



BUCCANEER ENERGY LIMITED

ACN 125 670 733

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting: Friday, 29 November 2013

Time of Meeting: 1.00pm (Sydney time)

Place of Meeting: CTA Business Club, 19 Martin Place, Sydney NSW 2000



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Notice is given that an Annual General Meeting of Shareholders of Buccaneer Energy Limited ACN 125 670 733 (**Company**) will be held at CTA Business Club, 19 Martin Place, Sydney NSW 2000, on Friday 29 November 2013 at 1.00pm (Sydney time).

AGENDA

Ordinary business

FINANCIAL REPORTS

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2013.

1. RESOLUTION ONE – REMUNERATION REPORT

To consider and, if thought fit, pass the following Advisory Resolution:

“That, the Remuneration Report for the year ended 30 June 2013 (as set out in the Directors' Report) is adopted.”

Terms used in this Notice of Meeting are defined in the “Interpretation” section of the accompanying Explanatory Memorandum.

The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Restriction pursuant to Section 250R(4) of the *Corporations Act*

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the proposed resolution (directed proxy); or
 - (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or, if the Company is part of a consolidated entity, for the entity.
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NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

2. RESOLUTION TWO – CONDITIONAL SPILL RESOLUTION

Subject to and conditional upon at least 25% of the votes on Resolution 1 being cast against Resolution 1, to consider, and if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That:

- (a) the Company will convene an extraordinary general meeting (**Spill Meeting**) which must be held within 90 days of the passing of this resolution (**Spill Resolution**) subject to (d) below;*
- (b) all of the Directors in office at the time of the Spill Meeting who:*
 - (1) were in office when the Directors’ resolution was passed to make the Directors’ Report for the financial year ended 30 June 2013 considered at the Company’s 2013 annual general meeting; and*
 - (2) are not a Managing Director of the Company who, in accordance with the Listing Rules, may continue to hold office indefinitely without being re-elected to the office,*
*shall cease to hold office immediately before the end of the Spill Meeting (**Vacating Directors**);*
- (c) at the Spill Meeting the Company will put resolutions to Shareholders to vote to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting under (b) above; and*
- (d) in accordance with section 250W of the Corporations Act, where there are no Vacating Directors, the Company need not hold the Spill Meeting.”*

Note

Resolution 2 will only be put to Shareholders to consider and vote on if at least 25% of the votes on Resolution 1 are cast against Resolution 1.

Voting Restriction pursuant to sections 250V(2) and 250R(4) and (5) of the Corporations Act

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration is included in the Remuneration Report;
- (b) a Closely Related Party of such a member of the Key Management Personnel.

However, the above persons may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution (directed proxy); or
- (b) the voter is the Chairperson and the appointment of the Chairperson as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or, if the Company is part of a consolidated entity, for the entity.

3. RESOLUTION THREE – RE-ELECTION OF MR BRIAN MOLLER

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

“That Mr Brian Moller, who retires in accordance with Rule 37.1(a) of the Company’s Constitution and, being eligible, offers himself for election, be elected as a Director.”

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

4. RESOLUTION FOUR – RE-ELECTION OF DR ALAN STEIN

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

“That Dr Alan Stein, who retires in accordance with Rule 37.1(a) of the Company’s Constitution and, being eligible, offers himself for election, be elected as a Director.”

5. RESOLUTION FIVE – RE-ELECTION OF MR DEAN GALLEGOS

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

“That Mr Dean Gallegos, who retires by rotation in accordance with Rule 37.1(c) of the Company’s Constitution and, being eligible, offers himself for election, be elected as a Director.”

6. RESOLUTION SIX – ISSUE OF SHARES TO HAROMA PTY LTD (AN ENTITY ASSOCIATED WITH DR ALAN STEIN)

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

*“That in accordance with section 208(1) of the Corporations Act and for the purposes of Listing Rule 10.11 and for all other purposes, that Shareholders approve the issue of 10,000,000 Shares (**Subscription Shares**) to Haroma Pty Ltd (an entity associated with Dr Alan Stein) at \$0.052 per Share and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

Notes

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with ASIC in accordance with Section 218 of the *Corporations Act*.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 6 by Haroma Pty Ltd and any associate of Haroma Pty Ltd.

