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ASX ANNOUNCEMENT (ASX: BRU) 29 October 2012

2012 AGM Notice of Meeting and Proxy Form

Please find attached Buru Energy Limited's ("**Buru**" or "**Company**") Notice of Meeting and Proxy Form for the Company's Annual General Meeting ("**AGM**"). A hard copy of the Notice of Meeting and Proxy Form has today been distributed to those shareholders that have not requested to receive it electronically.

The AGM will be held at the QV1 Conference Centre, Level 2, the QV1 building, 250 St Georges Terrace, Perth on Friday, 30 November 2012 commencing at 10.00am (Perth time).

Further information on the Company is available at: www.buruenergy.com

For inquiries please contact:

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NOTICE OF 2012 ANNUAL GENERAL MEETING

www.buruenergy.com

Notice of 2012 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 (“Buru” or the “Company”) will be held at the QV1 Conference Centre, Level 2, the QV1 building, 250 St Georges Terrace, Perth on Friday, 30 November 2012 commencing at 10.00am (Perth time).

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 2011 to 30 June 2012.

Shareholders can view the Annual Report, which contains these reports, on the Company’s website (www.buruenergy.com) in the “Investor Centre – Reports – Annual Reports” section.

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 Dr Keiran Wulff as Director

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

“That Dr Keiran Wulff, who retires in accordance with the Constitution of the Company, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company.”

2. 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 2012 be adopted.”

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement for item 2

A vote on item 2 must not be cast (in any capacity) by or on behalf of a member of the key management personnel (details of whose remuneration are included in the Remuneration Report) (“KMP”) or any of their closely related parties (such as close family members and any controlled companies). However, such a person may cast a vote on item 2 as a proxy if the vote is not cast on behalf of a member of the Company’s KMP or any of their closely related parties and either:

- a. the person is appointed as a proxy by writing that specifies how the proxy is to vote on item 2; or
- b. the person is the Chairman of the meeting and the appointment of the Chairman as proxy: (i) does not specify the way the proxy is to vote on item 2; and (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company’s KMP.

3. Approval of prior issue of shares – June placement

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

“That the issue by the Company of 16,666,667 fully paid ordinary shares in the Company to institutional investors as described in the Explanatory Notes accompanying this Notice of Meeting, be approved for the purposes of ASX Listing Rule 7.4.”

Voting Exclusion Statement for item 3

The Company will disregard any votes cast on the resolution in item 3 by or on behalf of any of the persons who participated in the issue of the ordinary shares and any associate of those persons, except as described under the heading “Qualification regarding all voting restrictions” below.

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4. Approval of prior issue of shares – September placement

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

“That the issue by the Company of 14,545,455 fully paid ordinary shares in the Company to institutional investors as described in the Explanatory Notes accompanying this Notice of Meeting, be approved for the purposes of ASX Listing Rule 7.4.”

Voting Exclusion Statement for item 4

The Company will disregard any votes cast on the resolution in item 4 by or on behalf of any of the persons who participated in the issue of the ordinary shares and any associate of those persons, except as described under the heading “Qualification regarding all voting restrictions” below.

5. Approval for increase to Non-Executive Directors’ remuneration cap

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

“That, for the purposes of ASX Listing Rule 10.17 and article 9.8(a) of the constitution of the Company, and for all other purposes, the annual maximum aggregate amount that Non-Executive Directors of the Company are entitled to be paid as remuneration for their services as Directors out of the funds of the Company be increased by \$300,000 from \$300,000 to \$600,000.”

Voting Prohibition and Voting Exclusion Statement for item 5

A person appointed as a proxy must not vote, on the basis of that appointment, on item 5 if the proxy is either a member of the Company’s KMP or any of their closely related parties and the appointment does not specify the way the proxy is to vote on item 5. However, this prohibition does not apply if the proxy is the Chairman of the meeting and the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Company’s KMP. The Chairman of the meeting intends to vote all available proxies in favour of item 5.

The Company will disregard any votes cast on the resolution in item 5 by a Director and any associate of a Director.

6. Renewal of proportional takeover provisions

To consider and, if thought fit, pass the following as a special resolution of the Company:

“That, for the purposes of section 648G of the Corporations Act 2001 and article 5.14 of the constitution of the Company, the Company renew the proportional takeover approval provisions as set out in articles 5.9 to 5.13 of the constitution of the Company, for a period of three years after the date of this meeting.”

7. Approval of grant of Options to Tom Streitberg under the Buru Employee Share Option Plan

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

“That the Company approves, for the purposes of ASX Listing Rule 10.14 and all other purposes: (a) the grant of up to a maximum of 180,000 options to acquire fully paid ordinary shares in the Company to Tom Streitberg, the Head of Strategy and Company Secretary of the Company, in accordance with the Buru Employee Share Option Plan and on the terms described in the Explanatory Notes accompanying this Notice of Meeting; and (b) any issue of shares to him upon the exercise of any such options.”

Voting Prohibition and Voting Exclusion Statement for item 7

A person appointed as a proxy must not vote, on the basis of that appointment, on item 7 if the proxy is either a member of the Company's KMP or any of their closely related parties and the appointment does not specify the way the proxy is to vote on item 7. However, this prohibition does not apply if the proxy is the Chairman of the meeting and the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Company's KMP. The Chairman of the meeting intends to vote all available proxies in favour of item 7.

The Company will disregard any votes cast on the resolution in item 7 by Tom Streitberg and his associates and by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a Director, except as described under the heading “Qualification regarding all voting restrictions” below.

