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UPDATE ON THE STOKES BAY 1 WELL TESTING PROGRAMME EP 104/R1, CANNING BASIN, WESTERN AUSTRALIA

Buru advises that the Stokes Bay 1, 2008 Testing Programme, in the EP 104/R1 Permits located in the Canning Basin, near the town of Derby, in Western Australia, has now been undertaken.

The programme involved an initial circulation of fresh water and swabbing of the wellbore before using nitrogen in an attempt to lift the heavy drilling fluids above the Nullara Formation carbonate reservoir and reduce the pressure on the formation. The test programme was designed to induce flow of formation fluids from the cavernous Nullara Formation reservoir.

Since the last update on 21st October 2008, that testing had recommenced, the swabbing and nitrogen lifting operations recovered an additional 190 barrels ("bbls") of drilling fluid. This brings the total drilling fluids recovered to 3,834 bbls and represents some 38% of the estimated 10,000 bbls of drilling fluid lost to the formation during drilling operations.

At the commencement of the testing programme the well head pressure was noted to be 1,200 psi. On opening of the well to the flare pit, gas was bled down and the well flowed an estimated 15 bbls of drilling mud. During the testing operation and after the well was shut-in overnight a daily increase in well head pressure was observed to around 200 psi. Each day this gas was bled down before operations were re-commenced. The source of the influx of gas that was observed on a daily basis had not been determined during the testing programme. At the conclusion of the current test programme, fluid samples were taken, with no definitive formation fluids recovered from the Nullara Formation. The test crew and equipment have now demobilized from the well site.

The swabbing and nitrogen operations were proposed to lift sufficient drilling mud from the well bore to allow an influx of formation fluids into the wellbore. However, these options rely on there being either sufficient gas already available within the system or sufficient reservoir energy to continue to lift fluids from the well. The additional 190 bbls of drilling fluids recovered in this recent operation have not been enough to assist this influx and other methods will now need to be evaluated to determine whether hydrocarbons are present and the extent of the reservoir.

Buru and the EP104/R1 Joint Venture parties will now consider the results of this testing programme before determining the appropriate forward operations for the Stokes Bay 1 well.

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

Empire Oil & Gas N.L./Gulliver Productions Pty Ltd	14.80%
Indigo Oil Pty Ltd	5.50%
ARC Energy Ltd (held on behalf of Buru Energy Ltd) - Operator	38.95%
First Australian Resources Limited	8.00%
Pancontinental Oil & Gas NL	10.00%
Phoenix Resources PLC	10.00%
Emerald Oil & Gas NL	12.75%

Further information on the company is available on the Buru website at:

www.buruenergy.com

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Yours faithfully,



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