However, the Company need not disregard a vote if:

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

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board



Mr Dean Gallegos

Director

29 October 2013

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

1. INTRODUCTION

This Explanatory Memorandum is provided to Shareholders of **Buccaneer Energy Limited** ACN 125 670 733 (**Company**) to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at CTA Business Club, 19 Martin Place, Sydney NSW 2000 on Friday 29 November 2013 commencing at 1.00pm (Sydney time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 8.

2. CONSIDER THE COMPANY'S ANNUAL REPORT

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2013 were released to the ASX on 30 September 2013. The Company's Annual Report is placed before the Shareholders for discussion. No voting is required on this item. Shareholders can obtain a copy of the Company's 2013 Annual Report by downloading a copy from the Company's website: www.buccaneerenergy.com.

3. RESOLUTION ONE – (REMUNERATION REPORT) AND RESOLUTION TWO (CONDITIONAL SPILL RESOLUTION)

3.1 Remuneration Report

In accordance with section 250R of the *Corporations Act*, the Remuneration Report for the Company and its subsidiaries is submitted to the AGM for consideration by Shareholders and adoption by way of a non-binding advisory resolution. The Remuneration Report is set out on pages 49 to 58 of the Directors' Report section of the Annual Report.

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

The Remuneration Report, amongst other things:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the consolidated entity;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Key Management Personnel of the consolidated entity including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

Note: For the purposes of calculating remuneration, salary, bonuses and Options that have vested during the financial year at the deemed value at the time of issue are included.

The Company will allow a reasonable opportunity for the Shareholders to ask questions about, or make comments on, the Remuneration Report.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting restrictions on Key Management Personnel and their proxies and Closely Related Parties

Members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution (**Voting Restriction**) put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction applies to both Resolution 1 and Resolution 2. However, it does not apply where:

- the Chairperson or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy (**Management Proxy**) with specific instructions on how to vote on a resolution to adopt the Remuneration Report of the Company; or
- the Chairperson is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel or a Closely Related Party of Key Management Personnel) as a proxy with no specific instructions on how to vote on a resolution to adopt the Remuneration Report where the Shareholder provides express authorisation for the Chairperson to vote on the resolution.

Shareholders should be aware that any undirected proxies given to the Chairperson will be cast by the Chairperson and counted in favour of the resolutions the subject of this Meeting, including Resolution 1, **except for Resolution 2 in respect of which the Chairperson will vote any undirected proxies against the Resolution**, subject to compliance with the *Corporations Act*.

3.2 The “Two Strikes Rule”

The *Corporations Act* requires that listed companies must put their Remuneration Report to a non-binding advisory Shareholder vote at the AGM (**Remuneration Report Resolution**). The “Two Strikes Rule” was introduced by the *Corporations Legislation (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) and commenced on 1 July 2011.

Under the “Two Strikes Rule” if the Remuneration Report Resolution receives a “no” vote of 25% or more (**Strike**) at two consecutive AGMs, a resolution to spill the board in accordance with Part 2G.2, Division 9 of the *Corporations Act* (**Spill Resolution**) must be put to Shareholders.

If the Spill Resolution is passed as an Ordinary Resolution, in accordance with the *Corporations Act* requirements:

- (a) the Company will convene an extraordinary general meeting (**Spill Meeting**) which must be held within 90 days of the passing of the Spill Resolution subject to (d) below;
- (b) all of the Directors in office at the time of the Spill Meeting who:
 - (i) were in office when the Directors’ resolution was passed to make the Directors’ Report for the financial year ended 30 June 2013 (which includes the 2013 Remuneration Report) considered at the Company’s 2013 AGM; and
 - (ii) are not a Managing Director of the Company who, in accordance with the Listing Rules, may continue to hold office indefinitely without being re-elected to the office,shall cease to hold office immediately before the end of the Spill Meeting (**Vacating Directors**);
- (c) at the Spill Meeting the Company will put resolutions to Shareholders to vote to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting under paragraph (b) above. The Vacating Directors, if they choose, may stand for re-election at the Spill Meeting;
- (d) in accordance with section 250W of the *Corporations Act*, where there are no Vacating Directors, the Company need not hold the Spill Meeting; and
- (e) if the Company does not hold the Spill Meeting within 90 days after the Spill Resolution is passed, each person who is a Director of the Company at the end of that 90 day period commits an offence, even if the person was not a Director when the Spill Resolution was passed.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

3.3 First Strike

At the Company's AGM last year, approximately 71.75% of the votes cast in respect of the Remuneration Report Resolution, to adopt the Company's 2012 Remuneration Report, were voted against that resolution. At the 2011 AGM, less than 25% of the votes were cast against the Remuneration Report Resolution. Accordingly, last year the Company received a "first Strike".

3.4 Review of remuneration practices

Independent Review

To ensure the Group complied with industry best practice in relation to the remuneration of its executive directors, the non-executive directors of the Group engaged Godfrey Remuneration Group (**GRG**) to conduct an independent assessment of the remuneration packages negotiated with Mr Curtis Burton and Mr Dean Gallegos which took effect, as of 1 July 2012.

Engagement of Remuneration Consultants

During the financial year, GRG was engaged by the remuneration committee to review the elements of KMP remuneration and provide recommendations.

GRG was paid \$10,200 for the remuneration recommendations relating to the review of the elements of KMP remuneration and \$2,500 in total for all the other services.

In order to ensure that GRG work is free from undue influence by KMP, the terms of the engagement, among other matters, required GRG to report its recommendations to the former Chairman of the Board and not to any other members of KMP until the release of the report.

The Board is satisfied that the remuneration recommendations were free from undue influence by members of KMP to whom the recommendations relate.

The Board conducted subsequent reviews and enquiries about the manner in which GRG had undertaken the engagements. This included review of a post-engagement summary report received directly from GRG outlining its own assessment as to how it had carried out the work and whether it had experienced any difficulties or undue influence from KMP during the course of the engagement. Based on these reviews and enquiries, the Board is satisfied that GRG recommendations were free from any undue influence by members of KMP. GRG completed a 3 step approach as follows:

Step 1 A comparator group of 20 ASX listed companies was selected by GRG all of which operated in the energy sector either domestically or in the United States and who had market sizes ranging from \$40 million to \$150 million and the remuneration practices of the comparator group was analysed (**the Comparator Group**).

Step 2 The Group submitted the individual remuneration packages including the STI Plan and issue of options under the ESOP for review.

Step 3 A report was prepared by GRG for consideration by the non-executive directors of the Group.

The conclusion of the independent review conducted by GRG was the following:

- The average of the combined Base Remuneration of Mr Curtis Burton and Mr Dean Gallegos is in the 75th Percentile of the Comparator Group; and
- The STI Plan and LTI Plan (issue of Director Options under the ESOP) and the levels in which Mr Curtis Burton and Mr Dean Gallegos participate is consistent with the Comparator Group.

In addition the Directors have undertaken a comprehensive review of the Company's remuneration strategy and framework for the remaining KMP. The Directors conducted a comparison of the Company's remuneration structure with that of similar companies in the industry. The Company's new remuneration arrangements take into account this information and are detailed in this year's Remuneration Report.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Board believes that the Company's remuneration arrangements, as set out in the 2013 Remuneration Report, are fair, reasonable and appropriate, support the strategic direction of the Company and align with Shareholders' expectations.

3.5 Second Strike and Resolution 2 (Consequences of voting against Resolution 1)

If the votes cast against this year's Remuneration Report Resolution, to adopt the 2013 Remuneration Report, are again 25% or more of the total votes cast, the Company will receive its "second Strike" and will be required to put a Spill Resolution to Shareholders.