8. Approval of amendment to terms of existing options issued under the Company's Employee Share Option Plan

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

“That, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, Shareholders approve the amendment of the terms of all options issued (but yet to be exercised) under the Buru Employee Share Option Plan, by inserting a new term as set out in the Explanatory Notes accompanying this Notice of Meeting.”

Voting Prohibition and Voting Exclusion Statement for item 8

A person appointed as a proxy must not vote, on the basis of that appointment, on item 8 if the proxy is either a member of the Company's KMP or any of their closely related parties and the appointment does not specify the way the proxy is to vote on item 8. However, this prohibition does not apply if the proxy is the Chairman of the meeting and the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Company's KMP. The Chairman of the meeting intends to vote all available proxies in favour of item 8.

The Company will disregard any votes cast on the resolution in item 8 by a person who holds an option that is subject of the approval and any associate of such a person, except as described under the heading “Qualification regarding all voting restrictions” below.

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9. Re-approval for Buru Employee Share Option Plan

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, the Buru Employee Share Option Plan described in the Explanatory Notes accompanying this Notice of Meeting, be approved and that the Directors be authorised to implement and maintain that plan and to issue options to acquire fully paid ordinary shares in the Company in accordance with its terms from time to time.”

Voting Prohibition and Voting Exclusion Statement for item 9

A person appointed as a proxy must not vote, on the basis of that appointment, on item 9 if the proxy is either a member of the Company's KMP or any of their closely related parties and the appointment does not specify the way the proxy is to vote on item 9. However, this prohibition does not apply if the proxy is the Chairman of the meeting and the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the Company's KMP. The Chairman of the meeting intends to vote all available proxies in favour of item 9.

The Company will disregard any votes cast on the resolution in item 9 by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a Director, except as described under the heading “Qualification regarding all voting restrictions” below.

Qualification regarding all voting restrictions

Where a voting restriction is stated to apply to any of the above items and, subject to the prohibitions described above, the Company will not disregard a vote if:

- it is cast by a person as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a shareholder who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Tom Streitberg
Head of Strategy and Company Secretary
29 October 2012

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001 (Cth), 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 28 November 2012 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.

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 proxy need not be a shareholder of the Company.

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.

Sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to the Meeting. Generally, the changes mean 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.

To be effective, the proxy must be received by the Company no later than 10.00 am (Perth time) on Wednesday, 28 November 2012. The following methods of delivery for proxies are specified:

- | | |
|---------------|---|
| Online: | Go to www.linkmarketservices.com.au
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 10.00 am (Perth time) on Wednesday, 28 November 2012.

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

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.

To allow time to collate questions and prepare answers, questions must be received by the Company Secretary by 5:00pm (Perth time), Friday, 23 November 2012.

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

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Meeting (“**Notice**”) and have been prepared for the information of Shareholders of the Company (“**Shareholders**”) to provide information about the items of business to be conducted at the Company’s 2012 AGM.

The Directors recommend that Shareholders read these Explanatory Notes before deciding how to vote in respect of the resolutions.

All of the resolutions to be voted on are ordinary resolutions, except for the resolution in item 6, which is a special resolution. In order to be passed, an ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution, whereas a special resolution requires a majority of at least 75% of votes cast by Shareholders entitled to vote on the resolution.

1. Re-election of Dr Keiran Wulff as Director

Dr Keiran Wulff was appointed as a Director of the Company on 19 October 2012 pursuant to article 9.7 of the Constitution of the Company which allows the appointment of a Director by the Board.

Dr Wulff retires as required by article 9.3(b) of the Constitution and, being eligible, offers himself for re-election as Director. Dr Wulff holds office until the conclusion of the AGM, and if re-elected, he will continue to be a Director.

Dr Wulff holds a PhD. in petroleum geology and has worked in the oil and gas industry for over 25 years. He brings extensive and highly relevant experience to the Company. In particular he spent 17 years with Oil Search Limited and was intimately involved in the development of that company from an exploration company to a major oil and gas production company. During that time Dr Wulff contributed to all aspects of Oil Search’s development, in roles including Exploration Manager, Group Chief Operating Officer and Head of the Middle East business unit.

Directors’ recommendation

The Board (excluding Dr Keiran Wulff because of his interest) supports the re-election of Dr Keiran Wulff as a Director.

2. Remuneration Report

Section 250R(2) of the Corporations Act 2001 (“Corporations Act”) requires a resolution that the Company’s Remuneration Report be adopted must be voted on.

The Remuneration Report details the Company’s remuneration policy for Non-executive Directors, Executive Directors and senior executives. The Remuneration Report is set out from page 42 in the Company’s Annual Report, which can be viewed in the “Investor Centre – Reports – Annual Reports” section of the Company’s website (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 adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, if the Remuneration Report receives an ‘against’ vote of 25 per cent or more at two consecutive annual general meetings, a resolution must be put at the later annual general meeting that another meeting be held (within 90 days) at which all directors (other than the managing director, in the case of the Company, this is the Executive Director) who were in office at the date of that resolution must stand for re-election. The resolution on the Company’s Remuneration Report for the financial year ended 30 June 2011 did not receive an ‘against vote’ of 25 per cent or more at the Company’s 2011 AGM.

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3. Approval of prior issue of shares pursuant to June placement

As announced on 15 June 2012, the Company issued 16,666,667 fully paid ordinary shares in the Company (“**June Placement Shares**”) to institutional investors at an issue price of \$3.00 per share to raise a total of \$50 million.

