



**BURU ENERGY LIMITED**  
**ABN 71 130 651 437**  
**NOTICE OF ANNUAL GENERAL MEETING**

**TIME:** 10.30am (Perth time)

**DATE:** Tuesday, 8 May 2018

**PLACE:** The Celtic Club, 48 Ord Street, West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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# NOTICE OF 2018 ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Buru Energy Limited ABN 71 130 651 437 will be held at The Celtic Club, 48 Ord Street, West Perth WA on Tuesday, 8 May 2018 at 10.30 am (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 January 2017 to 31 December 2017.

Shareholders can view the Company's 2017 Annual Report, which contains these reports, in the "Investor Centre" section on the Company's website (<http://www.buruenergy.com/asx-announcements/annual-reports/>).

The Auditor, KPMG, 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 Annual General Meeting and any written answer tabled by the Auditor at the Meeting will be made available as soon as practicable after the Meeting.

### **B. PROPOSED RESOLUTIONS**

#### **1. Resolution 1 - Adoption of Remuneration Report**

To consider and, if thought fit, pass the following as a **non-binding resolution**:

*"That the Company's Remuneration Report for the period ended 31 December 2017 be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors.

**Voting Exclusion Statement – Resolution 1:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel of the Company's consolidated group (at the date of the Meeting or whose remuneration is included in the Remuneration Report) and any of their Closely Related Parties, unless the vote is cast by:

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- (a) a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
  - (b) the Chairman of the Meeting as proxy for a person entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy sees fit and exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**2. Resolution 2 - Re-election of Mr Robert Willes as a Director**

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

*"That Mr Robert Willes, who retires in accordance with the Constitution and being eligible to offer himself for re-election, be re-elected as a Director of the Company."*

**3. Resolution 3 - Ratification of prior issue of Shares pursuant to Placement**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue by the Company of 24,023,593 fully paid ordinary shares in the Company for an issue price of \$0.15 per share, on the terms and conditions set out in the Explanatory Notes, be approved and ratified."*

**Voting Exclusion Statement - Resolution 3:** The Company will disregard any votes cast on Resolution 3 by or on behalf of any of the persons who participated in the issue of Shares and any associates of those persons, unless the vote is cast by:

- (a) a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- (b) the Chairman of the Meeting as proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**4. Resolution 4 - Approval of 10% Additional Placement Capacity**

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

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of equity securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes."*

**Voting Exclusion Statement - Resolution 4:** The Company will disregard any votes cast on Resolution 4 by:

- (a) any person who may participate in the issue of equity securities under this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and;
- (b) any associates of those persons.

unless the vote is cast by:

- (c) a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or

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- (d) the Chairman of the Meeting as proxy for a person entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy sees fit.

**5. Resolution 5 - Re-approval of the Company's Employee Share Option Plan**

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

*"That the Buru Energy Limited Employee Share Option Plan, the principal terms of which are summarised in the Explanatory Notes, and the issue of Options under that plan (including the issue of Shares upon the exercise of those Options), be approved for all purposes, including for the purposes of ASX Listing Rule 7.2 (Exception 9)."*

**Voting Exclusion Statement - Resolution 5:** The Company will disregard any votes cast on Resolution 5 by:

- (a) a Director (except one who is ineligible to participate in the ESOP) and any associate of such a Director; and
- (b) a member of the Key Management Personnel (and their Closely Related Parties) acting as a proxy,

unless the vote is cast by:

- (c) a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- (d) by the Chairman of the Meeting as proxy for a person entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy sees fit and exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**6. Resolution 6 - Reinstatement of Proportional Takeover Provisions**

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

*"That, for the purposes of section 648G of the Corporations Act 2001 (Cth), article 5.14 of the Constitution and for all other purposes, articles 5.9 to 5.13 of the Constitution last approved on 29 April 2015 be reinstated for a period of three years from the date of the Annual General Meeting."*

**Chairman voting intention:** The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies **in favour of** Resolutions 1, 2, 3, 4, 5 and 6.

**By order of the Board**



**Shane McDermott**  
Company Secretary  
28 March 2018

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## VOTING AND ATTENDANCE INFORMATION

### Right to vote

The Board has determined that persons who are registered as Shareholders as at 10:30am (Perth time) on Sunday, 6 May 2018 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 or by proxy, attorney or representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### How to vote

#### *Voting in person*

To vote in person, attend the Annual General Meeting on the date at the place set out above.

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.

#### *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 accompanies this Notice of Meeting. A proxy need not be a Shareholder.

