

## Notice of 2013 Annual General Meeting

Notice is given that the Annual General Meeting (AGM or Meeting) of Shareholders of Buru Energy Limited ABN 71 130 651 437 (the Company) will be held at the Perth Exhibition and Convention Centre, Meeting Room 8, 21 Mounts Bay Road, Perth on Tuesday, 12 November 2013 commencing at 10.30am (Perth time).





# Notice of 2013 Annual General Meeting

## BUSINESS

### A. CONSIDERATION OF REPORTS

To receive and consider the financial report of the Company, the Directors' report and the Auditor's report for the period 1 July 2012 to 30 June 2013.

Shareholders can view the Company's 2013 annual report, which contains these reports, in the "Investor Centre – Reports – Annual Reports" section on the Company's website ([www.buruenergy.com](http://www.buruenergy.com)).

The Company's auditor, KPMG (Auditor), will be present at the Meeting. The Chairman will give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Auditor's report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Auditor's report or the conduct of the audit. A list of written questions, if any, submitted by Shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

### B. ITEMS OF BUSINESS

#### 1. Re-election of the Hon Mr Peter Jones AM. as Director

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That Mr Peter Jones, who retires in accordance with the constitution of the Company and being eligible offers himself for re-election, be re-elected as a Director of the Company."*

#### 2. Re-election of Mr Eric Streitberg as Director

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That Mr Eric Streitberg, who retires in accordance with the constitution of the Company and being eligible offers himself for re-election, be re-elected as a Director of the Company."*

#### 3. Adoption of remuneration report

To consider and, if thought fit, pass the following ordinary resolution:

*"That the Company's remuneration report for the financial year ended 30 June 2013 be adopted."*

Note: The vote on this resolution is advisory only.

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## **Voting Exclusion Statement for Resolution 3**

The Company will disregard any votes cast on Resolution 3 by or on behalf of a member of the key management personnel of the Company's consolidated group (at the date of the Meeting or whose remuneration is included in the remuneration report) (KMP) and any of their closely related parties (such as close family members and any controlled companies), unless the vote is cast:

- a. as proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or
- b. by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

## 4. Approval of prior issue of Placement Shares

To consider and, if thought fit, pass the following ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.4, the prior issue by the Company of 21,300,000 fully paid ordinary shares in the Company to institutional investors as described in the Explanatory Notes accompanying this Notice of Meeting, is approved."*

## **Voting Exclusion Statement for Resolution 4**

The Company will disregard any votes cast on Resolution 4 by or on behalf of any of the persons who participated in the issue and any of their associates, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5. Approval of the Buru Energy Limited Share Appreciation Rights Plan

To consider and, if thought fit, pass the following ordinary resolution:

*"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and sections 200B and 200E of the Corporations Act 2001 and for all other purposes, the Buru Energy Limited Share Appreciation Rights Plan (Plan), tabled at the Meeting (and signed by the Chairman of the Meeting for the purposes of identification) and the principal terms of which are summarised in the Explanatory Notes accompanying this Notice of Meeting, and the issue of securities and the giving of benefits under that Plan, is approved."*

## **Voting Exclusion Statement for Resolution 5**

The Company will disregard any votes cast on Resolution 5 by, or on behalf of:

- (a) the directors of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and their associates; and
- (b) a member of KMP (and their closely related parties) acting as a proxy,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP. However, KMP who may participate in the Buru Energy Limited Share Appreciation Rights Plan should not vote (in any capacity) in favour of Resolution 5 if they wish to take advantage of Resolution 5 if passed.

## 6. Approval for grant of share appreciation rights to Dr Keiran Wulff

To consider and, if thought fit, pass the following ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.11 and sections 200B and 200E of the Corporations Act 2001 and for all other purposes, the grant of 2,500,000 share appreciation rights by the Company to Dr Keiran Wulff, the Company's Managing Director and either the issue or transfer of ordinary shares in the Company (or equivalent cash payment in lieu) to Dr Keiran Wulff upon vesting and exercise of those share appreciation rights, on the terms and conditions summarised in the Explanatory Notes accompanying this Notice of Meeting, is approved."*

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## ***Voting Exclusion Statement for Resolution 6***

The Company will disregard any votes cast on Resolution 6 by, or on behalf of:

- (a) Dr Keiran Wulff and any of his associates; and
- (b) a member of KMP (and their closely related parties) acting as a proxy,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or by the Chairman of the Meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

By order of the Board

A handwritten signature in black ink, appearing to read 'CB', followed by a long horizontal line extending to the right.

Christopher Bath  
Company Secretary  
8 October 2013

# Notice of 2013 Annual General Meeting

## VOTING AND ATTENDANCE INFORMATION

The Board has determined that persons who are registered holders of fully paid ordinary shares of the Company (Shares) as at 4:00pm (Perth time) on 10 November 2013 will be entitled to attend and vote at the Meeting.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### ***Voting by proxy***

If you are a Shareholder entitled to attend and vote at the Meeting, you may appoint an individual or a body corporate as a proxy. A personalised proxy form is included with this Notice of Meeting. A proxy need not be a Shareholder.

If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act 2001* (Cth) (Corporations Act) to exercise its powers as proxy at the Meeting.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

The Corporations Act provides that if proxy holders vote, they must cast all directed proxies as directed, and any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed. If the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.

The Chairman of the meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of all resolutions.

To be effective, the proxy appointment must be received by the Company no later than 10.30am (Perth time) on 10 November 2013. The following methods of delivery for proxies are specified:

Online:	Go to <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>  Select 'Investor Login' and enter Buru Energy Limited or the ASX code (BRU) in the Issuer name field, your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.
By post:	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235
By facsimile:	+61 2 9287 0309
By delivery:	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

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## ***Voting by attorney***

If the proxy form is signed by an attorney, the proxy form and the original power of attorney (or other authority) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.30am (Perth time) on 10 November 2013.

## ***Corporate representatives***

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint a person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment as the body corporate's representative, including any authority under which the appointment is signed.

Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the Link website:

<http://www.linkmarketservices.com.au/corporate/investorservices/forms.html>

## ***Attending the meeting***

If you attend the Meeting, please bring your personalised proxy form with you to assist with registration. If you do not bring your form with you, you will still be able to attend the meeting but you will need to verify your identity.