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 June Placement Shares was within this 15% threshold.

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 if shareholders subsequently approve it.

The resolution set out in item 3 seeks shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the June Placement Shares made without approval under ASX Listing Rule 7.1. The resolution set out in item 3 has been included in this Notice 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 the resolution set out in item 3 will be that the issue of the June Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is 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 the resolution set out in item 3 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.

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 16,666,667 June Placement Shares were issued by the Company on 21 June 2012 for an issue price of \$3.00 per June Placement Share.
- The June Placement Shares issued are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- The allottees of the June Placement Shares were institutional investors.
- None of the allottees of the June Placement Shares are Directors, associates of Directors or related parties of the Company.
- The funds raised from the issue of the June Placement Shares have been and will be used to continue and expand Buru's exploration, appraisal and development program in the Canning Superbasin.

Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of the resolution in item 3 on the basis set out above.

4. *Approval of prior issue of shares pursuant to September placement*

As announced on 27 September 2012, the Company issued 14,545,455 fully paid ordinary shares in the Company ("**September Placement Shares**") to institutional investors at an issue price of \$2.75 per share to raise a total of \$40 million.

Listing Rule requirements

As noted above in relation to item 3, 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 September Placement Shares was within this 15% threshold.

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 if shareholders subsequently approve it.

The resolution set out in item 4 seeks shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the September Placement Shares made without approval under ASX Listing Rule 7.1. The resolution set out in item 4 has been included in this Notice 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.

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The effect of approval of the resolution set out in item 4 will be that the issue of the September Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% limit imposed by ASX Listing Rule 7.1. The result is 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 the resolution set out in item 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.

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 14,545,455 September Placement Shares were issued by the Company on 4 October 2012 for an issue price of \$2.75 per September Placement Share.
- The September Placement Shares issued are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- The allottees of the September Placement Shares were institutional investors.
- None of the allottees of the September Placement Shares are Directors, associates of Directors or related parties of the Company.
- The funds raised from the issue of the September Placement Shares were used to fund the acquisition of Gujarat NRE Oil Limited which holds a 90% interest in each of EP457 and EP458 for \$36 million and a right to acquire a 50% interest in the permit to be issued in respect of application area 5/07-8 for \$3.5 million.

Directors’ recommendation

The Board unanimously recommends that Shareholders vote in favour of the resolution in item 4 on the basis set out above.

5. Approval for increase to Non-Executive Directors' remuneration cap

In accordance with ASX Listing Rule 10.17 and the Company's constitution, the maximum annual aggregate amount of remuneration that may be provided to all Non-Executive Directors for their services as Directors is the amount determined by Shareholders.

ASX Listing Rule 10.17 provides that an entity must not increase the total amount of directors' fee payable by it or any of its controlled entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive director. A similar requirement is contained in article 9.8(f) of the Company's constitution.

The resolution set out in item 5 seeks Shareholder approval for the purposes of ASX Listing Rule 10.17 and article 9.8(a) of the Company's constitution, and for all other purposes, to authorise the Company to increase the maximum annual aggregate amount of remuneration that Non-Executive Directors are entitled to be paid by the Company for their services as Directors.

Currently, the maximum annual aggregate amount that Non-Executive Directors are entitled to be paid out of the funds of the Company is \$300,000, which was approved at the Company's 2010 AGM on 5 November 2010. Since that time, Buru has undergone significant growth with the discovery and initial development of the Ungani Oilfield, the identification of very significant gas resources at Valhalla and of additional gas resources at the Yulleroo Field. Buru is now focused on the development of these discovered resources together with its ongoing exploration program.

The Company's Chairman engaged Godfrey Remuneration Group in December 2011 to conduct a review of Non-Executive Director' remuneration. The review determined that the current maximum annual aggregate remuneration of Non-Executive Directors was adequate to cover the recommended fees for the number of Non-Executive Director's on the Board at that time, but does not provide sufficient scope to allow the appointment of additional Non-Executive Directors. Godfrey Remuneration Group recommended that the maximum annual aggregate remuneration of Non-Executive Directors be increased to provide scope for the appointment of an additional suitably qualified Non-executive Director. The Board is actively looking to increase the number of Non-Executive Directors in recognition of the significant growth in the Company's activities. Given the growth in the Company since the time of the Godfrey Remuneration Group, it is now considered appropriate to increase the maximum annual aggregate amount of remuneration that Non-Executive Directors are entitled to be paid by the Company for their services as Directors to allow for the appointment of additional suitably qualified Non-executive Directors.

Accordingly, shareholder approval is being sought to increase the maximum annual aggregate remuneration of Non-Executive Directors by \$300,000, from \$300,000 to \$600,000. The amendment will be treated as applying in respect of each financial year of the Company commencing on or after 1 July 2012.

The remuneration provided to each Non-Executive Director for the financial year ended 30 June 2012 is detailed in the Remuneration Report. The Remuneration Report is set out from page 42 in the Company's Annual Report, which can be viewed in the in the "Investor Centre – Reports – Annual Reports" section of the Company's website (www.buruenergy.com) in the "ASX releases and News" section. The total amount of directors' fees and superannuation paid to all Non-Executive Directors during the financial year ended 30 June 2012 was \$197,515.

