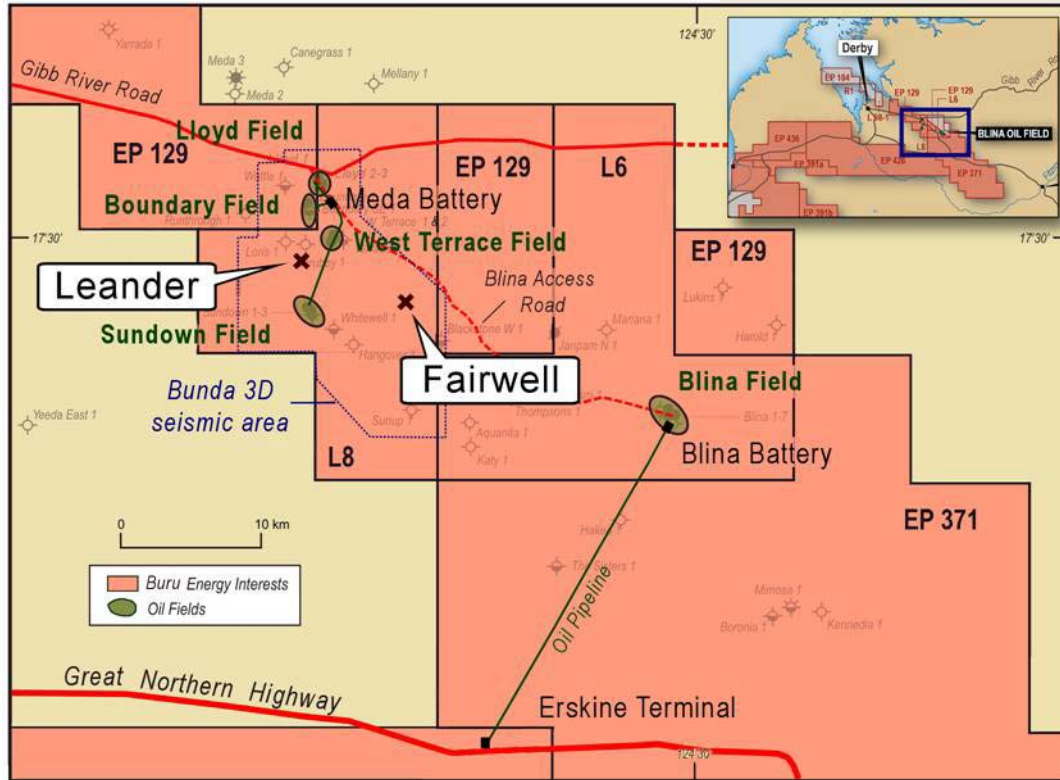


Leander-1 location

3D oil target

- 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 oil field 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 200,000bbls, and the minimum well production rate to justify a completion is some 50 bopd (at current oil prices)