## ***Shareholder questions***

Shareholders will have an opportunity to ask questions and make comments about each resolution as well as the management of the Company.

If you wish to put a relevant question to the Auditor or the Board, and you are not able to attend the AGM, please email your question to the Company Secretary at [info@buruenergy.com](mailto:info@buruenergy.com). To allow time to collate questions and prepare answers, questions must be received by the Company Secretary by 5:00pm (Perth time) on Tuesday, 5 November 2013.

We will endeavour to respond to as many of the more frequently asked questions as possible at the Meeting. Due to the potential for a large number of questions to be received, we will not be replying on an individual basis.

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## EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Meeting and provide information to Shareholders about the items of business to be conducted at the Meeting.

The Directors recommend that Shareholders read these Explanatory Notes, together with the Notice of Meeting, in its entirety before deciding how to vote in respect of the resolutions.

All of the resolutions to be voted on are ordinary resolutions. In order to be passed, an ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution.

### 1. Re-election of the Hon Mr Peter Jones AM. as Director

Mr Peter Jones retires as required by article 9.3(a) of the Company's constitution and, being eligible, offers himself for re-election as a Director of the Company. Mr Jones holds office until the conclusion of the AGM, and if re-elected, he will continue to be a Director.

Mr Jones was a member of the Western Australian Parliament from 1974 until 1986, during which time he served as Minister in several portfolios, including as Minister for Resources Development, Mines, Fuel and Energy, and for the Environment. He was the founding Chairman of ARC Energy Limited, was Chairman of AMMTEC Limited, and several other listed and private companies. He has also served as Chairman of Defence Housing Australia, and was the foundation Chairman of the Western Australian Water Corporation.

**Directors' recommendation:** The Board (other than Mr Jones whose re-election is the subject of Resolution 1) recommends that Shareholders vote in favour of this resolution re-electing Mr Jones as a Director.

### 2. Re-election of Eric Streitberg as Director

Mr Eric Streitberg retires as required by article 9.3(a) of the Company's constitution and, being eligible, offers himself for re-election as a Director of the Company. Mr Streitberg holds office until the conclusion of the AGM, and if re-elected, he will continue to be a Director.

As announced on 10 December 2012, Dr Keiran Wulff has been appointed to the Company's Executive Team as Managing Director of the Company with Mr Eric Streitberg continuing in his role as Executive Director of the Company. The appointment of Dr Wulff as Managing Director was to allow Mr Streitberg to focus on the strategic and technical aspects of the management of the Company's asset portfolio. Mr Streitberg is working closely with Dr Wulff to ensure value is added for shareholders as effectively as possible, with a view to transition to a Non-executive Director role at an appropriate time.

In light of Dr Wulff's appointment as Managing Director, the Directors have nominated Dr Wulff as the Director that is exempt from retirement by rotation under the Company's Constitution in place of Mr Streitberg. Accordingly, Mr Streitberg is required to retire, and is eligible for re-election, at the AGM.

Mr Streitberg has approximately 40 years' experience in petroleum geology and geophysics, oil and gas exploration and oil and gas company management. He was a founding shareholder and held the position of Managing Director of ARC Energy Limited from 1997 until August 2008, during which time ARC Energy Limited was transformed from a junior oil and gas exploration company into a mid-size Australian oil and gas producer. He is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists. He is on the Board, and immediate past chair of the Australian Petroleum Production and Exploration Association and is the immediate past Chair of the Marine Parks & Reserve Authority of Western Australia. He was also a Non-executive Director of Adelphi Energy Limited from 2005 until 2010.

Mr Streitberg has been a Director since October 2008.

**Directors' recommendation:** The Board (other than Mr Streitberg whose re-election is the subject of Resolution 2) recommends that Shareholders vote in favour of this resolution re-electing Mr Streitberg as a Director.

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## 3. Adoption of remuneration report

Section 250R(2) of the Corporations Act requires a resolution that the Company's remuneration report be adopted must be voted on.

The remuneration report describes the Company's remuneration policy for non-executive Directors, executive Directors and senior executives. The remuneration report is set out from page 42 of the Company's 2013 annual report, which can be viewed in the "Investor Centre – Reports – Annual Reports" section of the Company's website ([www.buruenergy.com](http://www.buruenergy.com)). The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the remuneration report.

Section 250R(3) of the Corporations Act provides that the vote on the remuneration report is advisory only and does not bind the Directors or the Company. However, the Board will take into consideration the outcome of voting on this resolution when assessing the remuneration policy in the future.

## 4. Approval of prior issue of Placement Shares

As announced on 9 August 2013, the Company issued 21,300,000 fully paid ordinary shares in the Company (Placement Shares) to institutional investors at an issue price of \$1.65 per Share to raise a total of approximately \$35 million.

### ***ASX Listing Rule requirements***

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without shareholder approval. The issue of the Placement Shares was within the Company's 15% placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that an issue by a company of equity securities made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with approval if the issue did not breach ASX Listing Rule 7.1 when made and shareholders subsequently approve it.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the Placement Shares to institutional investors made without approval under ASX Listing Rule 7.1. Resolution 4 is proposed to provide the Company with the maximum flexibility to issue further securities (if necessary) under ASX Listing Rule 7.1 without shareholder approval. The requirement to obtain shareholder approval for a future issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise.

The effect of approval of Resolution 4 will be that the issue of the Placement Shares will not be counted towards reducing the number of securities that the Company can issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. This, in effect, means that the 15% limit under ASX Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit.

If Resolution 4 is not approved by Shareholders, it may limit the ability of the Company to issue securities without shareholder approval until the Company's 15% capacity is replenished, in accordance with ASX Listing Rule 7.1.

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## **Information required by ASX Listing Rule 7.5**

In accordance with ASX Listing Rule 7.5, the Company provides the following information:

- A total of 21,300,000 Shares were issued by the Company on 15 August 2013.
- The Placement Shares were issued for \$1.65 per Share, being an 8.8% discount to the 5 day pre-placement volume weighted average price of Shares traded on ASX of \$1.81.
- The Placement Shares are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- The Placement Shares were issued to institutional investors. None of the Placement Shares were issued to related parties of the Company or their associates (as those terms are defined in the ASX Listing Rules).
- The funds raised from the issue of the Placement Shares will, together with the balance of the funding package announced by the Company on 8 August 2013, be used:
  - to progress the development of the Ungani Oilfield into full scale production;
  - to complete an appraisal program of the Laurel Wet Gas project;
  - to recommence an active seismic and drilling exploration program for conventional oil prospects, with an initial focus on the Ungani oil trend; and
  - working capital.