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The Board believes that the proposed increase in the maximum annual aggregate amount payable to Non-Executive Directors will:

- Provide scope for increasing the size and composition of the Board.
- Facilitate the Company's ability to attract, appoint and maintain appropriately qualified and experienced Non-Executive Directors.
- Provide for effective succession planning by attracting strong candidates and permitting effective transition arrangements.
- Ensure that the Company's remuneration structure is competitive with those of its peers.

In view of the above, the Board considers that it is appropriate to put this proposed increase to shareholders at this time. The Company will, of course, in future continue to set the actual level of remuneration of its Non-Executive Directors after having regard to market practice, Board performance and other appropriate factors.

While an increase in the maximum annual aggregate amount payable to Non-Executive Directors is being sought, the Board does not currently intend to increase the base Board fee per Non-Executive Director for the financial year ending 30 June 2013.

Disclosure of Non-Executive Directors' remuneration will continue to be made to shareholders in each Annual Report in accordance with applicable legal and ASX requirements.

6. **Renewal of proportional takeover provisions**

Articles 5.9 to 5.13 of the Constitution ("**Proportional Takeover Provisions**") provide that the Company is prohibited from registering a transfer of shares resulting from a proportional takeover bid unless a resolution to approve the bid is passed (or deemed to have been passed) by holders of shares in the relevant bid class.

It is a requirement of section 648G of the Corporations Act that proportional takeover bid approval rules apply for a maximum period of three years unless renewed. This requirement is also reflected in article 5.14 of the Constitution. The Constitution, including the Proportional Takeover Provisions, was last renewed at the Company's 2010 annual general meeting on 5 November 2010. Accordingly, unless shareholder approval is obtained, the Proportional Takeover Provisions will cease to have effect on 5 November 2013. As the Company may hold its 2013 annual general meeting after 5 November 2013, the Board considers that it is appropriate to put this the renewal resolution to shareholders at this time.

If the resolution in item 6 is passed, then for 21 days after the Meeting the holders of 10% or more of the Company's Shares will have the right to apply to the court to have the resolution set aside. The court may set aside the resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its shareholders to renew its proportional takeover provisions. This information is set out below.

Proportional takeover bid

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

Effects of the Proportional Takeover Provisions

The effects of the Proportional Takeover Provisions are that:

- If a bidder makes a proportional takeover bid for any class of shares in the Company, the Board must ensure that a resolution to approve the proportional takeover bid is voted upon by holders of shares in the relevant bid class. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution.
- The vote on the approving resolution must take place more than 14 days before the last day of the bid period.
- If the approving resolution is rejected before the deadline, the bid cannot proceed as any transfers giving effect to takeover contracts for the bid will not be registered.
- If the approving resolution is not voted on, the bid will be deemed to have been approved.
- If the approving resolution is passed (or deemed to have been passed), the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution of the Company).

The Proportional Takeover Provisions do not apply to full takeover bids.

Reasons for the Proportional Takeover Provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority Shareholder in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Board believes that the Proportional Takeover Provisions are desirable to give Shareholders protection from these risks inherent in proportional takeover bids. They give effect to a protection that the Corporations Act provisions are intended to provide.

The Proportional Takeover Provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the Proportional Takeover Provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of those provisions.

Review of Proportional Takeover Provisions

The Corporations Act requires these Explanatory Notes to discuss retrospectively the advantages and disadvantages for Directors and members of the Proportional Takeover Provisions which are proposed to be renewed.

While the Proportional Takeover Provisions have been in effect, there have been no takeover bids for the Company, either proportional or otherwise. Consequently there are no actual examples against which to review the advantages or disadvantages of the Proportional Takeover Provisions for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by the Proportional Takeover Provisions.

Notice of 2012 Annual General Meeting

Potential advantages and disadvantages

In addition to the retrospective discussion of the provisions proposed to be renewed, the Corporations Act also requires these Explanatory Notes to discuss the potential future advantages and disadvantages of the proposed rule for both Directors and shareholders of the Company.

The Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for any of them, and that they would remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted.

The Board notes that it could be argued that the Proportional Takeover Provisions are an advantage to the Directors as a takeover defence mechanism that could be exploited to entrench the incumbent board of Directors. However, the Board believes that argument ignores the basic object of the Proportional Takeover Provisions which are to empower shareholders, not the Directors.

The potential advantages for shareholders of the Company of the Proportional Takeover Provisions include the following:

- shareholders will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may assist shareholders and protect them from being locked in as a minority;
- they increase the bargaining power of shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- each individual shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for shareholders of the Company include the following:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity to sell some of their shares at a premium;
- individual shareholders may consider that the Proportional Takeover Provisions would restrict their ability to deal with their Shares as they see fit; and
- the likelihood of a proportional takeover bid succeeding may be reduced.

Knowledge of any acquisition proposals

Apart from the above general considerations, as at the day on which this Notice is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

All Directors are also shareholders of the Company and therefore have the same interest in the resolution contained in item 6 as all shareholders of the Company have. Details of the respective shareholdings of Directors are contained in the Company's Annual Report for the year ended 30 June 2012.

Directors' recommendation

Taking the above factors into account, the Board considers that it is in the interests of Shareholders for the Company to have a proportional takeover bid approval rule, and therefore recommends that Shareholders vote in favour of the resolution in item 6.

7. Approval of grant of Options to Tom Streitberg under the Buru Employee Share Option Plan

Background

The Buru Employee Share Options Plan ("ESOP") provides eligible employees with an opportunity to be issued options ("Options") to acquire fully paid ordinary shares in Buru ("Shares"). The ESOP was approved by Shareholders at the Company's 2010 annual general meeting on 5 November 2010 and is proposed to be re-approved in the resolution set out in item 9.

