**Buru Energy Limited**
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3 September 2008

The Manager
Australian Securities Exchange Limited
Company Announcements Office
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

**RE: TESTING THE STOKES BAY-1 WELL, R1, CANNING BASIN, WESTERN AUSTRALIA**

Please find attached details of the testing of the Stokes Bay-1 well in Retention Lease R1, Canning Basin, Western Australia.

Yours faithfully
**Buru Energy Limited**

**ADRIAN COOK**
**Managing Director**

# BURU ENERGY LIMITED - STOCK EXCHANGE RELEASE

3 September 2008

## TESTING THE STOKES BAY 1 WELL, R1, CANNING BASIN, WESTERN AUSTRALIA

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Buru Energy Limited is pleased to announce that the Parties to the Retention Lease R1 and the EP 104 Permit have unanimously agreed to undertake further testing of the Stokes Bay 1 well that was drilled by the Joint Venture in 2007. This testing program is planned to commence late September 2008.

The testing will attempt to provide a positive test of the reservoir fluid and character and flow capacity of the cavernous reef system in the Nullara Formation encountered by the Stokes Bay 1 well. With large mud losses in the Stokes Bay 1 well, the reservoir potential and fluid character was not positively defined during the 2007 drilling program.

The test will consist of a number of incremental steps commencing with the circulation of fresh water with surfactant (foaming detergent) to remove the heavy muds in the tubing and reduce the pressure on the formation and attempt to induce flow. Once the results of this first operation have been obtained and reviewed, the next steps in the program will be confirmed.

Interpretation of the pressure data obtained during and after the drilling of the Stokes Bay 1 well, indicated a reservoir pressure of up to 140psi above the regional water gradient which could be indicative of a hydrocarbon column, although other interpretations are possible. This anomalous pressure is from a zone over 80 metres higher than a 0.134 mmcfd gas flow with some minor oil shows in Point Torment 1, 4.5 kms to the south east. This trend could also extend up to 3kms to the north west of the well where the Pinnacle Fault curves to the west. For the trap to be effective, the Nullara trend must also be stratigraphically trapped updip to the north east by either tight limestones or lagoonal shales. If there is closure of the cavernous trend around the well it is possibly in order of some seven $km^2$, based on current seismic mapping, but being a stratigraphic feature, it could extend over a much larger area.

There is drilled to date a 40 to 45 metre intersection of the Nullara limestone in Stokes Bay 1. Buru interprets this areal closure has the potential to be up to 17 $km^2$.

Please refer to the attached maps.

The participants to the Joint Venture in the EP 104 Permit and the R1 Retention Lease are:

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|---|---|
| Empire Oil & Gas N.L/Gulliver Productions Pty Ltd | 14.8% |
| Indigo Oil Pty Ltd | 5.5% |
| ARC Energy Ltd (held on behalf of Buru Energy Ltd) | 38.95% |
| First Australian Resources Limited | 8.0% |
| Pancontinental Oil & Gas NL | 10% |
| Phoenix PLC | 0% |
| Emerald Oil & Gas NL | 12.75% |

**For inquiries please contact:**


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|---|---|
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*Seismic cross section of the Stokes Bay-1 and Valentine-1 wells*