

ASX ANNOUNCEMENT (ASX: BRU) 15 December 2010 **DRILLING PROGRESS REPORT - PARADISE-1**

Buru Energy Limited (“Buru” or “Company”) provides the following update on operations at the Paradise-1 well as at 06:00 hrs, 15 December 2010 (AWST).

Paradise-1 is the third exploration well to be drilled in Buru’s 2010 Canning Superbasin drilling program, and the first in the Joint Exploration Program with Mitsubishi Corporation (“MC”). The well is located in exploration permit EP 428, on the boundary with EP 371. Following MC’s decision to participate in Buru’s 2011 exploration program, each of Buru and MC hold a 50% interest in the well and in EP 428 and EP 371.

A successful inflate straddle drill stem test (“DST”) of the interpreted oil zone has now been undertaken. The DST took place over the interval 902.5 to 910.9 metres in the Lower Grant Formation. The test recovered formation water with traces of oil.

The DST has now been concluded and 7 inch casing is currently being run. On completion of the casing the Fairway Rig will be demobilised from the well site due to the imminent onset of the wet season.

The Paradise-1 well will now be suspended. During the wet season the results of the DST and the well more generally will be analysed and a forward program agreed with MC. The forward program may include re-entering Paradise-1 to test the deeper Laurel Formation or identifying alternative exploration targets on the Paradise trend.

Commenting on the results from Paradise-1, Buru’s Chairman Graham Riley said:

“This is a disappointing result for the well. However, the deeper targets remain to be tested and the oil shows we saw in the well are encouraging for future exploration in the area. We will be working hard to analyse the results of Paradise over the wet season to understand its implications for the 2011 program.

The continued encouragement from Yulleroo-2 and Mitsubishi’s recent decision to spend another \$40 million on exploration in Buru’s permits in 2011 places Buru in a very exciting position for 2011.”

This is the last drilling progress report that will be released in respect of Paradise-1.

This release and further information on the company is available at: www.buruenergy.com

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PARADISE-1

PERMIT	The Paradise-1 well is located in exploration permit EP 428, on the boundary with EP 371. A map showing the location of the well is set out below.
WELL LOCATION	17° 59' 59.6" S 124° 34' 35.5" E
JOINT VENTURE INTEREST	Buru and MC each hold a 50% interest in the well and in EP 428 and EP 371.
DATE OF PROGRESS REPORT	06:00 hrs, 15 December 2010 (AWST)
PROPOSED TOTAL DEPTH	2,500 metres
CURRENT DEPTH (06:00 hours)	1,700 metres
PROGNOSED TIME TO TOTAL DEPTH	38 days
SPUD DATE	18 October 2010
DAYS SINCE SPUD	58 days
OPERATIONS SINCE LAST PROGRESS REPORT	Inflate straddle drill stem test ("DST") of the interpreted oil zone undertaken over the interval 902.5 to 910.9 metres in the Lower Grant Formation. Currently running 7 inch casing prior to suspending the well and demobilising from the well site.
HYDROCARBON INDICATIONS	The DST recovered formation water with traces of oil.
FORWARD OPERATIONS	The Paradise-1 well will now be cased and suspended and the rig demobilised.

PARADISE-1 LOCATION MAP