A summary of the terms of the ESOP is set out in Schedule 1 of this Notice of Meeting.

Shareholder approval is sought for the Board's proposal to issue 180,000 Options to Mr Tom Streitberg, the Head of Strategy and Company Secretary of the Company (and a direct family member of Mr Eric Streitberg, the Executive Director of the Company) in accordance with the terms of the ESOP and having regard to the information below, and the issue of any Shares to him on exercise of any such Options.

The relevant Options will be issued on the same terms as Options issued to other eligible employees under the ESOP and each Option will constitute the right to subscribe for one Share in the Company at any time before 31 December 2014 upon payment of an exercise price equal to 143% of the average market price per Share (weighted by reference to volume) sold in the ordinary course of trading on ASX during the 30 trading days prior to the date of the invitation given to him under the ESOP to apply for the relevant Options.

The exercise price is payable either in cash or by way of a cashless exercise mechanism described below in relation to the resolution set out in item 8, and also described in Schedule 1.

Why is the Company proposing to issue the relevant Options

The proposed issue of the above Options was determined in conjunction with a review by the Remuneration and Nomination Committee of Mr Tom Streitberg's remuneration and retention arrangements, along with those of other senior executives. This review was undertaken to ensure that the Company's remuneration policies continue to be comparable and competitive with market remuneration and retention arrangements.

The Options proposed to be granted to Mr Tom Streitberg are designed to recognise his current performance and provide a strong alignment of his rewards with future share price performance. In this regard, the relevant Options will only provide a benefit to Mr Tom Streitberg to the extent the Company's share price increases above the relevant Options' exercise price. In order to realise value from the Options, Mr Tom Streitberg is required to pay the relevant Options' exercise price on the exercise of the relevant Options. Accordingly, and as the Options are generally not transferable, the Options will deliver no value until the Company's share price is above the Option exercise price.

Following the remuneration review, the Board considers it reasonable and appropriate to grant 180,000 Options to Mr Tom Streitberg as part of his remuneration as Head of Strategy and Company Secretary.

Notice of 2012 Annual General Meeting

Requirement for Shareholder approval

ASX Listing Rule 10.14 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including options) under an employee incentive scheme to a director of a company or his or her associate. As Mr Tom Streitberg is taken to be an associate of Mr Eric Streitberg (the Executive Director of the Company) because he is a director of another body corporate of which Mr Eric Streitberg is also a director, approval is being sought for the purposes of ASX Listing Rule 10.14.

Mr Tom Streitberg is also a related party of the Company due to him being a direct family member of Mr Eric Streitberg, a Director of the Company. As Shareholder approval is being sought for the purposes of ASX Listing Rule 10.14, it is not being sought for the grant of the relevant Options to Mr Tom Streitberg under ASX Listing Rule 10.11.

Information required by ASX Listing Rule 10.15

The following information is provided to Shareholders and is required for the purposes of ASX Listing Rule 10.15:

- The person to whom the securities are proposed to be issued is Mr Tom Streitberg, the Head of Strategy and Company Secretary of the Company (and an associate of Mr Eric Streitberg).
- The maximum number of securities proposed to be issued in connection with the resolution in item 7 is 180,000 Options.
- The relevant Options will be granted for no cash consideration as they are to be granted as part of the remuneration for Mr Tom Streitberg's services to the Company as Head of Strategy and Company Secretary.
- Persons referred to in ASX Listing Rule 10.14 who received Relevant Securities under the ESOP, following the approval of the ESOP at the 2010 annual general meeting were:

Name of Participant	Number of Relevant Securities Received	Acquisition Price	Date of grant
Eric Streitberg	1,080,000 Options	No cash consideration	5 November 2010
	7,500,000 Options	No cash consideration	21 October 2011
Tom Streitberg	1,050,000 Options	No cash consideration	5 November 2010
	396,000 Options	No cash consideration	21 October 2011

- The only person other than Mr Tom Streitberg who is a person referred to in ASX Listing Rule 10.14 that is entitled to participate in the ESOP is Mr Eric Streitberg, the Executive Director of the Company (and a direct family member of Mr Tom Streitberg).
- No loan will be provided by the Company in relation to the grant of the relevant Options to, or exercise of those Options by, Mr Tom Streitberg.
- If the resolution in item 7 is approved, the Company proposes to issue the Options as soon as practicable following the Meeting and in any event, not later than 1 month from the date of the Meeting.

Directors' recommendation

The Non-Executive Directors recommend that Shareholders vote in favour of the resolution in item 7 to approve the issue of the relevant Options to Mr Tom Streitberg on the basis outlined above.

8. **Approval of amendment to terms of existing options issued under the Company's Employee Share Option Plan**

Background

The resolution set out in item 8 seeks to amend the terms of Options which have been issued under the ESOP but which have yet to be exercised. This resolution does not seek approval for the issue of further Options under the ESOP, nor does it seek to change the vesting conditions, the exercise price or the expiry date of the Options.

The amendment proposed is the introduction of a cashless exercise of Options mechanism. If approved, this mechanism will enable a participant in the ESOP, at its election, to exercise its vested Options not by way of payment of the applicable exercise price, but rather by choosing to receive the positive difference between the exercise price and the Share price at exercise in Shares, with the number of Shares allocated based on the Share price at exercise.