## **Directors' recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4.

## SHARE APPRECIATION RIGHTS APPROVALS

### Highlights

- Resolutions 5 and 6 seek Shareholder approval for the equity-linked component of the Company's long term executive incentive arrangements.
- Under these arrangements, senior executives (including the Managing Director) are to be granted share appreciation rights to reward, retain and incentivise them to deliver value to Shareholders.
- The Company has selected the share appreciation rights structure because it:
  - will only reward senior executives for Share price growth, and for grants under the Share Appreciation Rights Plan the subject of Resolution 5, Share price growth relative to the performance of the selected peer group and the S&P/ASX200;
  - for grants under the Share Appreciation Rights Plan, aligns senior management with long term total shareholder returns by setting a vesting period of 3 years;
  - is consistent with market practice of S&P/ASX200 companies; and
  - will only ever pay out the increase in value over the starting Share price and, therefore, will deliver significantly less Shares than options and be much less dilutive to Shareholders.
- Approval of the Share Appreciation Rights Plan is sought so that grants of rights and any Shares issued on vesting of rights do not count towards the Company's 15% limit on issuing equity securities for a period of 3 years from the date of the approval.
- Approval is also sought for the specific grant of share appreciation rights to the Managing Director in accordance with his employment contract, details of which were announced to ASX on 10 December 2012.

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## 5. Approval of the Buru Energy Limited Share Appreciation Rights Plan

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), sections 200B and 200E of the Corporations Act and for all other purposes of the Buru Energy Limited Share Appreciation Rights Plan (Plan) and of the issue of securities under the Plan from time to time (including the granting of Share Appreciation Rights and the issue or transfer of Shares on vesting of such Share Appreciation Rights) and the giving of benefits under the Plan to members of KMP.

The Company has revisited its long term incentive (LTI) arrangements to ensure that it continues to reward, retain and motivate senior executives in a manner aligned with Shareholders. After exploring a number of equity incentive vehicles, it was decided that a share appreciation rights plan delivering share appreciation rights would be the mechanism to incentivise senior executives to deliver value to shareholders.

Under the Plan, the Board may grant to eligible employees Share Appreciation Rights. Vesting of any Share Appreciation Right granted under the Plan will be subject to the satisfaction of performance hurdles and/or vesting conditions (outlined below).

Each Share Appreciation Right represents a right to receive a payment equal to the positive difference between a Share price determined by the Board prior to the grant of the Share Appreciation Rights and the Share price at vesting. The Plan provides the flexibility for the total value of all Share Appreciation Rights on the vesting date to be settled via delivering Shares of an equivalent value to the Participant, a cash payment of the equivalent value, or a combination of both. The current intention of the Board is for Share Appreciation Rights to be equity settled, and this will be specified in participants' invitation letters.

Economically, Share Appreciation Rights are similar to options as they will only reward for Share price growth. As the Share Appreciation Rights only ever pay out the increase in value over the starting Share price (with this value settled in Shares based on the Share price at the time of vesting, or a cash equivalent), they will always deliver significantly less Shares than an equivalent number of options and are therefore much less dilutive to Shareholders. The Share price at vesting will be determined by reference to the 30-day value weighted average Share price (VWAP) at the time of vesting. The following example demonstrates how Share Appreciation Rights are less dilutive than Options:

- 100,000 Share Appreciation Rights are granted.
- the base price determined by the Board at the start date is \$1.00.
- 30-day VWAP at the vest date is \$1.50.
- At vest date (and provided all performance hurdles are satisfied), the 100,000 Share Appreciation Rights vest and the dollar value of the Share Appreciation Rights is \$50,000 (100,000 Share Appreciation Rights x (\$1.50 - \$1.00)).
- The value of the Share Appreciation Rights is settled via an issue of 33,333 Shares (\$50,000 / \$1.50) (or alternatively a cash payment of \$50,000).
- Compare this to a scenario where 100,000 options are issued. At vest date (and provided all performance hurdles are satisfied), the 100,000 options would be settled via an issue of 100,000 Shares, provided the options are exercised in full.

The LTI quantum to be granted will be determined with reference to market practice and will be subject to approval by the Board. The LTI dollar value that eligible employees will be entitled to receive is set at a fixed percentage of their annual base salary and ranges from 15% to 30%, subject to Board discretion, of base salary, depending on the participant's level and seniority. This level of LTI is in line with current market practice.

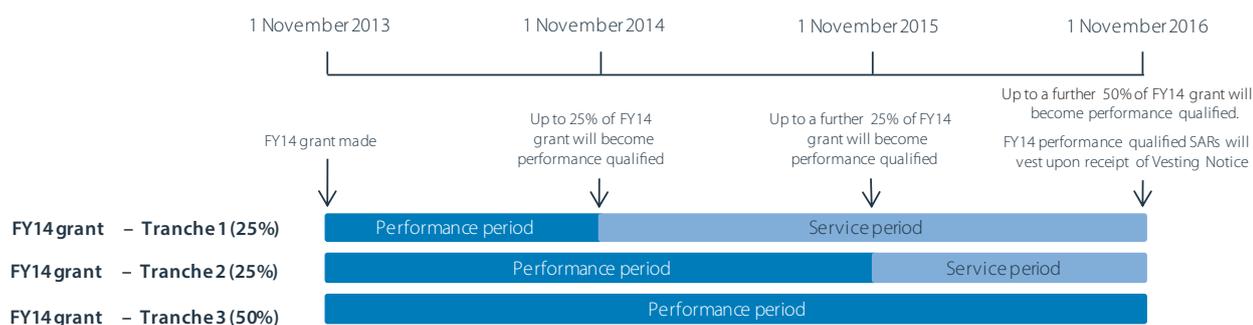
The Plan will enable the Company to make annual grants to eligible employees so that LTIs form a key component of their total annual remuneration. This will better align the remuneration packages of the Company's senior executives with current market practice.

