



**Buru Energy Limited**  
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**ASX ANNOUNCEMENT (ASX: BRU)**

**18 DECEMBER 2012**

## **Exercise of Employee Options**

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Buru Energy Limited (“**Buru**” or the “**Company**”) advises that employees were issued a total of 7,406,955 new fully paid ordinary shares subsequent to the exercise of a total of 11,348,000 options, on Friday, 14 December 2012. The shares were issued using the cashless exercise mechanism approved by shareholders at the Company’s most recent Annual General Meeting. The use of the cashless exercise mechanism means no shares were sold by employees to fund the option exercise.

The Appendix 3B in relation to the exercise of options is attached.

### **Background to the Cashless Exercise of Options**

The cashless exercise mechanism was approved by shareholders at the Company’s Annual General Meeting held on 30 November 2012. This mechanism enables employees who hold options over shares in the Company to elect to exercise vested options by receiving shares equal to the value of the positive difference between the exercise price and the share price at exercise.

The share price used for the calculation of the number of shares issued under the cashless exercise mechanism is 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.

The cashless exercise of options mechanism results in less shares being issued upon exercise of existing options, to the benefit of shareholders, with less dilution of their own shareholdings.

Full details of the cashless exercise mechanism are set out in the Company’s Notice of Meeting in respect of the 2012 Annual General Meeting, which may be viewed and downloaded from the Company’s website.

Further information on the Company is available at: [www.buruenergy.com](http://www.buruenergy.com)

### **For inquiries please contact:**

|                        |   |
|------------------------|---|
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| <b>Telephone:</b>      | <b>+61 8 9215 1800</b>  |
| <b>Freecall:</b>       | <b>1800 337 330</b>   |
| <b>Email:</b>          | <b><a href="mailto:ericstreitberg@buruenergy.com">ericstreitberg@buruenergy.com</a></b> |

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Buru Energy Limited

ABN

71 130 651 437

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 7,456,955  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares ranking equally in all respects with existing quoted ordinary shares. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|  |  |
|--|--|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul> | <p>Yes</p>   |
| <p>5 Issue price or consideration</p>  | <p><u>Cash consideration of \$37,500.</u><br/>50,000 shares were issued following the conversion of 50,000 unlisted options at \$0.75 per share paid for in cash.</p> <p><u>Non-cash consideration of \$10,684,120.</u><br/>7,406,955 shares were issued following the conversion of 11,348,000 unlisted options via the 'cashless exercise' mechanism as approved at the Company's 2012 AGM. On exercise of the options the Company issued 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.</p> <p><b><u>Total consideration (cash and non-cash) of \$10,721,620</u></b></p> |
| <p>6 Purpose of the issue<br/>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>  | <p>Conversion of unlisted options</p>  |

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+ See chapter 19 for defined terms.

|    |  |     |
|----|--|-----|
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p> | N/A |
| 6b | <p>The date the security holder resolution under rule 7.1A was passed</p>  | N/A |
| 6c | <p>Number of +securities issued without security holder approval under rule 7.1</p>  | N/A |
| 6d | <p>Number of +securities issued with security holder approval under rule 7.1A</p>  | N/A |
| 6e | <p>Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>   | N/A |
| 6f | <p>Number of securities issued under an exception in rule 7.2</p>  | N/A |
| 6g | <p>If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.</p>                            | N/A |
| 6h | <p>If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements</p>   | N/A |
| 6i | <p>Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements</p>  | N/A |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

|   |  |                  |
|---|--|------------------|
| 7 | Dates of entering <sup>+</sup> securities into uncertificated holdings or despatch of certificates | 14 December 2012 |
|---|--|------------------|

|   |  |             |                            |
|---|--|-------------|----------------------------|
| 8 | Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the securities in section 2 if applicable) | Number      | <sup>+</sup> Class         |
|   |  | 273,769,554 | Fully Paid Ordinary Shares |

|   |  |           |   |
|---|--|-----------|---|
| 9 | Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX ( <i>including</i> the securities in section 2 if applicable) | Number    | <sup>+</sup> Class  |
|   |  | 1,177,000 | Unlisted options under the ESOP exercisable at \$1.24, expiring 31 Dec 2013 |
|   |  | 50,000    | Unlisted options under the ESOP exercisable at \$1.58, expiring 31 Dec 2013 |
|   |  | 320,000   | Unlisted options under the ESOP exercisable at \$1.86, expiring 31 Dec 2013 |
|   |  | 1,535,800 | Unlisted options under the ESOP exercisable at \$4.04, expiring 31 Dec 2014 |
|   |  | 180,000   | Unlisted options under the ESOP exercisable at \$4.13, expiring 31 Dec 2014 |

|    |  |     |
|----|--|-----|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A |
|----|--|-----|

<sup>+</sup> See chapter 19 for defined terms.

## Part 2 - Bonus issue or pro rata issue

- |    |   |  |
|----|---|--|
| 11 | Is security holder approval required?   |  |
| 12 | Is the issue renounceable or non-renounceable?  |  |
| 13 | Ratio in which the +securities will be offered  |  |
| 14 | +Class of +securities to which the offer relates  |  |
| 15 | +Record date to determine entitlements  |  |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?  |  |
| 17 | Policy for deciding entitlements in relation to fractions   |  |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations  |  |
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- |    |   |  |
|----|---|--|
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)?   |  |
| 33 | +Despatch date  |  |

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.



**Appendix 3B**  
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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

39 Class of +securities for which  
 quotation is sought

40 Do the +securities rank equally in  
 all respects from the date of  
 allotment with an existing +class  
 of quoted +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next  
 dividend, (in the case of a  
 trust, distribution) or interest  
 payment
- the extent to which they do  
 not rank equally, other than in  
 relation to the next dividend,  
 distribution or interest  
 payment

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end  
 of restriction period

(if issued upon conversion of  
 another security, clearly identify  
 that other security)

|  | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all<br>+securities quoted on ASX<br>( <i>including</i> the securities in clause<br>38) |        |        |

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+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
.....  
Company secretary

Date: 18 December 2012

Print name: Chris Bath

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

#### Part 1

| <b>Rule 7.1 – Issues exceeding 15% of capital</b>  |     |
|--|-----|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>  |     |
| <b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue   | N/A |
| <p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |     |
| <b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period   |     |
| <b>“A”</b>   |     |

+ See chapter 19 for defined terms.

|   |   |
|---|---|
| <b>Step 2: Calculate 15% of “A”</b>   |   |
| <b>“B”</b>  | 0.15<br><i>[Note: this value cannot be changed]</i>                           |
| <b>Multiply “A” by 0.15</b>   |   |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>  |   |
| <p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |   |
| <b>“C”</b>  |   |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>   |   |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>  |   |
| <p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>   |   |
| <p><b>Total</b> [“A” x 0.15] – “C”</p>  | <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

+ See chapter 19 for defined terms.

## Part 2

| <b>Rule 7.1A – Additional placement capacity for eligible entities</b>   |   |
|--|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>  |   |
| <b>“A”</b><br><i>Note: number must be same as shown in Step 1 of Part 1</i>  |   |
| <b>Step 2: Calculate 10% of “A”</b>  |   |
| <b>“D”</b>   | 0.10<br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>  |   |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>  |   |
| <p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |   |
| <b>“E”</b>   |   |

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+ See chapter 19 for defined terms.

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|--|--|
| <b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b> |  |
| <p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>                           |  |
| <p><b>Subtract “E”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>                  |  |
| <p><b>Total</b> [“A” x 0.10] – “E”</p>   | <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p> |

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+ See chapter 19 for defined terms.