The changes to the ESOP were approved by way of Board resolution on 24 September 2012, to introduce the cashless exercise of options mechanism, which allows any new Options issued under the ESOP to be exercised in a cashless manner, as described above. However, in order for that amendment to apply retrospectively to the terms of existing unexercised Options, Shareholder approval is required under ASX Listing Rule 6.23.4, as explained below.

The amendments will:

- not change the fundamental entitlements of Option holders;
- simply assist Option holders from a cash flow perspective if they choose to exercise their Options in a cashless manner;
- leave an Option holder who chooses to exercise its Options in a cashless manner in the same economic position as if it had exercised all of its Options, paid the relevant total exercise price, and disposed of some of its Shares equal in value to that total exercise price; and
- result in less Shares being issued upon exercise of existing Options, to the benefit of Shareholders, with less dilution of their own shareholdings.

Notice of 2012 Annual General Meeting

The following example demonstrates how the cashless exercise of existing Options would operate:

- 100,000 Options have vested and are to be exercised by a participant in the ESOP.
- Those Options were granted with an exercise price of \$1.24.
- We assume that the Company's Share price is \$2.50 as at the date of the exercise of those Options.
- If the participant was to exercise those Options as currently provided in the ESOP, the participant will be required to pay a total exercise price of \$124,000 (being \$1.24 per Option multiplied by 100,000 Options) and 100,000 Shares will then be issued to the participant. The net economic position for the participant based on the above is \$126,000, being \$250,000 worth of Shares less the total exercise price of \$124,000.
- If the participant was able to exercise those same Options through a cashless exercise mechanism, then rather than paying the above total exercise price, upon exercise, the participant would be issued 50,400 Shares. The net economic position for the participant is the same: \$126,000, being 50,400 Shares multiplied by the Share price as at the date of exercise of those Options (\$2.50). The key advantage for Shareholders being that only 50,400 Shares would be issued instead of 100,000 Shares, as per a standard exercised Option.

Options issued in the future under the ESOP will be issued with a cashless exercise mechanism as per the terms of the ESOP set out in Schedule 1.

There are currently 12,960,000 Options which have been issued but have not been exercised under the ESOP that will obtain the benefit of the cashless exercise mechanism if the resolution in item 8 is passed. Further details of the issued Options are set out in the Company's 2012 Annual Report. These Options include an aggregate of 10,026,000 Options held by Mr Eric Streitberg and Mr Tom Streitberg.

Requirement for Shareholder approval

ASX Listing Rule 6.23.4 provides that a change to the terms of the Options can only be made if holders of ordinary securities approve the change.

Shareholder approval is being sought to approve the amendment to the terms of Options already issued under the ESOP so that the Company will satisfy ASX Listing Rule 6.23.4.

Directors' recommendation

The Non-Executive Directors recommend that Shareholders vote in favour of the resolution in item 8 on the basis outlined above.

9. Re-approval for Buru Employee Share Option Plan

The ESOP was first approved by Shareholders at the Company's 2010 annual general meeting on 5 November 2010. The introduction of a cashless exercise of Options mechanism (the subject of the resolution set out in item 8) if approved, will amend the terms of the ESOP in a material manner, so the Company has therefore decided to seek re-approval for the ESOP at this time (such approval would have been sought in any event at next year's annual general meeting).

Requirement for Shareholder approval

ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including options to acquire shares) that a company can issue without shareholder approval. Generally, a company must 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.

The number of equity securities that may be issued by a company under ASX Listing Rule 7.1 without shareholder approval is not impacted by the equity securities that are issued under an exception contained in ASX Listing Rule 7.2 or which have received shareholder approval.

Under ASX Listing Rule 7.2 (Exception 9), an issue of equity securities under an employee incentive scheme (such as the proposed ESOP) made without shareholder approval is effectively treated as having been made with shareholder approval if, within three years before the issue, shareholders had approved the issue of equity securities under the scheme for the purposes of ASX Listing Rule 7.2 (Exception 9).

The resolution in item 9 seeks shareholder approval, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), and for all other purposes, of the ESOP and the issue of Options.

The approval of the resolution in item 9 will provide the Company with the maximum flexibility to undertake equity raisings, or equity funded acquisitions, without the need for further Shareholder approval. The requirement to obtain Shareholder approval at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise.

If the resolution in item 9 is passed, all Options issued by the Company under the ESOP 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. In the absence of such Shareholder approval, the issue of Options under the ESOP can still occur, but those Options will be counted as part of the 15% limit which would otherwise apply during the 12 month period.

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Key terms of the ESOP

A summary of the terms of the ESOP are set out in the schedule to this Notice. A copy of the full terms of the ESOP can be obtained by contacting the Company Secretary.

15,413,000 Options have been issued under the ESOP since the ESOP was last approved by Shareholders at the Company's 2010 annual general meeting on 5 November 2010.

The number of Options to be issued under the ESOP will be determined by the Directors from time to time. However, the maximum number of securities which may be issued to employees under the ESOP (and any other employee incentive plans operated by Buru) in a 5 year period is limited to 5% of the issued shares in the Company (calculated at the date of the invitation under the ESOP), subject to a range of exclusions, including securities issued under a disclosure document, to certain senior executives or to persons outside of Australia.

Under the terms of the ESOP, the Directors have the discretion to determine the exercise price of the Options. However, unless the Board determines otherwise, the exercise price must not be less than 150% of the average market price per share (weighted by reference to volume) sold in the ordinary course of trading on ASX during the 30 trading days prior to the date of the invitation under the ESOP.