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

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

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

To vote by proxy, the Proxy Form must be completed, signed and returned to the Share Registry in accordance with the methods set out below, so that it is received at least 48 hours before the Meeting (that is, by no later than 10.30am (Perth time) on Sunday, 6 May 2018 (**Proxy Deadline**)):

<b>By post:</b>	Buru Energy Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235
<b>By facsimile:</b>	+61 2 9287 0309
<b>By delivery:</b>	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

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You can also vote online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). To vote online, 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 and returned your Proxy Form if you vote online in accordance with the instructions given on the website. If you choose to vote online, you must vote by the Proxy Deadline.

Proxy Forms received after the Proxy Deadline will be invalid.

#### *Voting by attorney*

If a Shareholder has appointed an attorney to attend and vote at the Meeting, or if the Proxy Form is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) under which the Proxy Form is signed must be sent using one of the methods listed above for the receipt of Proxy Forms and received by the Company before the Proxy Deadline (unless this document has previously been lodged with the Company's Share Registry for notation).

#### *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>

### **Shareholder questions**

Shareholders will have an opportunity to ask questions and make comments.

If you wish to put a relevant question to the Auditor or the Board, and you are not able to attend the Meeting, please email your question to the Company Secretary at [info@buruenergy.com](mailto:info@buruenergy.com). To allow time to collate questions and prepare answers, questions must be received by the Company Secretary by 5:00pm (Perth time) on Tuesday, 1 May 2018.

We will endeavour to respond to as many of the more frequently asked questions as possible at the Meeting.

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## EXPLANATORY NOTES

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

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

## ORDINARY BUSINESS

### 1. Resolution 1 - Adoption of Remuneration Report

#### 1.1 Introduction

The Corporations Act requires a resolution that the adoption of the Company's Remuneration Report be put to a vote at the Annual General Meeting.

The Remuneration Report describes the Company's remuneration policy for non-executive Directors, executive Directors and other senior executives. The Remuneration Report is set out from page 25 to 28 of the Company's 2017 Annual Report, which can be viewed in the "Investor Centre" section on the Company's website (<http://www.buruenergy.com/asx-announcements/annual-reports/>).

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

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

Shareholders should note, however, that if at least 25% of the votes cast on the adoption of the Company's remuneration report at two consecutive annual general meetings are against adopting the Company's remuneration report, and a resolution was not put to the vote at the first of those consecutive annual general meetings under a prior application of the two strikes rule, then Shareholders will have the opportunity to vote on a "spill resolution".

#### 1.2 Board Recommendation

The non-executive Directors recommend that Shareholders vote in favour of Resolution 1 to adopt the Remuneration Report. As Mr Eric Streitberg is an executive director, he has resolved not to make a recommendation about how Shareholders should vote on this item of business.

### 2. Resolution 2 - Re-election of Mr Robert Willes as a Director

#### 2.1 Introduction

Mr Robert Willes retires as required by article 9.3(c) of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company. Mr Willes holds office until the conclusion of the AGM. If Resolution 2 is passed, Mr Willes will be re-elected and, therefore, continue as a Director of the Company.

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Resolution 2 is an ordinary resolution and, in order to be passed, requires a simple majority of votes cast by Shareholders entitled to vote on the Resolution.

## **2.2 Experience**

Mr Willes has over 30 years of extensive international experience in the oil and gas and energy industries. He is currently Managing Director of Challenger Energy Ltd, an ASX-listed oil and gas explorer with exposure to the emerging world-scale shale gas province in South Africa's Karoo Basin.

He has previously served on a number of boards including the Australian Petroleum Production and Exploration Association (APPEA), North West Shelf Gas Pty Ltd, North West Shelf Liaison Co. Pty Ltd, North West Shelf Australia LNG Pty Ltd, North West Shelf Shipping Services Co. Pty Ltd, Carbon Reduction Ventures Pty Ltd and Perth Centre for Photography.

His early career with BP involved several positions in petroleum product supply, trading and marketing, and as a lead negotiator for numerous gas transactions in Europe. He subsequently joined BP's Group Mergers and Acquisitions team, where he led the divestments of Burmah Castrol's Chemicals Division and Great Yarmouth Power Ltd, and advised the Corporation on a number of acquisition opportunities.

In Australia, Mr Willes was BP's General Manager of the North West Shelf LNG Project. He also had overall accountability for BP's interests in the Browse LNG and Greater Gorgon LNG Projects, and for Business Development activities in Asia Pacific. More recently, Mr Willes was CEO of Eureka Energy Limited, and was instrumental in managing the recommended A\$107million on-market takeover by Aurora Oil and Gas Limited.