The Board believes that grants made under the Plan will serve a number of purposes, including:

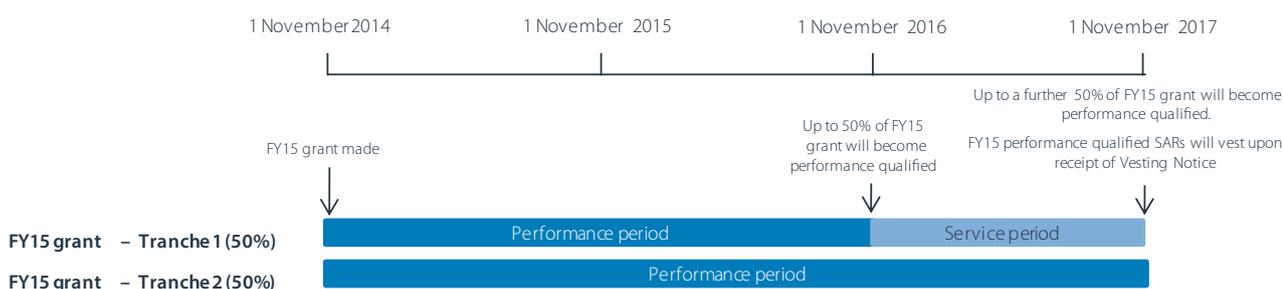
- to act as a key retention tool; and
- to focus on future Shareholder value generation.

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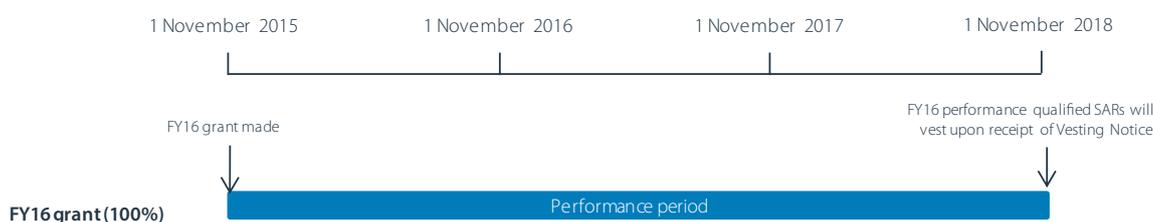
The Plan signifies a move towards a structure that will reward long-term sustainable Shareholder value generation. As the Company moves to a more structured approach to LTI over the next three years, Share Appreciation Rights will become performance qualified in tranches throughout the relevant performance period but will remain subject to a service condition such that no vesting occurs until the end of the three year performance period. The staggered structure of the FY14 and FY15 LTI grants will assist in the retention of senior executives as the Company transitions towards a 3-year performance period. The inaugural grants made under the Plan for FY14 will become performance qualified in three tranches as follows:



Over time, performance periods are extended over multiple years to ensure that sustainable Shareholder growth has been created. FY15 grants will become performance qualified in two tranches as follows:



It is intended that by FY16, LTI grants will be structured to assess performance over a 3-year period only. A 3-year performance and vesting period is typical of ASX listed companies. For FY16 grants onwards, LTI grants will be aligned with typical market practice and be structured as follows:



All grants made under the Plan will be subject to the satisfaction of challenging performance hurdles and vesting conditions. FY14 grants will be subject to satisfactory Relative Total Shareholder Return (Relative TSR) performance and service. Relative TSR performance will be assessed:

- against a custom peer group of 22 peer companies that are similar in size (by market capitalisation) and industry (Relative TSR (custom)) (50% weighting); and
- against the constituents of the S&P/ASX 200 determined at the start of the Performance Period (Relative TSR (ASX 200)) (50% weighting).

While satisfactory Relative TSR performance may be achieved during the vesting period, resulting in Share Appreciation Rights becoming 'performance qualified', Participants are required to remain employed with the Company throughout the vesting period and as at vest date before any performance qualified Share Appreciation Rights vest.

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It is proposed that Share Appreciation Rights will be issued to participants in accordance with the rules of the Plan. A summary of the principal terms of the Plan rules is set out in Schedule 1 to this Notice of Meeting.

No Share Appreciation Rights have yet been issued by the Company under the Plan.

Any issues of Share Appreciation Rights under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

## ***Reasons why shareholder approval is being sought***

### *ASX Listing Rule 7.2 (Exception 9(b))*

ASX Listing Rule 7.1 imposes a limit on the number of equity securities that a company can issue or agree to issue without shareholder approval. Generally, the Company may not without shareholder approval issue in any 12 month period a number of equity securities that is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

ASX Listing Rule 7.2 lists exceptions to ASX Listing Rule 7.1. ASX Listing Rule 7.2 (Exception 9) essentially provides securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% limit for ASX Listing Rule 7.1 purposes, provided that the employee incentive scheme and the issue of securities under it have been approved by shareholders within the three year period prior to the issue of securities.

Resolution 5 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), and for all other purposes, of the Plan and the issue of securities under the Plan from time to time (including the grant of Share Appreciation Rights and the issue of any new Shares upon vesting of such Share Appreciation Rights). If Resolution 5 is passed, all securities issued by the Company under the Plan will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of 3 years from the date of the approval. If Shareholders do not approve this Resolution 5, the Company may still issue securities under the Plan, but any securities may be taken into account when calculating whether the 15% limit under ASX Listing Rule 7.1 has been reached.

By approving this Resolution 5, the Company will preserve flexibility to issue equity securities in the future up to the 15% limit set out in ASX Listing Rule 7.1 without the need to obtain further shareholder approval. The requirement to obtain shareholder approval for an issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise. If Resolution 5 is passed, all securities issued by the Company under the Plan will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of 3 years from the date of the approval.

A summary of the key terms and conditions of the Plan is set out in Schedule 1 to this Notice of Meeting. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request by email to the Company Secretary at [info@buruenergy.com](mailto:info@buruenergy.com).

### *Sections 200B and 200E of the Corporations Act*

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary). This restriction will apply to all KMP.

The term "benefit" is open to a wide interpretation and may include the early vesting of Share Appreciation Rights under the Plan. As outlined in the summary of the Plan in Schedule 1 to this Notice of Meeting, participants may become entitled to early vesting of Share Appreciation Rights in certain circumstances, including if the Board determines this in the situations where a change of control event occurs or if the Board exercises its discretion upon the cessation of a Participant's employment and other forfeiture events.

