

## **ASX ANNOUNCEMENT (ASX: BRU)      21 December 2010**

### **OPERATIONS UPDATE - YULLEROO-2 & PARADISE-1**

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Buru Energy Limited (“Buru” or “Company”) provides the following update on Yulleroo-2 and Paradise-1.

#### **Yulleroo-2**

The well flowback operation has been successfully continued with ongoing intermittent gas flows and continued recovery of frac fluid. This is in accordance with expectations based on the well’s performance to date and is a positive indication that the well is continuing to successfully clean up.

Preliminary analysis of the gas recovered from the clean up flow has been undertaken. The recovered gas is high quality, being predominantly methane and ethane with no hydrogen sulphide present and negligible carbon dioxide. Importantly, the gas also contains in excess of 10% LPGs. This high proportion of LPGs will materially increase the value of any production from the field and will be a significant factor in determining the commerciality of the field. In addition, condensate has been observed throughout the clean up flow and, while no condensate-gas ratio can be determined at this point, this is a highly encouraging sign given the significant value uplift associated with condensate production.

The well will now be shut-in over the Christmas period to allow further analysis of the results obtained to date and a forward program to expedite the clean up flow to be agreed with Mitsubishi Corporation. It is expected that the flowback and clean up process will be recommenced in mid-January 2011. Further updates on the forward program will be made once the flowback and clean up process has been recommenced.

#### **Paradise-1**

The Paradise-1 well has now been cased and suspended.

Preliminary analysis of the results of the drill stem test (“DST”) conducted at Paradise-1 have been conducted. While the DST appears to have been mechanically successful the result of the test is anomalous given the influx of oil into the well bore during drilling and the observed oil contained in the side wall cores taken over the prognosed oil bearing interval between 902.5m and 910.9m. It is possible that only filtrate was recovered during the DST and, as a result, the DST was not a valid test of the prognosed oil bearing interval.

The joint venture is currently evaluating alternative testing mechanisms to be conducted at the end of the wet season, including running a carbon/oxygen log which can directly detect hydrocarbons, and the possibility of conducting a cased hole test.

Commenting on the Company's recent operations Buru's Chairman, Mr Graham Riley, said:

*"The results of the gas analysis at Yulleroo-2 are encouraging. Such a significant percentage of LPGs, and the presence of condensate, will materially impact the economics of the field, and will be important as we consider commercialisation options going forward.*

*Whilst the results of the initial tests at Paradise were disappointing and puzzling, given the amount of oil observed during drilling, it is now considered that the testing programme may not have produced a valid or definitive result, and we are now looking at some alternative ways to test the well following the wet season. We have not given up on this well, and will be working very hard over the next few months to get a better understanding of just what we have found already, with the remaining deeper targets still to be tested."*

This release and further information on the company is available at: [www.buruenergy.com](http://www.buruenergy.com)

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