The Directors have discretion to determine the expiry date of the Options. However, unless the Board determines otherwise, the expiry date of Options granted under the ESOP will be the date that is 24 months after the end of the calendar year in which the invitation for the Option under the ESOP is made.

If the employee ceases to be employed by the Company, Options held in respect of that employee will lapse unless they are exercised within 30 days of cessation of employment, unless the Committee established for the purpose of administering the ESOP otherwise determines.

Dilution

If the Options are exercised, this will have a diluting effect on the percentage interest of existing Shareholders' holdings. If the Options issued under the ESOP are exercised and the prevailing Share price is higher than the exercise price, the value of Shares may be diluted.

Directors' recommendation

The Non-Executive Directors recommend that Shareholders vote in favour of the resolution in item 9 on the basis outlined above.

Summary of terms of the ESOP

The key features of the ESOP, and the proposed terms of the options to be issued under it, are set out below.

- Purpose** The ESOP is established to provide eligible employees with a potential ownership interest in the Company for the purpose of:
- (a) providing them with an opportunity to share in the growth in value of the Company;
 - (b) encouraging them to improve the longer-term performance of the Company and its returns to shareholders; and
 - (c) assisting in the recruitment, reward and retention of employees of the Company and an Associated Company.
- Commencement** The ESOP commenced on 5 November 2010.
- Eligible employees** The Board, or its authorised delegate, may, in its absolute discretion, decide that any employee (full time or part time) of the Company or an Associated Company (including a person who becomes such an employee after the commencement of this Plan and any Director who holds a salaried office with the Company) is eligible to be issued Options on terms fixed by the ESOP.
- Invitation to participate** The Board, or its authorised delegate, may, from time to time, invite an employee they consider to be eligible (**Participant**) to apply for a specified number of Options under the ESOP on specified terms. A Participant, or its permitted nominee, may then apply for an Option under an invitation by doing the following on or before the closing date stated in the invitation:
- (a) complete all steps specified in the invitation to apply for the Option; and
 - (b) sign the relevant section of the invitation form and deliver it to the Board, or its authorised delegate.
- A permitted nominee of a Participant is:
- (c) a person who is the spouse, parent, brother, sister or child (close relative) of the Participant or of the Participant's spouse;
 - (d) a superannuation fund maintained for the benefit of the Participant or a close relative which is approved by the committee established by the Board to administer the ESOP; and
 - (e) a body corporate in which the Participant or a close relative of the Participant has, or any two or more of the Participant and close relatives of the Participant together have, a controlling interest (including any interest that gives control).
- Entitlement** Subject to the terms of the ESOP, each Option entitles the holder to subscribe for one fully paid ordinary share in the Company (**Share**) on the exercise of the Option.
- Number of Options** The Board will determine the number of Options a Participant is invited to apply for. However, the maximum number of securities that may be issued to employees under the ESOP (and any other employee incentive plans operated by Buru) in a 5 year period is limited to 5% of the issued shares in the Company (calculated at the date of the invitation under the ESOP), subject to a range of exclusions, including securities issued under a disclosure document, to certain senior executives or to persons outside of Australia.

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- Exercise price** The Board will fix the exercise price of an Option at the time when the Participant is invited to apply for Options under the ESOP, which must not, unless the Board otherwise determines, be less than 150% of the average market price per Share (weighted by reference to volume) sold in the ordinary course of trading on ASX during the 30 trading days prior to the date of the invitation. The exercise price can be adjusted in accordance with the ESOP in certain circumstances.
- Expiry date** The Directors have discretion to determine the expiry date of the Options. However, unless the Board determines otherwise, the expiry date of Options granted under the ESOP will be the date that is 24 months after the end of the calendar year in which the invitation for the Option under the ESOP is made.
- New issues** Holders may only participate in new issues of securities to holders of Shares in respect of an Option if that Option has been exercised, and Shares issued or transferred in respect of that Option, before the record date for determining entitlements to the new issue.
- Adjustments to Options** The ESOP contains provisions providing for adjustments to unexercised Options granted under the ESOP, including if during the relevant option period the Company:
- (a) makes a pro rata issue (other than a bonus issue) to holders of Shares, in which case the Options will be adjusted in accordance with a formula consistent with that set out in ASX Listing Rule 6.22.2;
 - (b) makes a pro rata bonus issue to holders of Shares other than an issue in lieu or in satisfaction of dividends by way of dividend reinvestment, in which case the number of Shares over each Option is exercisable will be increased by the number of Shares that would have been issued to the holder if the Option had been exercised before the record date for determining entitlements to that bonus issue;
 - (c) subdivides or consolidates its Shares, in which case the Options will be subdivided or consolidated (as the case may be) in the same ratio as the Shares and the exercise price will be amended in inverse proportion to that ratio;
 - (d) makes a return of capital, in which case the number of Options will remain the same, and the exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Share (or in relation to a number of Shares equal to the number of Shares to be issued on exercise of the Option if that number is not one);
 - (e) makes a cancellation of any paid up capital that is lost or not represented by available assets, in which case the number of Options and the exercise price of each Option will remain unaltered;
 - (f) reduces its issued share capital on a pro rata basis, in which case the number of Options will be reduced in the same ratio as the Shares and the exercise price of each Option will be amended in inverse proportion to that ratio; or
 - (g) reorganises its issued share capital in any way, in which case the number of Options or the exercise price, or both, will be reorganised so that the holder will not receive a benefit that holders of Shares do not receive.
- Notwithstanding the above, an adjustment to the Options will not be made unless it is consistent with the ASX Listing Rules. The Company may also amend the terms of any Option, or the rights of any holder under the ESOP, to comply with the ASX Listing Rules applying at the time to any reorganisation of capital of the Company.