Fairwell-1

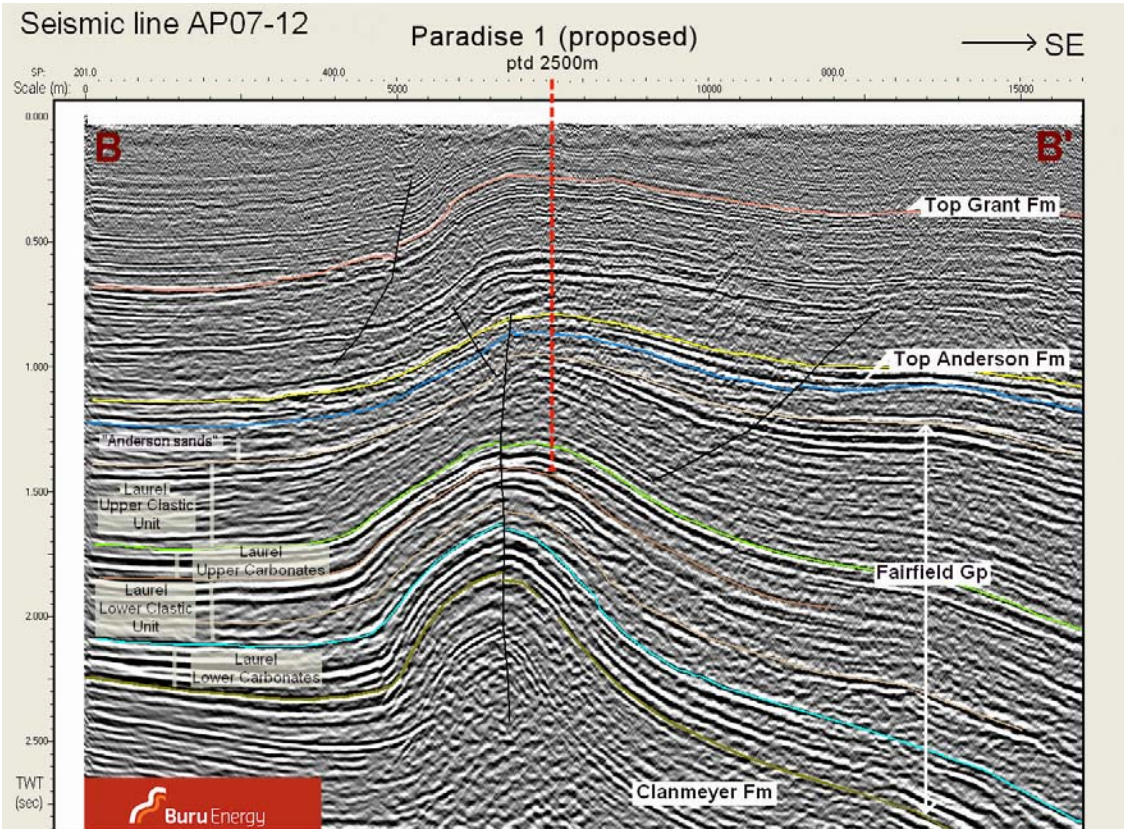


Fairwell-1 location

3D oil target with high upside

- 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 field areas 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 200,000bbls, and the minimum well production rate to justify a completion is some 50 bopd (at current oil prices)

Paradise-1



Paradise 2D seismic line showing Paradise-1 well location

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 the Company and the Canning Basin as a hydrocarbon province