Shareholder approval is also sought under Resolution 5 so that the grant of Share Appreciation Rights, and the issue (or transfer) of Shares or cash payment of the equivalent value (or a combination of both), do not count towards such maximum termination amounts to the extent that the benefits are deliverable on the cessation of the Participant's employment.

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If Resolution 5 is not approved, Participants who are KMP may not be able to receive benefits that are available to all other Participants unless subsequent Shareholder approval is obtained. Further, equity linked benefits such as the Share Appreciation Rights align senior executives with shareholders and the Directors believe granting approval is better for shareholders than, for example, increasing cash awards in future in lieu of share benefits. Shareholder approval is also expected to assist the Company to retain, motivate and attract key employees and is consistent with approvals sought by other listed companies in Australia.

The value of any benefits to be granted on cessation of a Participant's employment cannot be ascertained at the present time. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the benefits:

- the performance criteria determined to apply to the Participant's Share Appreciation Rights;
- the Participant's length of service and reasons for cessation of employment;
- the number of Share Appreciation Rights granted to the Participant;
- employee and Company performance factors used to determine vesting of Share Appreciation Rights;
- the amount of other remuneration payable to the Participant; and
- the exercise of the Directors' discretion at the relevant time.

As no Share Appreciation Rights have yet been granted under the Plan, it is also not possible to identify the benefit in respect of prior grants.

The Board has not yet determined the members of KMP who will be invited to participate in the Plan. Non-executive Directors are not, however, eligible to participate in the Plan. Details of the remuneration of the Company's existing KMP are set out in the 2013 remuneration report.

It should be noted that, notwithstanding an approval by Shareholders of Resolution 5, any future grant of Share Appreciation Rights to a Director that may entitle that Director to the issue of new Shares (as opposed to Shares acquired on-market), will remain subject to Shareholder approval under ASX Listing Rule 10.14.

**Directors' recommendation:** The non-executive Directors recommend that Shareholders vote in favour of Resolution 5. The executive Directors may be interested in the outcome of this Resolution 5 and therefore do not consider it appropriate to make a recommendation to Shareholders because they are eligible to participate in the Plan, although only with specific Shareholder approval, which is not being sought at this time.

## 6. Approval for grant of share appreciation rights to Dr Keiran Wulff

Resolution 6 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11, sections 200B and 200E of the Corporations Act and for all other purposes, for the grant of 2,500,000 share appreciation rights, and either the issue or transfer of Shares in the Company on vesting of those share appreciation rights, to Dr Keiran Wulff, the Company's Managing Director, in accordance with the terms of his employment agreement with the Company.

These share appreciation rights are proposed to be granted under Dr Wulff's employment agreement on the terms and conditions summarised below, and not under the Plan that is the subject of Resolution 5.

As announced to ASX on 10 December 2012, the grant of these 2,500,000 share appreciation rights to Dr Wulff is, subject to shareholder approval, to form the long term incentive component of Dr Wulff's remuneration package as an executive director of the Company (LT Share Appreciation Rights). Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to find a balance between short term and long term performance objectives. In the Board's view, the issue of the LT Share Appreciation Rights to Dr Wulff is an appropriate means of meeting these long term performance objectives.

The Board has formed the view that remuneration in the form of LT Share Appreciation Rights is reasonable given the Company's circumstances and Dr Wulff's circumstances (including his remuneration), and that the terms of issue of the LT Share Appreciation Rights to Dr Wulff are appropriate.

# Notice of 2013 Annual General Meeting

As disclosed in further detail in the remuneration report set out on pages 42 to 49 of the 2013 Annual Report, the remuneration of the Company's Managing Director, Dr Keiran Wulff, comprises:

- fixed annual remuneration (being a base salary and superannuation contribution);
- a short term incentive bonus of up to 45% of the base salary (subject to the Board's discretion having regard to Dr Wulff's performance); and
- a long term incentive component, comprising of the grant of the LT Share Appreciation Rights and the prospective discretionary issue of share appreciation rights, share options or performance rights annually based on agreed targets. Approval only for the LT Share Appreciation Rights is sought at this time.

## *Terms of the LT Share Appreciation Rights*

If Shareholders approve Resolution 6, the Company proposes to grant to Dr Wulff 2,500,000 LT Share Appreciation Rights in the following two tranches with each tranche vesting (and becoming exercisable) on and from the applicable vesting date (set out in column 2 in the table below):

<b>Number of LT Share Appreciation Rights</b>	<b>Base Price (subject to adjustments)</b>	<b>Vesting Date</b>
1,000,000	150% of the 30 day VWAP on the date of commencement of Dr Wulff's employment (being \$3.79)	1 February 2015
1,500,000	200% of the 30 day VWAP on the date of commencement of Dr Wulff's employment (being \$5.06)	1 February 2016

Each LT Share Appreciation Right is essentially a right that entitles Dr Wulff to receive the value (upon vesting and being exercised) equal to the increase in value of a Share above the applicable Base Price (set out in column 2 in the above table). This increase in value will be satisfied by the Company issuing (or transferring) Shares to Dr Wulff (or at the option of the Company, the payment of cash). The current intention of the Board is for the LT Share Appreciation Rights to be equity settled.

The value of a Share has been set as the VWAP for the 30 business day period up to the business day prior to the date the LT Share Appreciation Right is exercised and it is the difference between this and the applicable Base Price that, subject to applicable adjustments, determines the number of Shares (or at the option of the Company, cash) Dr Wulff is entitled to.

The LT Share Appreciation Rights will be granted to Dr Wulff for nil cash consideration and Dr Wulff will not be required to pay any consideration on the grant of the LT Share Appreciation Rights or the vesting or exercise of a LT Share Appreciation Right.

The LT Share Appreciation Rights are capable of being exercised by Dr Wulff only after the applicable Vesting Date.

The LT Share Appreciation Rights will lapse and be incapable of exercise if they are not exercised by the later of:

- a. 30 June 2016; and
- b. the date of cessation of employment of Dr Wulff with the Company.

Unless the Board determines otherwise (in its absolute discretion and to the extent permitted by law), if Dr Wulff ceases to be employed by the Company (whether by reason of death, resignation or termination of employment by the Company), the LT Share Appreciation Rights which are not exercisable at the time Dr Wulff ceases employment, will lapse.