Mr Willes is a Graduate of the Australian Institute of Company Directors and member of the Association of International Petroleum Negotiators. He holds an Honours Degree in Geography from Durham University in the UK, and has completed Executive Education Programmes at Harvard Business School in the USA and Cambridge University in the UK

## **2.3 Board recommendation**

The Directors, other than Mr Willes whose re-election is the subject of the Resolution, are of the view that the Board has benefitted and will continue to benefit from the skills, knowledge and experience that Mr Willes brings to the Company and recommend that Shareholders vote in favour of Resolution 2.

## **3. Resolution 3 - Ratification of prior issue of Shares pursuant to Placement**

### **3.1 Introduction**

On 1 August 2017, the Company announced a 1 for 5 non-renounceable entitlement offer (**Rights Issue**) to raise up to approximately \$10.2 million to accelerate the development of the Ungani Oilfield. The Rights Issue offered the opportunity to acquire shares in the Company at an issue price of \$0.15 per share, an ~22% discount to the then 15-day VWAP of Shares on ASX of ~\$0.19. Details of the Rights Issue are set out in the Prospectus lodged with ASIC and ASX on 1 August 2017.

On 7 September 2017, Buru announced that the Rights Issue had closed oversubscribed, with applications for ~\$14.5 million worth of entitlement and shortfall shares received from eligible shareholders, significantly exceeding the \$10.2 million full subscription amount under the Rights Issue. Rather than undertaking a wholesale pro-rata scale back in respect of shareholders who applied for shortfall shares to reduce the total subscription amount to \$10.2 million, the Board issued 24,023,593 Shares (representing approximately 7.07% of the Company's issued capital at the date of issue) to certain sophisticated and professional investors at an issue price of \$0.15 per Share on 11 September 2017 (**Placement**), raising a



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total of approximately \$3.6 million, in addition to the \$10.2 million raised by the Rights Issue. The Placement significantly reduced the requirement for a scale back under the Rights Issue shortfall offer.

The reasons underpinning Resolution 3 are set out below.

- **15% Threshold:** 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 Shares pursuant to the Placement was within this 15% threshold.
- **Ratification:** ASX Listing Rule 7.4 permits the approval of previous issues of equity securities made without prior shareholder approval, provided that the issue did not breach the 15% threshold in ASX Listing Rule 7.1, with the effect being that the issue is treated as having been made with shareholder approval.
- **Reinstate placement capacity:** Resolution 3 seeks shareholder approval under ASX Listing Rule 7.4 to approve the prior issue of the Shares pursuant to the Placement. Resolution 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. Put another way, if Resolution 3 is passed, the Company will not need to include the Shares issued pursuant to the Placement when calculating how many Shares it has issued for the purposes of the 15% threshold. While the Company has no present intention to issue additional Shares (other than upon the valid exercise of existing Options), the Company considers it necessary to retain the maximum flexibility to do so, should this become necessary or desirable. The requirement to obtain Shareholder approval for a future issue pursuant to ASX Listing Rule 7.1 could limit the Company's ability to take advantage of opportunities that may arise.

### 3.2 Information required by ASX Listing Rule 7.5

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

- **Number of securities issued and issue price:** A total of 24,023,593 Shares were issued by the Company on 11 September 2017 for an issue price of \$0.15 per Share, raising approximately \$3.6 million (before costs).
- **Terms of securities:** The Shares issued are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- **Persons to whom Shares issued:** The Shares were only issued to existing Buru shareholders who submitted shortfall applications in the initial Rights Issue announced on 1 August 2017 and who qualified as sophisticated and professional investors for the purposes of section 708 of the Corporations Act. None of the subscribers for the Shares are Directors, associates of Directors or related parties of the Company.
- **Use of funds:** The funds raised from the issue of the Shares have been, and will be, used to fund the accelerated development of Buru's Ungani Oilfield.

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## 4. Resolution 4 – Approval of 10% Additional Placement Capacity

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to an additional 10% of its issued capital.

Accordingly, the effect of Resolution 4, if passed, will be to allow the Company to issue that number of Equity Securities that is equal to 10% of the number of Shares that are on issue during the period ending on the date that is 12 months after the Meeting (**Additional Placement Capacity**), in addition to the 15% permitted under ASX Listing Rule 7.1 and without subsequent Shareholder approval.

If Shareholders approve Resolution 4, the total number of Equity Securities the Company may issue pursuant to the Additional Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

As at the date of this Notice, the Company has 432,021,333 Shares on issue. The Company currently has the capacity to issue 37,176,068 Equity Securities under ASX Listing Rule 7.1. If Resolution 3 is passed, the Company will have the capacity to issue 64,803,199 Equity Securities under ASX Listing Rule 7.1, because the 24,023,593 Shares that are the subject of that resolution would, from the passing of the resolution, no longer be subtracted from the Company's ASX Listing Rule 7.1 placement capacity.