Accordingly, this Notice of Meeting includes a "conditional" Spill Resolution (Resolution 2) which will be put to Shareholders only if 25% or more of the votes cast are against Resolution 1 and the Company therefore receives a second Strike; otherwise Resolution 2 will be withdrawn.

If Resolution 2 is passed then it will be necessary for the Board to convene the further Spill Meeting within 90 days of the AGM in order for Shareholders to consider the composition of the Board. At the Spill Meeting, the following Directors will be the Vacating Directors who will cease to hold office immediately before the conclusion of the Spill Meeting unless they stand for re-election and are re-elected at the Spill Meeting:

- Mr Dean Gallegos;
- Dr Alan Stein; and
- Mr Brian Moller.

It is noted that even if Mr Dean Gallegos, Dr Alan Stein and Mr Brian Moller are re-elected at this year's AGM under Resolutions 3, 4 and 5, Mr Dean Gallegos, Dr Alan Stein and Mr Brian Moller must still be Vacating Directors at the Spill Meeting.

It is also noted that holding a Spill Meeting may cause some disruption to the running of the Company as a result of management distraction, the time involved in organising such a meeting and the diversion of resources. In addition, there will be a cost to the Company of holding a Spill Meeting which is expected to be approximately estimated at \$15,000.

3.6 Directors' Recommendations

Resolution 1

The voting exclusion statement for Resolution 1 is set out on page 2 of the Notice of Meeting. The Board unanimously recommends that Shareholders vote **in favour of Resolution 1**. A vote on this Resolution is advisory only and does not bind the Directors of the Company.

Resolution 2

The voting exclusion statement for Resolution 2 is set out on page 3 of the Notice of Meeting. Mr Curtis Burton as Managing Director is the sole disinterested Director in Resolution 2 and recommends that Shareholders vote **against Resolution 2** on the basis that it would be extremely disruptive to the Company and in the view of Mr Curtis Burton, it would be inappropriate to remove all of the Non-Executive Directors in the circumstances. The other Directors have abstained from making a recommendation on Resolution 2.

4. RESOLUTION THREE – RE-ELECTION OF MR BRIAN MOLLER AS A DIRECTOR

Mr Brian Moller retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Non-Executive Director.

Rule 35.2 of the Constitution and Listing Rule 14.4 requires that a Director appointed to fill a casual vacancy or as an addition to the Board pursuant to Rule 35.1 of the Constitution shall hold office only until the next following AGM and shall then be eligible for re-election.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

Mr Brian Moller retires in accordance with the Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

Mr Moller joined the board of the Company on 2 July 2013 as a non-executive director. A partner with HopgoodGanim for 30 years, Mr Moller leads the Corporate Advisory and Governance practice and is regularly called on by clients to advise on strategic matters and consult on project planning and management for major transactions and projects. Mr Moller specializes in capital markets, mergers and acquisitions and corporate restructuring, and has acted in numerous transactions and capital raisings in both the industrial and resources and energy sectors.

Mr Moller acts for many publicly listed companies in Australia and regularly advises boards of directors on corporate governance and related issues. He is the Chairman of ASX-listed AusNiCo Ltd and also a non-executive director of ASX-listed DGR Global (formerly D'Aguiar Gold), Navaho Gold Ltd and Platina Resources Ltd, and of AIM-listed SolGold plc (formerly Solomon Gold plc). Mr Moller was recommended in Doyle's Guide to Leading Queensland Corporate Lawyers, 2012.

The Directors (with Mr Moller abstaining) recommend that you vote in favour of this Ordinary Resolution.

5. RESOLUTION FOUR – RE-ELECTION OF DR ALAN STEIN AS A DIRECTOR

Dr Alan Stein retires in accordance with the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Non-Executive Director.

Rule 35.2 of the Constitution and Listing Rule 14.4 requires that a Director appointed to fill a casual vacancy or as an addition to the Board pursuant to Rule 35.1 of the Constitution shall hold office only until the next following AGM and shall then be eligible for re-election. Dr Alan Stein, who was appointed by the Directors on 6 September 2013 retires in accordance with the Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election as a Director.