Other than this continued employment condition, and unlike the rights under the Plan the subject of Resolution 5, there are no performance hurdles or performance criteria applicable to the LT Share Appreciation Rights that must be satisfied before they may vest.

# Notice of 2013 Annual General Meeting

A summary of the terms of the LT Share Appreciation Rights is set out in further detail in Schedule 2 to this Notice of Meeting.

If Shareholder approval is not obtained, the LT Share Appreciation Rights will not be granted in a form which can result in Dr Wulff receiving issued shares. This is because under the terms of Dr Wulff's employment agreement with the Company, if Shareholder approval is required for the grant of the LT Share Appreciation Rights and is not provided then the Company must ensure that Dr Wulff is placed in the same economic position as if the LT Share Appreciation Rights had received Shareholder approval.

## ***Reasons shareholder approval is being sought***

### *ASX Listing Rule 10.11*

ASX Listing Rule 10.11 requires prior shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, unless an exception in ASX Listing Rule 10.12 applies. Dr Wulff is a Director of the Company and therefore a related party of the Company for the purposes of ASX Listing Rule 10.11. Accordingly, the proposed issue of the LT Share Appreciation Rights (and any Share issue on vesting and exercise of any such LT Share Appreciation Rights) to him requires Shareholder approval under ASX Listing Rule 10.11.

ASX Listing Rule 7.1 imposes a limit on the number of equity securities that a company can issue or agree to issue without shareholder approval. Generally, a company may not without shareholder approval issue in any 12 month period a number of equity securities that is more than 15% of the number of fully paid ordinary shares on issue 12 months before the issue.

ASX Listing Rule 7.2 (Exception 14) sets out an exception to ASX Listing Rule 7.1. It effectively provides that securities issued with prior shareholder approval under ASX Listing Rule 10.11 are not included in the calculation of the 15% limit for ASX Listing Rule 7.1 purposes. Accordingly, if Resolution 6 is passed, approval will not be required under ASX Listing Rule 7.1 and the issue of the LT Share Appreciation Rights (and any Share issued on vesting and exercise of any such LT Share Appreciation Rights) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

### *Sections 200B and 200E of the Corporations Act*

As noted in respect of Resolution 5 above, the Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary).

The term "benefit" is open to a wide operation and may include the accelerated vesting of LT Share Appreciation Rights. As outlined in the summary of the terms of the LT Share Appreciation Rights in Schedule 2 to this Notice of Meeting, the Board has the discretion to determine that some or all of the LT Share Appreciation Rights that are not exercisable at the time Dr Wulff ceases employment with the Company become exercisable. The Board also has the discretion to accelerate the vesting of the LT Share Appreciation Rights in a change of control event. So, if Dr Wulff ceases employment with the Company or a change of control event occurs, he may be entitled to exercise the LT Share Appreciation Rights granted to him.

Early exercise of Dr Wulff's LTI Share Appreciation Rights may amount to the giving of a termination benefit requiring shareholder approval in accordance with the Corporations Act. Accordingly, shareholder approval is also sought for any such benefit which Dr Wulff may receive on cessation of his employment with the Company.

Details of Dr Wulff's remuneration including termination benefits are set out in the Company's 2013 remuneration report.

The value of any consequent termination benefit that may be received as a result of early exercising of the LT Share Appreciation Rights upon cessation of employment or a change of control event cannot be ascertained at the present time. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the benefit:

- The number of unvested LTI Share Appreciation Rights held by Dr Wulff prior to the cessation of employment.
- The reasons for cessation of employment.
- The exercise of the Directors' discretion at the relevant time.

# Notice of 2013 Annual General Meeting

## *Information required by the ASX Listing Rules*

For the purposes of ASX Listing Rule 10.11, the following information is provided with respect to Resolution 6:

- The LT Share Appreciation Rights will be issued to Dr Wulff, the Company's Managing Director.
- The maximum number of LT Share Appreciation Rights to be issued to Dr Wulff is 2,500,000. The formula for calculating the number of Shares to be issued or transferred upon vesting and exercise of the LT Share Appreciation Rights is set out in Schedule 2 to this Notice of Meeting.
- If Resolution 6 is approved, the LT Share Appreciation Rights will be issued to Dr Wulff no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the LT Share Appreciation Rights will be issued to Dr Wulff on one date.
- The LT Share Appreciation rights are being issued to Dr Wulff as part of the long term incentive component of his remuneration package as the Managing Director of the Company. As such, the LT Share Appreciation Rights will be granted to Dr Wulff for nil cash consideration and Dr Wulff will not be required to pay any consideration on the grant of the LT Share Appreciation Rights or the vesting or exercise of a LT Share Appreciation Right.
- The key terms of the LT Share Appreciation Rights are set out in the section titled "Terms of the LT Share Appreciation Rights" above and described in more detail in Schedule 2 to this Notice of Meeting.
- There will be no funds raised from the grant of the LT Share Appreciation Rights.

**Directors' recommendation:** The Directors (other than Dr Wulff who has an interest in the outcome of this Resolution) recommend that Shareholders vote in favour of Resolution 6.

# Notice of 2013 Annual General Meeting

## SCHEDULE 1

Key Terms of Buru Energy Limited Share Appreciation Rights Plan:

<b>Eligibility</b>	Employees (whether full or part-time) and salaried directors (Eligible Employees) of any member of the Group are entitled to participate in the Plan.
<b>Purpose</b>	<p>The purpose of the Plan is to:</p> <ol style="list-style-type: none"><li>assist in the reward, retention and motivation of Eligible Employees;</li><li>link the reward of Eligible Employees to Shareholder value creation; and</li><li>align the interests of Eligible Employees with Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the Company in the form of Share Appreciation Rights.</li></ol>
<b>Invitation</b>	<p>The Board may from time to time in its sole and absolute discretion decide that an Eligible Employee may participate in the Plan by issuing a written invitation to the Eligible Employee inviting him or her to apply for the grant of a specified number of Share Appreciation Rights on the terms and conditions set out in the Plan. The invitation may be made on terms and conditions determined by the Board, including as to:</p> <ol style="list-style-type: none"><li>the number of Share Appreciation Rights for which the Eligible Employee may apply;</li><li>the grant date;</li><li>the amount payable (if any) for the grant of each Share Appreciation Right or how such amount is calculated;</li><li>the vesting conditions and/or performance hurdles and/or other conditions (if any);</li><li>whether the settlement of Share Appreciation Rights will be by delivering Shares, cash or a combination of both to the participant; and</li><li>any disposal restrictions attaching to Shares issued in satisfaction of vested Share Appreciation Rights.</li></ol>
<b>Plan Limit</b>	<p>The Board must not make an offer under the Plan, grant any Share Appreciation Rights or issue any Shares on the exercise of Share Appreciation Rights, if the sum of:</p> <ol style="list-style-type: none"><li>the maximum number of Shares which would be issued if all outstanding Share Appreciation Rights (including any Share Appreciation Rights which may be granted upon the acceptance of any outstanding offers) were exercised; and</li><li>the number of Shares issued during the previous five years under the Plan or any other employee share scheme extended to Eligible Employees,</li></ol> <p>but excluding any Share Appreciation Rights granted or Shares issued by way of or as a result of certain excluded offers under section 708 of the Corporations Act 2001 (Cth), would exceed five per cent of the total number of Shares on issue at that time.</p>