If Resolution 3 is passed, and Resolution 4 is also passed, the Company will have the capacity to issue a further 43,202,133 Equity Securities under ASX Listing Rule 7.1A.

If Resolution 3 is not passed, but Resolution 4 is passed, the Company will have the capacity to issue a further 40,799,774 Equity Securities under ASX Listing Rule 7.1A.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

Set out below is more background information on ASX Listing Rule 7.1A and the specific disclosures required by ASX Listing Rule 7.3A.

### 4.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek Shareholder approval by special resolution at its annual general meeting to have the Additional Placement Capacity.

An entity will be an "**Eligible Entity**" if, as at the date of the relevant annual general meeting, the relevant entity:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$134 million.<sup>1</sup>

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<sup>1</sup> The Company's market capitalisation was determined by reference to the Company's closing share price on 27 March 2018 (being the last practicable trading date prior to the date of this Notice).

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Pursuant to the Additional Placement Capacity, the Company may only issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the only class of the Company's Equity Securities that are quoted on ASX are Shares (ASX: BRU).

The exact number of Shares that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became Shares in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of Shares under the Company's 15% placement capacity without shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Shares issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

#### **4.3 Information required by ASX Listing Rule 7.3A**

In accordance with ASX Listing Rule 7.3A, the Company provides the following information:

(a) **Minimum price**

The minimum price at which Shares may be issued is 75% of the volume weighted average price of Shares, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Shares are to be issued is agreed; or
- (ii) if the Shares are not issued within 5 trading days of the above date, the date on which the Shares are issued.

(b) **Date of issue**

Shares may be issued under the Additional Placement Capacity during the period commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and

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- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

**(Additional Placement Capacity Period).**

**(c) Risk of voting dilution**

If Shares are issued pursuant to the Additional Placement Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- the market price for Shares may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (ie the date of the Meeting, if Resolution 4 is passed); and
- Shares may be issued under the Additional Placement Capacity at a discount to the market price for those securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Shares.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (assuming that Resolutions 3 and 4 are passed by Shareholders), on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice.

The Board is of the view that the Scenarios 2 and 3 are unlikely to arise, however, certain aspects of these scenarios are specifically required to be set out by the ASX Listing Rules and are therefore included as per those rules. Accordingly, the assumptions below are hypothetical and should not be viewed as an indication as to future issue prices, the performance of Buru's Share price or the number of shares on issue.

The table assumes differing numbers of Shares on issue (ie variable "A" in the above formula) and issue prices for Shares over three scenarios, but in each scenario it is assumed that the Company issues the maximum number of Shares available under the Additional Placement Capacity. For example:

- Variable A differs across each scenario. Scenario 1 assumes there is no change to the number of Shares on issue. Scenarios 2 and 3 then assume an increase of 50% and 100% (respectively) to the number of Shares on issue. There may be an increase in the number of Shares on issue as a result of issues that do not require Shareholder approval (for example, a pro rata entitlement offer).
- Within each scenario, three different issue prices for the Shares are assumed. One of the issue prices is the closing Share price on 27 March 2018 (being the last practicable trading day prior to the date of this Notice). The other two issue prices then assume a 50% decrease to that closing Share price and a 100% increase to that price.

Number of Shares on issue ("A" in ASX Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.155 50% decrease in issue price	\$0.310 Issue Price (i.e. closing price as at 27 March 2018)	\$0.620 100% increase in issue price
Scenario 1 432,021,333 Current variable "A"	Shares issued – 10% voting dilution	43,202,133	43,202,133	43,202,133
	Funds raised	\$6,696,331	\$13,392,661	\$26,785,322
Scenario 2 648,031,999 50% increase in variable "A"	Shares issued – 10% voting dilution	64,803,199	64,803,199	64,803,199
	Funds raised	\$10,044,496	\$20,088,992	\$40,177,983
Scenario 3 864,042,666 100% increase in variable "A"	Shares issued – 10% voting dilution	86,404,266	86,404,266	86,404,266
	Funds raised	\$13,392,661	\$26,785,322	\$53,570,645

The scenario-analysis in the above table has been prepared on the basis of the following assumptions:

- (i) There are currently 432,021,333 Shares on issue as at the date of this Notice of Meeting.
- (ii) The issue price set out in the fourth column above is the closing price of the Shares on ASX on 27 March 2018 (being the last practicable trading date prior to the date of this Notice).
- (iii) The Company issues the maximum possible number of Shares under the Additional Placement Capacity.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (vi) Other than as indicated in the table, the Company does not issue any additional Shares during the Additional Placement Capacity Period.
- (vii) The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the existing 15% placement capacity under ASX Listing Rule 7.1.
- (viii) No Options are exercised during the Additional Placement Period and before the date of the issue of the Shares.