Dr Stein is a geologist with over 20 years' experience in the international oil and gas industry. He was the Chief Executive Officer of AIM listed Fusion Oil & Gas plc which made several discoveries in offshore Mauritania.

In 2004 he was one of the founders of Ophir Energy plc where he was the CEO from inception until 2011. Ophir has made significant discoveries in offshore Equatorial Guinea and Tanzania and is listed on the Main Market of the London Stock Exchange where it is a constituent of the FTSE 250 index and has a market capitalisation of approximately £2.0 billion (AUD\$2.9 billion).

Dr Stein has been Non-Executive Chairman of Neon Energy Limited (ASX 300 Company) since 2009. Neon Energy Limited has energy interests in offshore Vietnam and onshore in California, USA.

The Directors (with Dr Stein abstaining) recommend that you vote in favour of this Ordinary Resolution.

6. RESOLUTION FIVE – RE-ELECTION OF MR DEAN GALLEGOS AS A DIRECTOR

Mr Dean Gallegos retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Under Rule 37.1(c) of the Constitution, one-third of the Directors are required to retire at each AGM (excluding any Managing Director).

Mr Gallegos brings management, marketing and capital-formation experience to the Company from an Australian perspective. Mr Gallegos identified and sought out the Company management team in Houston and identified them as the core of an operation which would be attractive to Australian investors and form the basis of a successful company listed on the ASX. He has over 16 years experience in the Australian capital market place with direct experience in managing ASX listed companies and in the planning, financing and supervision of exploration

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

budgets. In the last four years, Mr Gallegos has been the principal driver in the creation or recapitalization of three public companies and he has performed advisory roles to other public companies in a financing and merger/acquisition role.

The Directors (with Mr Gallegos abstaining) recommend that you vote in favour of this Ordinary Resolution.

7. RESOLUTION SIX – ISSUE OF SHARES TO HAROMA PTY LTD (AN ENTITY ASSOCIATED WITH DR ALAN STEIN)

7.1 Background

Resolution 6 seeks the approval of Shareholders for the issue and allotment of 10,000,000 Shares (**Subscription Shares**) to Haroma Pty Ltd (an entity associated with Dr Alan Stein), pursuant to a share subscription agreement entered into on 6 September 2013 between the Company and Haroma Pty Ltd (**Subscription Agreement**) (refer to ASX announcement of 6 September 2013). The Subscription Shares are to be issued at \$0.052 each (**Subscription Price**).

Under the Subscription Agreement, the issue and allotment of the Subscription Shares is conditional on obtaining Shareholder approval by 1 December 2013. Subject to obtaining Shareholder approval (and Haroma Pty Ltd completing an application form and paying the Subscription Price), the Company must allot Haroma Pty Ltd the Subscription Shares within five Business Days of receipt of cleared funds into the Company's bank account.

The Directors have resolved to refer to members for approval the proposed issue of the Subscription Shares.

Approval for the issue and allotment of the Subscription Shares is sought in accordance with the provisions of Listing Rule 10.11 and Part 2E of the *Corporations Act*.

In order for the Subscription Shares to be granted to an associate of a Director, the requirements of Chapter 2E of the *Corporations Act* need to be observed.

7.2 Regulatory Requirements

Chapter 2E of the *Corporations Act*

Chapter 2E of the *Corporations Act* prohibits a public company from giving a financial benefit to a related party of a public company without Shareholder approval unless the benefit falls within one of various exceptions to the general prohibition. The process for and requirements that need to be met for the convening of the Shareholder's meeting are set out in Chapter 2E of the *Corporations Act*.

A "related party" for the purposes of the *Corporations Act* is defined widely and includes a Director of a public company, and entities controlled by him or her.

A "financial benefit" for the purposes of the *Corporations Act* has a very wide meaning. It includes the public company paying money or issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed Resolution 6, if passed, will confer a financial benefit on Haroma Pty Ltd (being an entity of which Dr Alan Stein is the sole director). By virtue of being a Director, Dr Alan Stein is a related party of the Company.