# Notice of 2013 Annual General Meeting

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## Share Appreciation Right

A Share Appreciation Right is the right to receive an award from the Company which may be satisfied by the issue and/or transfer of Shares (Equity Settlement), cash payment (Cash Settlement) or a combination of both, subject to the satisfaction and/or waiver of vesting conditions and/or performance hurdles and/or other conditions. The award is calculated by reference to the increase in the price of a Share from a base price determined by the Board prior to the grant and the volume-weighted average price per Share traded on the ASX over the 30 days immediately preceding the time that the performance hurdles and/or other conditions are satisfied and/or waived. Share Appreciation Rights do not entitle the holder to notice of, or to vote or attend at, Shareholders' meetings, or to receive any dividends declared by the Company.

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## Vesting

Vesting of Share Appreciation Rights is subject to any vesting conditions and/or performance hurdles and/or any other conditions determined by the Board.

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## No quotation

The Company will not apply for official quotation of Share Appreciation Rights on the ASX, unless the Board determines otherwise.

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## Transferability and restrictions

Subject to the Board determining otherwise or by operation of law, Share Appreciation Rights are not generally transferable.

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## Forfeiture

Unless the Board determines otherwise, unvested Share Appreciation Rights will be forfeited upon the earlier of:

- i. a participant ceasing to be an Eligible Employee;
- ii. the Board determining that the participant has acted fraudulently or dishonestly, or wilfully breached his or her duties;
- iii. the Board determining that performance hurdles and/or vesting conditions and/or other conditions have not been met or cannot be met;
- iv. an insolvency event occurring in relation to a participant;
- v. the Share Appreciation Right expiring in accordance with its expiry date; and
- vi. a participant purporting to sell, assign, transfer, deal or grant a security interest over the Share Appreciation Right.

Forfeited Share Appreciation Rights will immediately lapse.

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## Change of Control

The Board in its sole and absolute discretion will determine the manner in which any or all of a participant's Share Appreciation Rights are dealt with on a change of control event, including (without limitation) in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

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## Vesting

Vesting of Share Appreciation Rights is subject to any vesting conditions and/or performance hurdles and/or other conditions determined by the Board.

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## Settlement

Vested Share Appreciation Rights may be settled by Equity Settlement, Cash Settlement or a combination of Equity Settlement and Cash Settlement. The invitation may specify the method in which Share Appreciation Rights will be settled, or alternatively the Board will determine the method of Settlement prior to vesting.

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## Shares

All Shares issued or transferred to a participant upon the settlement of Share Appreciation Rights (Plan Shares) will rank pari passu in all respects with other Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares.

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# Notice of 2013 Annual General Meeting

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## Adjustments

Subject to the ASX Listing Rules and applicable law, if the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, the Board may in its discretion make adjustments to a participant's Share Appreciation Rights on any basis it sees fit to minimise any advantage or disadvantage accruing to the participant as a result of such corporate actions or alterations to capital.

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## Administration of the Plan

The Plan will be administered by the Board. Any powers or discretions conferred on the Board by the Plan rules may be exercised in the Board's sole and absolute discretion. The Board may delegate its powers or discretions to other persons on terms as the Board sees fit.

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## Trust

The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding Shares before or after the exercise of a Share Appreciation Right or delivering any Plan Shares arising from the exercise of a Share Appreciation Right under these Rules on such terms and conditions as determined by the Board.

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## Amendments to Plan rules

Subject to the ASX Listing Rules, the Board may at any time amend the rules of the Plan and determine that any such amendments be given retrospective effect. However, no such amendment may be made if the amendment materially reduces the rights of any holder of Share Appreciation Rights issued to them prior to the date of the amendment, other than an amendment that is introduced primarily:

- i. for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
- ii. to correct any manifest error or mistake;
- iii. to allow the implementation of a trust arrangement in relation to the holding of Shares issued under the Plan;
- iv. for the purpose of complying with applicable laws; and/or
- v. to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation,

unless otherwise agreed to in writing by all holders of Share Appreciations Rights.

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# Notice of 2013 Annual General Meeting

## SCHEDULE 2

Summary of the terms of the LT Share Appreciation Rights to be issued to Dr Wulff

### Terms of the LT Share Appreciation Rights

If Shareholders approval Resolution 6, the Company proposes to grant to Dr Wulff 2,500,000 LT Share Appreciation Rights in the following two tranches with each tranche vesting (and becoming exercisable) on and from the applicable vesting date (set out in column 2 in the table below):

Number of LT Share Appreciation Rights	Base Price	Vesting Date
1,000,000	150% of the 30 day VWAP on the date of commencement (being \$3.79)	1 February 2015
1,500,000	200% of the 30 day VWAP on the date of commencement (being \$5.06)	1 February 2016

Each LT Share Appreciation Right is a right to receive (in the form of a fraction of a Share to be issued or transferred, or at the option of the Company, cash) the increase in value of a Share (or a greater number if the Entitlement Ratio does not remain one) during the time from the grant date to the Exercise Date.

### Circumstances where LT Share Appreciation Rights become exercisable

The LT Share Appreciation Rights are exercisable following the applicable Vesting Date set out above for the relevant tranche of LT Share Appreciation Rights. The LT Share Appreciation Rights may only be exercised if Dr Wulff would, at the time of exercise, be permitted to deal with Shares in accordance with the Company's share trading policy.