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- (ix) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

(d) **Purpose of issue under Additional Placement Capacity**

The purpose of any issue would be set out for Shareholders at the time of such an issue. However, in general terms, the Company could issue Shares under the Additional Placement Capacity to raise cash to fund the Company's forward exploration and development work programs, for general working capital expenses, or acquiring new assets (including any expenses associated with such an acquisition).

In some circumstances, the Company may issue Shares under the Additional Placement Capacity for a non-cash consideration. In such circumstances, the Company would release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares is no less than the minimum issue price provided for in Listing Rule 7.1A.3.

(e) **Allocation policy under the Additional Placement Capacity**

The identity of placees for the issue of Shares under the Additional Placement Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

Accordingly, the recipients of any Shares to be issued under the Additional Placement Capacity have not yet been determined. However, the recipients of Shares could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the Additional Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at the time, including, but not limited to, a pro-rata entitlement offer or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Shares on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 31 May 2017 (**Previous Approval**).

During the 12 month period preceding the date of the Annual General Meeting to which this Notice of Meeting relates, being on and from 8 May 2017 to 8 May 2018, the Company has not issued any Equity Securities under the Previous Approval.

For the purposes of ASX Listing Rule 7.3A.6(a), the Company notes that it has issued Shares and unlisted Options in the 12 month period preceding the date of the Annual General Meeting to which this Notice of Meeting relates, being on and from 8 May 2017 to 8 May 2018. The total number of Equity Securities issued in the 12 months preceding this Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period are as follows:

Equity Securities	
Number of securities on issue on at commencement of 12 month period	339,997,078 Shares 3,150,000 unlisted Options <sup>2</sup> <b>343,147,078 = total Equity Securities</b>
Securities issued during 12 month period	92,024,255 Shares 4,550,000 unlisted Options <sup>3</sup> <b>96,574,255 = total Equity Securities</b>
Percentage that Equity Securities issued represent of total number of Equity Securities on issue at commencement of 12 month period	Shares = 26.82% Unlisted Options = 1.33% <b>Total = 28.14%</b>

The table in Schedule 4 sets out the details required by ASX Listing Rule 7.3A.6(b) in respect of the issues of Equity Securities by the Company during the 12 month period preceding the date of this Notice of Meeting.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Shares pursuant to the Additional Placement capacity, it must give to ASX:

- (i) a list of the recipients of the Shares and the number of securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market which, amongst other things, includes details of the dilution of existing Shareholders caused by the relevant issue.

**4.4 Voting exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

<sup>2</sup> The 3,150,000 unlisted Options were exercisable at \$0.794617 and expired and lapsed on 31 Dec 2017

<sup>3</sup> The 4,550,000 unlisted Options are exercisable at \$0.31 and expire on 31 Dec 2019

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#### 4.5 Board recommendation

Although no decision has been made by the Board to undertake any issue of securities, the Board considers it prudent for the Company to have the opportunity to take advantage of the flexibility to be able to issue additional securities provided under ASX Listing Rule 7.1A. The Board believes that Resolution 4 is in the best interests of the Company and its Shareholders and recommends that Shareholders vote in favour of the Resolution.

### 5. Resolution 5 - Re-approval of the Company's Employee Share Option Plan

#### 5.1 Introduction

The ESOP was first approved by Shareholders at the Company's 2010 annual general meeting on 5 November 2010 and was re-adopted at the Company's 2012 annual general meeting on 30 November 2012 and at the 2015 annual general meeting on 29 April 2015 (2015 AGM).

The Board has decided to seek re-approval for the ESOP.

#### 5.2 Requirement for Shareholder approval

The reasons underpinning Resolution 5 are set out below.

- **15% Threshold:** As previously noted, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including Options) 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.
- **Excluded from placement capacity:** ASX Listing Rule 7.2 sets out a number of exceptions to the 15% threshold imposed by ASX Listing Rule 7.1.

ASX Listing Rule 7.2, Exception 9 provides that an issue of equity securities under an employee incentive scheme (such as the 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 relevant scheme.

Resolution 5 seeks approval for the purposes of ASX Listing Rule 7.2, Exception 9 so that the issue of Options (and Shares on the exercise of those Options) under the ESOP will be excluded from the 15% limit imposed by ASX Listing Rule 7.1 for a period of three 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.