As Haroma Pty Ltd is controlled by Dr Alan Stein, Haroma Pty Ltd itself is a related party of the Company. Accordingly, the Company seeks to obtain member approval for the conferring of a financial benefit on the Haroma Pty Ltd through the issue of the Subscription Shares,

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

in accordance with the requirements of Chapter 2E of the *Corporations Act*. For this reason, and for all other purposes, the following information is provided to Shareholders.

(a) The related party to whom Resolution 6 would permit the financial benefit to be given

Haroma Pty Ltd, an entity controlled by Dr Alan Stein a Director of the Company.

(b) The nature of the financial benefit

The nature of the proposed financial benefit to be given is the issue of 10,000,000 Shares for \$0.052 per Subscription Share (total consideration payable being \$520,000).

(c) Directors' recommendation

With respect to Resolution 6, Mr Gallegos, Mr Burton and Mr Moller recommend that Shareholders vote in favour of this Resolution.

As Dr Stein is interested in the outcome of Resolution 6, he makes no recommendation to Shareholders in respect of this Resolution.

(d) Directors' interest and other remuneration

Dr Alan Stein

Dr Alan Stein has a material personal interest in the outcome of Resolution 6, as it is proposed that Subscription Shares be issued to Haroma Pty Ltd (an entity associated with Dr Alan Stein).

Excluding the Subscription Shares, Dr Alan Stein (and entities associated with him) currently hold no other securities in the Company.

Other than the Subscription Shares proposed to be issued to Haroma Pty Ltd (an entity associated with Dr Alan Stein) pursuant to Resolution 6, Dr Alan Stein indirectly receives remuneration of between \$82,000 – \$92,000 per annum (total cost to the Company) and will be set by the Remuneration Committee from the Company for his services as a Non-Executive Director.

If all of the Subscription Shares are issued to Haroma Pty Ltd (an entity associated with Dr Alan Stein), the following will be the effect on Dr Alan Stein's direct and indirect holdings in the Company:

Director (including associated entities)	Current Share Holding (Direct & Indirect)	% of Total Share Capital (2,398,671,956 Shares on issue)	Shareholding Upon issue of Subscription Shares	% of Total Share Capital following issue of Subscription Shares (2,408,671,956 Shares on issue)
Dr Alan Stein	Nil	Nil	10,000,000	0.42%

The above table is based on the issued share capital of the Company as at the date of the Notice and on the assumption that the issued share capital of the Company (2,398,671,956) remains the same as at the date of the issue of the Subscription Shares. It is noted that the Company will be required to issue a further 7,400,000 Shares pursuant to approvals obtained at the general meeting held on 2 October 2013 upon receipt of funds for those Shares in accordance with the approvals obtained.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

(e) Valuation

Shares in the same class as the Subscription Shares are currently quoted on the ASX and as such will have a tradeable market value. As at the date immediately prior to the entry into the Subscription Agreement (being 5 September 2013) the closing share price of the Company was \$0.063. Based solely on the closing share price on this date being multiplied by the number of the Subscription Shares, the Subscription Shares had an indicative market value of \$630,000. Additionally, the VWAP of Shares for the 20 trading days prior to 6 September 2013 was \$0.062, giving the Subscription Shares an indicative market value of \$620,000 using this VWAP. For completeness, it is noted that if the value of the Subscription Shares was determined as at 21 October 2013 (closing price of \$0.045), the indicative market value for the Subscription Shares would be \$450,000.

Under the terms of the Subscription Agreement, Haroma Pty Ltd has agreed to subscribe for the Subscription Shares for the Subscription Price (being \$0.052 per Subscription Share). Compared to the closing share price of the Company on 5 September 2013 (being \$0.063 per Share), the Subscription Price represents a discount of approximately 17% to the closing share price on the date immediately prior to entry into the Subscription Agreement. The 20 day VWAP of Shares in the 20 trading days prior to 6 September 2013 was \$0.062, which represents a discount of approximately 16% to the Subscription Price. For completeness, it is noted that with reference to the closing share price of the Company on 21 October 2013 (being \$0.045 per Share), the Subscription Price represents a premium of 16%.

