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Letter to Shareholders

Please find attached a letter to shareholders providing an update on Buru Energy Limited's current and upcoming operations.

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".

ERIC STREITBERG
Executive Director

Letter from the Executive Director

Dear Shareholder,

I am writing to you to highlight some of the key changes that have been made at Buru in recent months and to provide you with an early look at what we have planned for 2010. In short, Buru has emerged from the global financial crisis ready to pursue an aggressive exploration program in 2010 across its highly prospective portfolio of Canning Basin acreage.

People

Following the previous Managing Director's departure, a new independent non-executive director, the Hon. Peter Jones AM, has been appointed to the Board and I have assumed the role of Executive Director. I now have overall supervisory responsibility for Buru. My key day to day focus is driving Buru's technical effort to maximise the chances of a successful drilling campaign in 2010. In preparation for the drilling campaign we are bringing two highly experienced drillers on contract to focus on cost effectiveness and safety. We have also appointed an operations manager to maximise Buru's production from its existing Canning Basin oil fields and progress the pre-commercialisation work required to ensure new discoveries can quickly be brought into production. These new appointments complement Buru's existing team of highly experienced geoscientists.

Assets

We have undertaken a targeted program to rationalise Buru's commitments in the Canning Basin, resulting in a reduction in Buru's overall acreage position from ~140,000 square kilometres to ~75,000 square kilometres. The rationalisation process leaves Buru's acreage portfolio focused only on those areas we consider to be the most prospective in the Canning Basin and has led to a substantial reduction in Buru's exploration commitments. This process is now largely complete, although we continue to look for ways to maximise the impact of Buru's exploration spend through a systematic farm-out process.

Drilling

We are currently preparing for the 2010 drilling campaign. Buru owns and operates its own drilling rig allowing us to plan our drilling campaign to suit our commercial drivers. We are currently planning to drill two to three lower risk oil targets located close to Buru's existing fields on prospects identified by the recently acquired 3D seismic. We are also planning to drill another two to three wells targeting larger oil and gas prone prospects in the WT Province, close to the coast south of Broome, and in the southern Lennard Shelf Province, west of Fitzroy Crossing. All of the wells currently planned for 2010 have extensive follow-up potential, meaning a success in one opens the door for future exploration.

We are in the process of doing the technical work (including interpretation of the recently acquired 2D and 3D seismic) and the operations analysis to firm up our final prospects. We expect to be able to announce the details of the exploration wells and the prospects they are targeting in March next year and we anticipate spudding the first well in May.

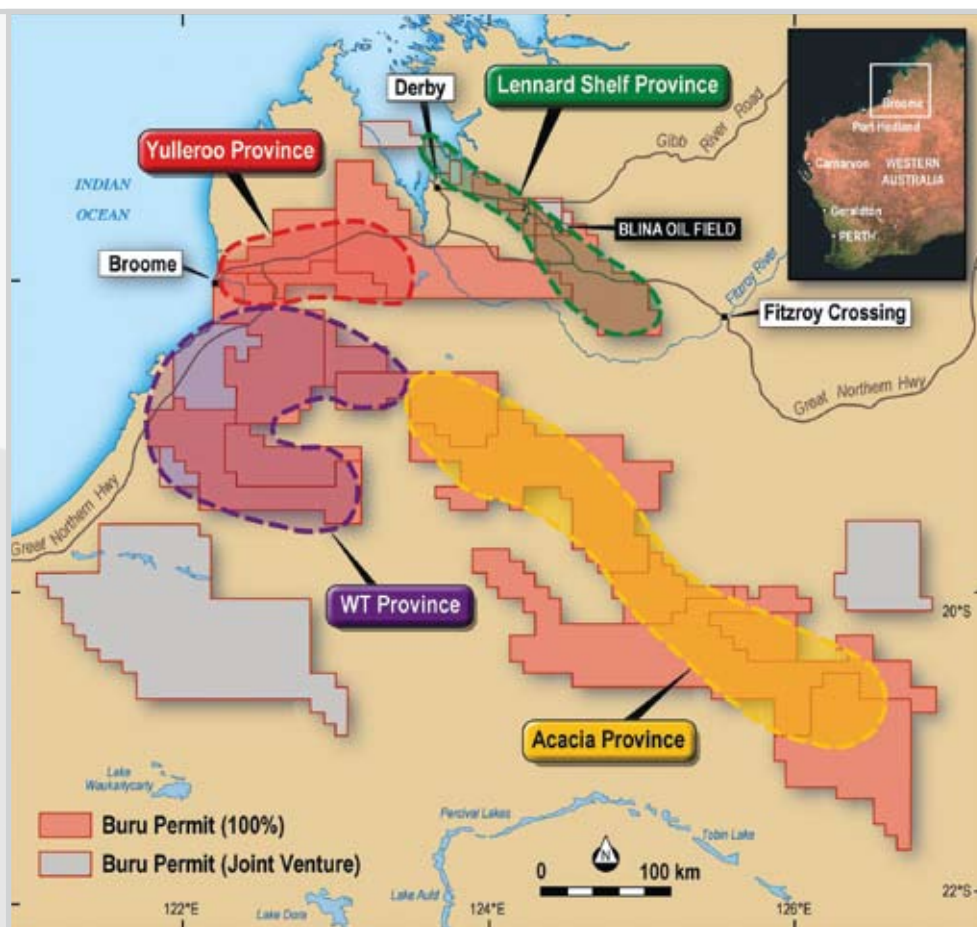
I am a long term believer in the prospectivity of the Canning Basin and am passionate about Buru. I appreciate your ongoing support and look forward to sharing the excitement of the 2010 drilling campaign with you.