The approval of Resolution 5 will provide the Company with the maximum flexibility to incentivise employees and to undertake equity raisings, or equity funded acquisitions, without the need for Shareholder approval for the purposes of ASX Listing Rule 7.1.

#### 5.3 Information required by ASX Listing Rule 7.2

In accordance with ASX Listing Rule 7.2, Exception 9, the Company provides the following information:



- **Key terms of ESOP:** A summary of the terms of the ESOP are set out in Schedule 2 to this Notice. A copy of the full terms of the ESOP can be obtained by contacting the Company Secretary.

There have been no material changes to the style or design of the ESOP since it was last approved by Shareholders at the 2015 AGM.

- **Options issued since 2015 AGM:** 9,700,000 Options have been issued under the ESOP since the plan was last approved by Shareholders at the 2015 AGM. Relevant details in relation to those Options are set out in the table below.

Tranche	Number of Options issued	Issue date	Exercise price	Expiry date
1	5,150,000*	26/05/2015	\$0.80	31/12/2017
2	4,550,000	03/10/2017	\$0.31	31/12/2019

\*All of these Options expired unexercised

- **Voting exclusion statement:** Refer to the voting exclusion statement immediately following Resolution 5 on page 3 of this Notice.

#### 5.4 Some further information in relation to the ESOP

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 Board intends to grant Options under the ESOP with an exercise price determined on this basis.

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 Board otherwise determines.

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.

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## 5.5 Board recommendation

The Directors (other than Mr Streitberg) recommend that Shareholders vote in favour of Resolution 5 to approve the ESOP. Mr Streitberg is the only Director currently entitled to participate in the ESOP. Accordingly, Mr Streitberg may be interested in the outcome of Resolution 5 and does not consider it appropriate to make a recommendation to Shareholders.

## 6. Resolution 6 - Renewal of Proportional Takeover Provisions

### 6.1 Introduction

Articles 5.9 to 5.13 of the Constitution (referred to in this Notice as the **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. The Proportional Takeover Provisions have been extracted in full in Schedule 3 to this Notice.

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 Proportional Takeover Provisions were last renewed at the 2015 AGM. This means that the Proportional Takeover Provisions will cease to have effect on 29 April 2018 (being, the date of the third anniversary of the 2015 AGM), before the Meeting. The Directors consider that it is in the best interests of Shareholders to have a proportional takeover rule in the Constitution and Shareholders are asked to consider Resolution 6 to reinstate the Proportional Takeover Provisions on identical terms. If Resolution 6 is approved by Shareholders, the Proportional Takeover Provisions will have effect on identical terms as the existing Proportional Takeover Provisions until 8 May 2021.

If Resolution 6 is passed, then for a period of 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.

### 6.2 Information required by the Corporations Act

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 effect of the Proportional Takeover Provisions is as follows:

- 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

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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 and 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).

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. 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 Shareholders 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.

#### *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 Proportional Takeover Provisions for both Directors and Shareholders of the Company.

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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. 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 of the Proportional Takeover Provisions for Shareholders 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 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*

As at the date of this Notice, 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, those Directors have the same interest in Resolution 6 as all Shareholders. Details of the respective shareholdings of the Directors are set out in the Company's 2017 Annual Report.

### **6.3 Board Recommendation**

The Board considers that it is in the interest of shareholders for the Company to have a proportional takeover bid approval article, and therefore recommends that Shareholders vote to adopt the renewed Proportional Takeovers Provisions.

## Schedule 1 – Definitions

Term	Meaning
<b>Annual General Meeting or Meeting</b>	The annual general meeting of the Company notified to Shareholders by this Notice.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires.
<b>ASX Listing Rule</b>	The official listing rules of ASX, as amended or waived from time to time.
<b>Auditor</b>	KPMG.
<b>Board</b>	The board of Directors of the Company.
<b>Chairman</b>	The chairman of the Meeting appointed in accordance with the Constitution.
<b>Closely Related Party</b>	Closely Related Party of a member of the Key Management Personnel means: <ul style="list-style-type: none"> <li>• a spouse or child of the member; or</li> <li>• a child of the member's spouse; or</li> <li>• a dependant of the member or of the member's spouse; or</li> <li>• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or</li> <li>• a company that the member controls; or</li> <li>• a person prescribed by the <i>Corporation Regulations 2001</i> (Cth).</li> </ul>
<b>Company</b>	Buru Energy Limited (ABN 71 130 651 437).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company.
<b>Eligible Entity</b>	Has the meaning given to that term in the ASX Listing Rules.
<b>Equity Securities</b>	Has the meaning given to that term in the ASX Listing Rules.
<b>ESOP</b>	The Buru Energy Limited Employee Share Option Plan.
<b>Explanatory Notes</b>	The explanatory notes enclosed with and forming part of this Notice.
<b>Key Management Personnel</b>	Key Management Personnel has the same meaning as in the accounting standards. The term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.
<b>Notice of Meeting or Notice</b>	This notice of meeting incorporating the Explanatory Notes and the Proxy Form.
<b>Option</b>	An option issued under the ESOP to certain employees to subscribe for a Share in the Company.