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Exercising Options

The registered holder of an Option (**Holder**) may exercise the Option before the end of the option period specified in the invitation by giving to the Company a notice specifying that it exercises the Option (**Option Exercise Notice**) and accompanied by:

- (a) the option certificate issued by the Company for the Option; and
- (b) unless the Board has determined (in its absolute discretion) that the cashless exercise provisions apply, payment of the full amount of the exercise price to the Company in cleared funds.

The Holder must either exercise all the Options that the Holder is then entitled to exercise or exercise a number of Options that the Holder is then entitled to exercise such that the Company will issue at least 1,000 Shares.

Cashless exercise

The Board may determine, in its sole and absolute discretion, that a Holder will not be required to provide payment of the full amount of the exercise price to the Company for the number of Options (as specified in the Option Exercise Notice) but that on exercise of the Options, the Company will issue the number of Shares equal in value to the difference between the Market Value of the Shares and the Exercise Price otherwise payable in relation to the Options (with the number of Shares rounded down).

“Market Value of the Shares” means the average market price of the Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days before the date on which the Holder exercises its Options.

Ranking of Shares

Each Share issued on exercise of an Option ranks equally in every way with those then issued fully paid Shares whose holders are entitled to participate in full in any dividend.

Listing

Options will not be quoted on ASX. However, application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are quoted on ASX at that time.

Transferability

Under the ESOP, Options are only transferrable:

- (a) to a permitted nominee of the relevant Participant (as defined in the ESOP), unless the Board determines otherwise;
- (b) to a person whose voting power in the Company increases from less than 50% to 50% or more, or a body corporate where a court has sanctioned a compromise or arrangement pursuant to which that body corporate is to be amalgamated with the Company; or
- (c) with the prior written consent of the Board.

Administration of the ESOP

The Board will manage and administer the ESOP for the Company. The Board may delegate management and administration of the ESOP to a committee as the Board thinks fit.

Notice of 2012 Annual General Meeting

Lapse of Options

Any Option granted will lapse:

- (a) on exercise of the Option;
- (b) if the Option has not been exercised by the end of the option period as specified in the invitation to apply for that Option;
- (c) unless the Board determines otherwise from time to time, if the relevant Participant ceases to be an employee of the Company or an Associated Company (other than as a result of the Participant's death or permanent disablement) and the Option is not exercised within 30 days after that time;
- (d) if in the opinion of the Board, the relevant Participant:
 - (i) has committed an act which amounts or would amount to dishonest or fraudulent misconduct, wilful breach of duty or negligence in the performance of the Participant's duties to the Company or an Associated Company; or
 - (ii) is convicted of a criminal offence or is guilty of any other wilful or recklessly indifferent conduct that in the opinion of the Board tends to injure the reputation or business of the Company or an Associated Company,and the Board determines that the Option lapses; or
- (e) if the Company commences to be wound up.

Amendment

The Board may, at any time and subject to ASX Listing Rules, amend any or all of the provisions of the ESOP and such amendments may operate retrospectively.

The amendments, however, must not materially reduce the rights of any Participant, unless the amendment is introduced primarily:

- (a) for the purpose of complying with legislation;
- (b) to correct any manifest error or mistake;
- (c) for the purpose of enabling any body corporate of the Company or Associated Company or the Participants generally to receive a more favourable taxation treatment in relation to the ESOP; or
- (d) to enable the ESOP or any body corporate of the Company or Associated Company to comply with the Corporations Act, the Listing Rules, the Constitution or relevant instruments of relief granted by the Australian Securities and Investments Commission.

Expiry date

The Board will determine when the ESOP is to end. The Board may suspend the operation of the ESOP for a fixed period or indefinitely.



www.buruenergy.com



Buru Energy Limited
ABN 71 130 651 437

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1800 810 859 **Overseas:** +61 2 8280 7211



X99999999999

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 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 10:00am (Perth time) on Friday, 30 November 2012, at QV1 Conference Centre, Level 2, the QV1 Building, 250 St Georges Terrace, Perth, WA and at any adjournment or postponement of the meeting.

Express authorisation of the Chairman to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting as my/our proxy to exercise my/our proxy on Items 2, 5, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though each of those Items are connected directly or indirectly with the remuneration of one or more members of key management personnel (KMP). In respect of Items 5, 7, 8 and 9, the express authorisation of the Chairman of the Meeting is also subject to you marking the box in Step 3 below. 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 completing this Proxy Form.

STEP 2

VOTING DIRECTIONS

Items of Business

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Dr Keiran Wulff as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Renewal of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of grant of Options to Tom Streitberg under the Buru Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of prior issue of shares - June placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval of amendment to terms of existing options issued under the Company's Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of prior issue of shares - September placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Re-approval for Buru Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for increase to Non-Executive Directors' remuneration cap	<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, 7, 8 and 9 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 if he/she has an interest in the outcome of these Items and that votes cast by him/her for that Item, 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, 7, 8 and 9 and your votes will not be counted in calculating the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5, 7, 8 and 9.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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).

BRU PRX202R



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.
- (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 online, by fax or at an address given below by **10:00am (Perth time) on Wednesday, 28 November 2012**, 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

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.**