Yours sincerely



Eric Streitberg
Executive Director

High Impact Prospects



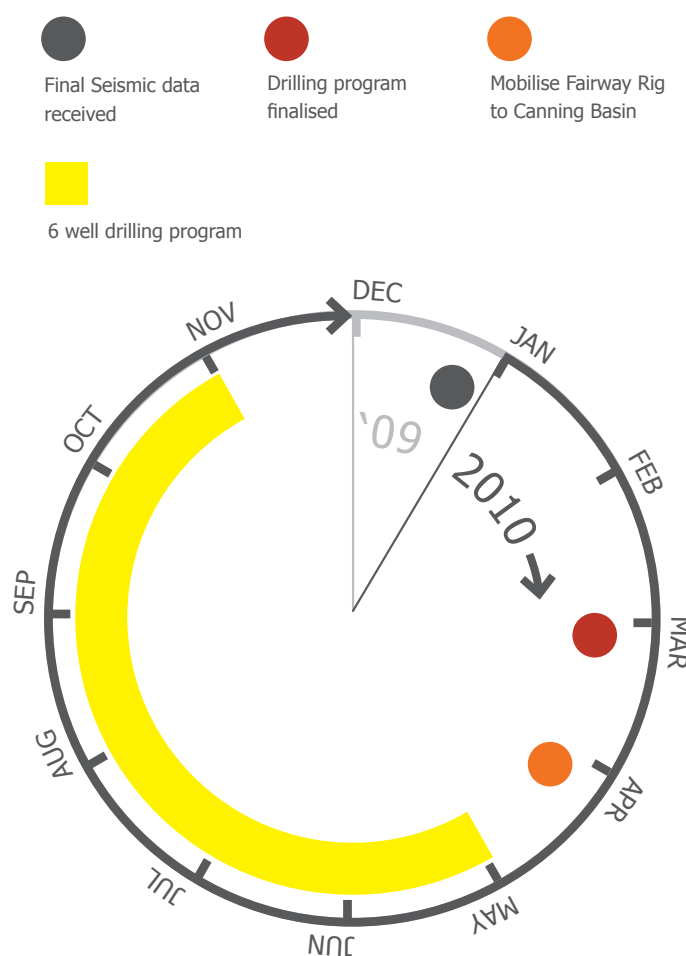
Buru's Canning Basin Assets showing location of key geological provinces

- Buru holds a dominant position in the most prospective parts of the Canning Basin
- The Canning Basin is vast, under explored and made up of a number of distinct geological provinces, each of which has the potential to be a major oil and gas producing region
- Buru holds a 100% interest in the majority of its permits allowing it to control the exploration program and providing tremendous leverage to exploration success
- Buru focuses its efforts on the Canning Basin only, giving it targeted technical and operational expertise

High Impact Drilling Program



Fairway Drilling Rig



- Buru owns and operates the Fairway Rig, currently being fully refurbished for the 2010 drilling campaign
- Ownership of the Fairway Rig allows Buru to drill what it chooses, when it chooses, to suit its own commercial drivers
- The 2010 drilling campaign is planned to include 6 wells, including:
 - 2 to 3 oil targets on new 3D seismic close to existing infrastructure
 - 2 to 3 larger oil and gas targets in the WT Province and the southern Lennard Shelf Province
- Experienced drillers with a long history of operating the Fairway Rig are under contract for the 2010 drilling campaign. Bringing drilling operations in-house is expected to lead to reduced drilling times, lower costs and achieve a higher level of safety performance
- Well advanced pre-commercialisation activities will allow discoveries to be brought into production quickly, facilitating a 'bootstrap' development program without the need for significant extra capital

Corporate

Staff

- Passionate, stable and dedicated team committed to the Canning Basin
- Chairman and Executive Director are significant shareholders
- Senior staff are shareholders and have incentives directly linked to exploration success

Funding

- Buru has free cash on hand of approximately \$47 million
- Exploration budget is currently estimated at \$20 million for 2010
- Existing cash plus the potential for targeted future farmouts allows Buru to explore without the need to raise further funds

A unique Australian oil and gas exploration and production company...

- Focused on a single asset base
- High impact exploration potential
- Well funded
- Aligned management

...giving shareholders tremendous leverage to the upside of exploration success

If you would like to know more about Buru Energy, you can contact us directly:

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