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<b>Proxy Form</b>	The proxy form enclosed with and forming part of this Notice.
<b>Remuneration Report</b>	The remuneration report set out from page 25 to 28 of the Company's 2017 Annual Report for the period 1 January 2017 to 31 December 2017.
<b>Resolution</b>	A resolution referred to in this Notice.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	Link Market Services Limited.
<b>Shareholder</b>	A registered holder of a Share.
<b>\$</b>	A reference to "\$" is to Australian currency.

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## Schedule 2 – 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:
- (a) a person who is the spouse, parent, brother, sister or child (close relative) of the Participant or of the Participant's spouse;
  - (b) 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
  - (c) 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.

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<b>Number of Options</b>	<p>The Board will determine the number of Options a Participant is invited to apply for.</p> <p>The Board, or its authorised delegate, must not invite an application for an Option or grant an Option if to do so would result in the aggregate of the number of Shares, as specified in the ESOP, exceeding 5% of the total number of issued Shares at the date of the relevant invitation.</p>
<b>Exercise price</b>	<p>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.</p>
<b>Expiry date</b>	<p>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.</p>
<b>New issues</b>	<p>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.</p>
<b>Adjustments to Options</b>	<p>The ESOP contains provisions providing for adjustments to unexercised Options granted under the ESOP, including if during the relevant option period the Company:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(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;</li> <li>(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);</li> <li>(e) makes a cancellation of any paid up capital that is lost or not represented by available assets, in which case the number of</li> </ul>



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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.

### **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.

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**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.

**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, 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

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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.

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### Schedule 3 – Proportional Takeover Provisions

#### 5.9 Resolution required for proportional takeover provisions

Despite articles 5.1, 5.2 and 5.3, if offers are made under a proportional takeover bid for securities of the Company in accordance with the Corporations Act:

- (a) articles 5.9 to 5.13 apply;
- (b) the registration of a transfer giving effect to a takeover contact resulting from acceptance of an offer made under the takeover bid is prohibited unless and until a resolution (an "approving resolution") to approve the bid is passed or taken to be passed in accordance with article 5.12 or article 5.13; and
- (c) the Directors must ensure that an approving resolution is voted on in accordance with article 5.10 to 5.11 before the fourteenth day before the last day of the bid period.

#### 5.10 Procedure for resolution

The Directors may determine whether the approving resolution is voted on:

- (d) at a meeting of persons entitled to vote on the resolution convened and conducted, subject to the provisions of article 5.11, as if it were a general meeting of the Company convened and conducted in accordance with this Constitution and the Corporations Act with such modifications as the Directors determine the circumstances require; or
- (e) by means of a postal ballot conducted in accordance with the following procedure:
  - (i) a notice of postal ballot and ballot paper must be sent to all persons entitled to vote on the resolution not less than 14 days before the date specified in the notice for closing of the postal ballot, or such lesser period as the Directors determine the circumstances require;
  - (ii) the non-receipt of a notice of postal ballot or ballot paper by, or the accidental omission to give a notice of postal ballot or ballot paper to, a person entitled to receive them does not invalidate the postal ballot or any resolution passed under the postal ballot;
  - (iii) the notice of postal ballot must contain the text of the resolution and the date for closing of the ballot and may contain any other information the Directors consider appropriate;
  - (iv) each ballot paper must specify the name of the person entitled to vote;
  - (v) a postal ballot is only valid if the ballot paper is duly completed and:
    - (A) if the person entitled to vote is an individual, signed by the individual or a duly authorised attorney; or
    - (B) if the person entitled to vote is a corporation, executed under seal or as permitted by the Corporations Act or under the hand of a duly authorised officer or duly authorised attorney;

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- (vi) a postal ballot is only valid if the ballot paper and the power of attorney or other authority, if any, under which the ballot paper is signed or a copy of that power or authority certified as a true copy of statutory declaration is or are received by the Company before the close of business on the date specified in the notice of postal ballot for closing of the postal ballot as the Registered Officer or share registry of the Company or at such other place as is specified for that purpose in the notice of postal ballot; and
  - (vii) a person may revoke a postal ballot vote by notice in writing which to be effective must be received by the Company before the close of business on the date for closing of the postal ballot.