Commercial Objectives

Meda load-out facility



Meda storage tanks

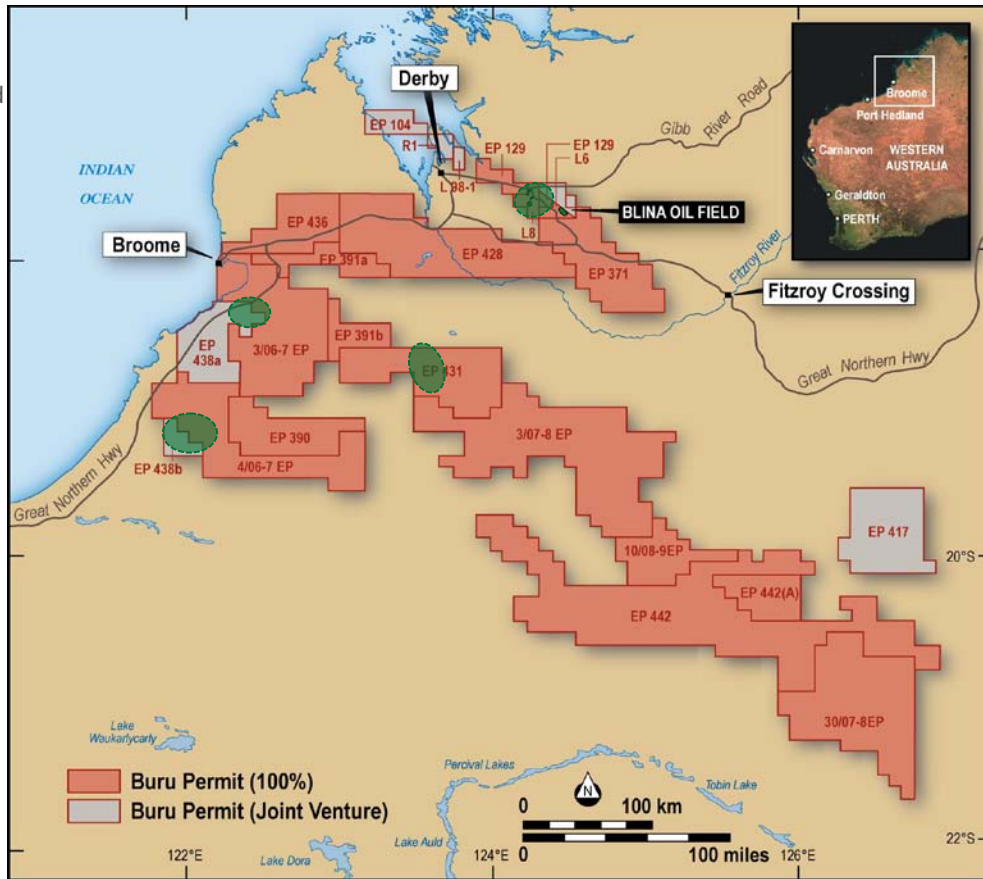


The initial wells in the 2010 drilling campaign are focused on early commercialisation

- The proximity of the Leander-1 and Fariwell-1 wells to the existing Blina / Sundown oil fields allows any discovery to be brought into production cheaply and quickly
- Both the Leander-1 and Fairwell-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 – 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

Well criteria – Buru will apply the same criteria to the selection of the additional three wells as it applied to the initial three wells:

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

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
- Subject to receipt of a final independent safety and operational inspection the Fairway Rig will be mobilised to the Canning Basin in the week commencing 3 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 the week commencing 10 May 2010

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 difficulties
- 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.

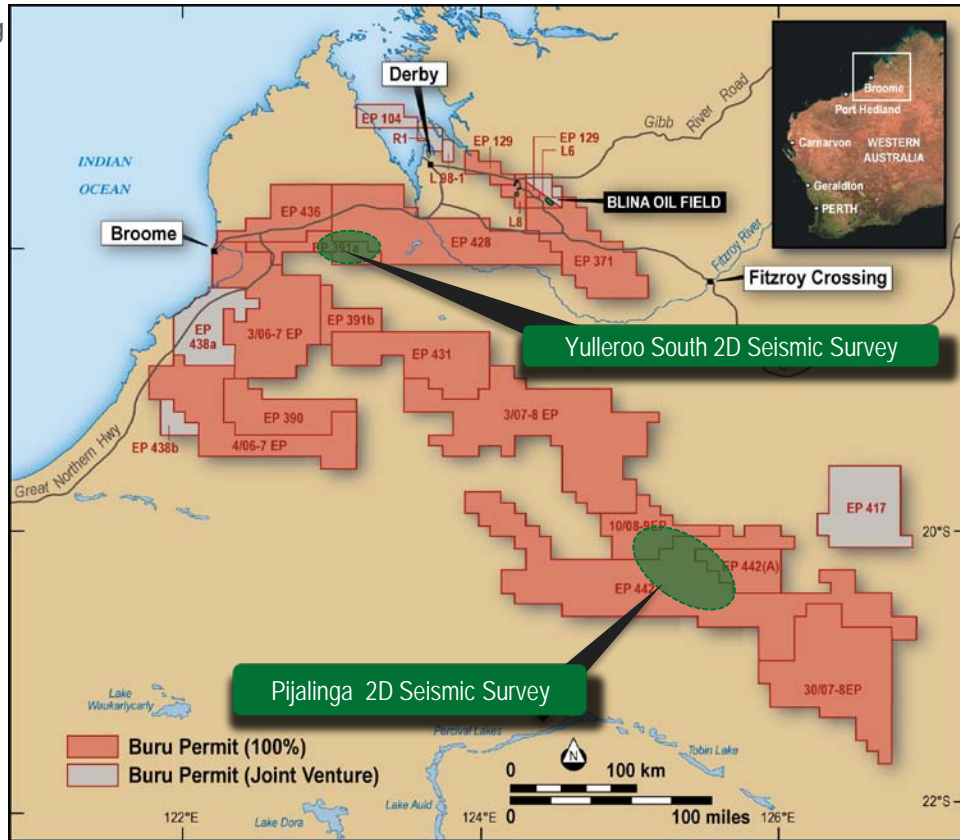


Buru has been actively evaluating the shale gas potential of the Canning Basin and in 2010 will be cutting the first shale gas evaluation cores in the Canning Basin

- 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 2010 in preparation for the 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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