### Mechanics of exercise of LT Share Appreciation Rights

Dr Wulff can only exercise a LT Share Appreciation Right if at that time the LT Share Appreciation Right is exercisable in accordance with the terms of issue.

In such circumstances, the LT Share Appreciation Rights can be exercised by Dr Wulff submitting a notice of exercise to the Company specifying the number of LT Share Appreciation Rights to be exercised.

The date of exercise will be the date that the notice is received by the Company.

### Value of LT Share Appreciation Right at exercise

Subject to adjustments under the terms of issue, the value of a LT Share Appreciation Right when it is exercised equals the greater of nil and the amount determined in accordance with the following formula:

$$\text{Value} = P - \text{Base Price}$$

Where:

**P** is the volume weighted average price of a Share on the ASX for the 30 business day period up to the business day prior to the day the LT Share Appreciation Right is exercised; and  
**Base Price** is the relevant Base Price for the LT Share Appreciation Right.

# Notice of 2013 Annual General Meeting

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## Shares to be issued or transferred

After the LT Share Appreciation Right has been exercised, the Company will issue or transfer to Dr Wulff the following number of Shares (rounded down to the nearest whole number) or, at the option of the Company, cash in the same amount:

**$V/P \times N$ ,**

where:

**V** is the value of the LT Share Appreciation Right when it is exercised (calculated in accordance with the above);

**P** is the volume weighted average price for a share on the ASX for the 30 business days prior to the day the LT Share Appreciation Right is exercised; and

**ER** is Entitlement Ratio for the LT Share Appreciation Right at the time the LT Share Appreciation Right is exercised; and

**N** is the number of LT Share Appreciation Rights being exercised.

**Entitlement Ratio** means the increase in the value of a specified number of Shares for each LT Share Appreciation Right. The Entitlement Ratio is equal to one at the time the LT Share Appreciation Right is granted and will remain that number unless and until there is an adjustment. The Entitlement Ratio will be adjusted in accordance with market standard adjustment provisions in the event of a bonus issue, pro rata share offer (ie, an entitlement offer) or capital reconstruction in respect of the Company.

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## Ranking of Shares

All Shares issued on the exercise of the LT Share Appreciation Rights will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of their allotment.

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## Quoting of Shares

If Shares of the same class as those issued on the exercise of the LT Share Appreciation Rights are quoted on ASX, the Company will apply to the ASX as required by the ASX Listing Rules for those Shares to be quoted.

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## Lapse of LT Share Appreciation Rights

The LT Share Appreciation Rights will lapse and be incapable of exercise if they are not exercised by the later of:

- a. 30 June 2016; and
- b. the date Dr Wulff ceases employment with the Company.

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## Cessation of employment

Unless the Board determines otherwise (in its absolute discretion and to the extent permitted by law), if Dr Wulff ceases to be employed by the Company (whether by reason of death, resignation or termination of employment by the Company), the LT Share Appreciation Rights which are not exercisable at the time Dr Wulff ceases employment, will lapse.

In the event of death of Dr Wulff the time for exercise may be deferred to enable the estate to take appropriate action.

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## No cash consideration

The LT Share Appreciation Rights will be granted to Dr Wulff for nil cash consideration and Dr Wulff will not be required to pay any consideration on the grant of the LT Share Appreciation Rights or the vesting or exercise of a LT Share Appreciation Right.

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# Notice of 2013 Annual General Meeting

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## Change of control

If:

- a. a takeover bid for the Shares is made and a statement is lodged with the ASX to the effect that a person has become entitled to a relevant interest in not less than 50% of the Shares; or
- b. pursuant to an application made to the Court, the Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with, or acquisition by, any other companies and the scheme is approved by the requisite majority of shareholders,

the applicable Vesting Date for the LT Share Appreciation Rights which have not at that time become exercisable will be:

- c. the date of the announcement referred to in sub-paragraph (a) above; or
- d. the date of the shareholder approval referred to in sub-paragraph (b) above, with the effect that those LT Share Appreciation Rights may be exercised.

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## Restriction on dealing

Dr Wulff may not sell, assign, transfer or otherwise deal with, or grant a security interest over, a LT Share Appreciation Right. The LT Share Appreciation Right will immediately lapse on purported sale, assignment, transfer, dealing or grant of a security interest, unless the Board in its absolute discretion approves (subject to such conditions as the Board sees fit) the dealing or the transfer or transmissions effected by force of law on death or legal incapacity to Dr Wulff's legal personal representative.

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## Nominee

Upon exercise, Dr Wulff may specify in the notice of exercise that the Shares (or cash) are to be issued, transferred (or paid) to a spouse, child or trust or fund of which Dr Wulff is a beneficiary. The Company may issue (or transfer) the Shares (or pay the cash) to such person.

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## Participation in future issues

Dr Wulff may only participate in new issues of securities to holders of Shares in respect of his LT Share Appreciation Rights if he has exercised the LT Share Appreciation Rights before the record date for determining entitlements to the issue.

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[www.buruenergy.com](http://www.buruenergy.com)



## SECURITYHOLDER PROXY FORM

I/We being a member(s) of Buru Energy Limited and entitled to attend and vote hereby appoint:

### STEP 1

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy to act generally at the meeting and to vote for me/us on my/our behalf in accordance with the following directions (or otherwise, to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (Perth time) on Tuesday, 12 November 2013, at Perth Exhibition and Convention Centre, Meeting Room 8, 21 Mounts Bay Road, Perth** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy on items 3, 5 and 6 even though the resolutions are connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an

### STEP 2

### VOTING DIRECTIONS

#### Resolution 1

Re-election of the Hon Mr Peter Jones AM. as Director

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 4

Approval of prior issue of Placement Shares

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 2

Re-election of Mr Eric Streitberg as Director

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 5

Approval of the Buru Energy Limited Share Appreciation Rights Plan

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 3

Adoption of remuneration report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 6

Approval for grant of share appreciation rights to Dr Keiran Wulff

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

### IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 5 and 6 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 5 and 6 and your votes will not be counted in calculating the required majority if a poll is called on these Items.

The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5 and 6.

### STEP 4

### SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (Perth time) on Sunday, 10 November 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Buru Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**