#### **5.11 Persons entitled to vote**

The only persons entitled to vote on the approving resolution are those persons who, as at the end of the day on which the first offer under the bid was made, held bid class securities. Each person who is entitled to vote is entitled to one vote for each bid class security held by that person at that time.

Neither the bidder nor any associate of the bidder is entitled to vote on the resolution.

#### **5.12 Resolution passed or rejected**

If the resolution is voted on in accordance with articles 5.9 to 5.11 then it is to be taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is to be taken to have been rejected.

#### **5.13 Resolution taken as passed**

If a resolution to approve the bid has not been voted on as at the end of the day before the fourteenth day before the last day of the offer period, then a resolution to approve the bid is taken to have been passed in accordance with articles 5.10 to 5.12.

**Schedule 4**

**Information required under ASX Listing Rule 7.3A.6(b)**

<b>Date of Issue</b>	<b>Number of Equity Securities</b>	<b>Class of Equity Securities</b>	<b>Name of Recipient/ Basis on which Recipients were determined</b>	<b>Issue Price / Discount to Closing Market Price on Date of Issue (if any) (Exercise price (EP) for Options)</b>	<b>Total Cash Consideration</b>	<b>Amount of Consideration Spent and Description of Expenditure / Intended use for Remaining Consideration (if any)</b>	<b>Total Non Cash Consideration / (Current Value of Non Cash Consideration)</b>
11 September 2017	68,000,662	Fully paid ordinary shares	Issued to existing shareholders under Non-renounceable Entitlement Offer	\$0.15  23% discount to closing market price	\$10,200,099	\$10,200,099  The funds spent have been used to develop the Ungani Oilfield, including the following: <ul style="list-style-type: none"> <li>• drilling of the Ungani 4 and Ungani 5 production wells;</li> <li>• installation and commissioning of ESPs in Ungani 1ST1 and Ungani 2; and</li> <li>• surface upgrades to provide extra storage and processing capacity.</li> </ul>	N/A

11 September 2017	24,023,593	Fully paid ordinary shares	Issued to sophisticated and professional investors under a Placement	\$0.15 23% discount to closing market price	\$3,603,538	\$3,603,538  The funds spent have been used to develop the Ungani Oilfield, including the following: <ul style="list-style-type: none"> <li>• drilling of the Ungani 4 and Ungani 5 production wells;</li> <li>• installation and commissioning of ESPs in Ungani 1ST1 and Ungani 2; and</li> <li>• surface upgrades to provide extra storage and processing capacity.</li> </ul>	N/A
3 October 2017	4,550,000	Unlisted options	Granted to employees under the ESOP	Nil Exercise Price of \$0.31	Nil	N/A	\$565,000 <sup>4</sup>

<sup>4</sup> The 4,550,000 unlisted Options are exercisable at \$0.31 and expire on 31 Dec 2019. The current non-cash value of \$565,000 was calculated using the Black & Scholes option-pricing model as at 27 March 2018.

**LODGE YOUR VOTE**

-  **ONLINE**  
[www.linkmarketservices.com.au](http://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
-  **BY HAND**  
 Link Market Services Limited  
 1A Homebush Bay Drive, Rhodes NSW 2138;
-  **ALL ENQUIRIES TO**  
 Telephone: 1800 810 859      Overseas: +61 1800 810 859



**X99999999999**

**PROXY FORM**

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

**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 you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (Perth time) on Tuesday, 8 May 2018 at The Celtic Club, 48 Ord Street, West Perth WA 6000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 5:** By completing and returning this form, the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 5 and vote as he sees fit, even though those Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote all eligible undirected proxies in favour of each Resolution.**

**VOTING DIRECTIONS**

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

Resolutions	For	Against	Abstain*	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Re-approval of the Company's Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Robert Willes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Reinstatement of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of Shares pursuant to Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
4 Approval of 10% Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

 \* If you mark the Abstain box for a particular Resolution, 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.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)      Joint Shareholder 2 (Individual)      Joint Shareholder 3 (Individual)

          

Sole Director and Sole Company Secretary      Director/Company Secretary (Delete one)      Director

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





## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON RESOLUTIONS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution 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 share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- 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 shareholder 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 share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (Perth time) on Sunday, 6 May 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



#### ONLINE

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

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



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### 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

\* During business hours (Monday to Friday, 9:00am–5:00pm (Sydney time))



### COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online 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).

**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.**