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of the Directors save and except as follows:

(i) Market price movements:

The valuation of the Subscription Shares noted above is based on a market price of the Shares.

There is a possibility that the market price of the Shares on the date of issue of the Subscription Shares will be different to the price noted above and that the market price of the Shares will change up to the date of the Meeting. The effect on the valuation for all of the Subscription Shares, of movements in the market price of the Shares is set out below:

Market Price	Valuation Total
\$0.030	\$300,000
\$0.035	\$350,000
\$0.040	\$400,000
\$0.045	\$450,000
\$0.050	\$500,000
\$0.055	\$550,000
\$0.060	\$600,000
\$0.065	\$650,000

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(ii) Trading History of the Shares (over last 12 months)

As at 21 October 2013, the closing price of Shares on ASX was \$0.045.

Set out below is the trading history of the Shares over the past 12 months.

	Market Price 21 October 2013	Market Price 6 months prior	Market Prices 12 months prior
High	\$0.047	\$0.070	\$0.070
Low	\$0.043	\$0.031	\$0.031

(iii) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Subscription Shares is the dilutionary impact on the issued Share capital of the Company. To the extent that the dilutionary impact caused by the issue of the Subscription Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company receiving the consideration paid by Haroma Pty Ltd for the Subscription Shares and the potential benefits of Dr Alan Stein (or an entity associated with him) having made an investment as a Shareholder in the Company.

It is also considered that the potential increase of value in the Subscription Shares is dependent upon a concomitant increase in the value of the Company generally.

(iv) Taxation Consequences

No stamp duty will be payable in respect of the grant of the Subscription Shares. No GST will be payable by the Company in respect of the grant of the Subscription Shares (or if it is then it will be recoverable as an input credit).

(v) Dilutionary Effect

If all of the Subscription Shares are issued, the following will be the dilutionary effect on the current issued capital of the Company:

Current Share Capital (prior to the issue of the Subscription Shares)	Subscription Shares to be issued	Share Capital (after the issue of the Subscription Shares)
2,398,671,956	10,000,000	2,408,671,956

The above table is based on the issued share capital of the Company as at the date of the Notice and on the assumption that the issued share capital of the Company (2,398,671,956) remains the same as at the date of the issue of the Subscription Shares. It is noted that the Company will be required to issue a further 7,400,000 Shares pursuant to approvals obtained at the general meeting held on 2 October 2013 upon receipt of funds for those Shares in accordance with the approvals obtained.

Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to a related party. Accordingly, because the issue of the Subscription Shares will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The number of Subscription Shares to be issued to Haroma Pty Ltd (being an entity of which Dr Alan Stein is the sole director) is 10,000,000 Shares.
- The Subscription Shares are intended to be issued within five Business Days of receipt of cleared funds into the Company's bank account (subject to Shareholder approval). In any event, the Subscription Shares will be issued no more than 1 month after the date of the Meeting.
- The Subscription Shares are being issued for the Subscription Price (being \$0.052 each and a total consideration of \$520,000).
- A voting exclusion statement in respect of Resolution 6 is set out above and accompanies the Notice of Meeting.
- \$520,000 in funds are being raised by the issue of the Subscription Shares, of which the Company intends to use them for drilling and working capital.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 6.

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

8. INTERPRETATION

AGM means annual general meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691.

Board or **Directors** means the board of directors of the Company.

Closely Related Party (as defined in the *Corporations Act*) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) 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 entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph.

Company means Buccaneer Energy Limited ACN 125 670 733.

Constitution means the Constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Key Management Personnel or KMP has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rules means the listing rules of the ASX.

Meeting means the Annual General Meeting of the Company to be held on Friday 29 November 2013.

Notice or Notice of Meeting means the Notice of Annual General Meeting and accompanying Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of Shareholders.

Resolution means a resolution to be proposed at the Meeting.

Shares means ordinary fully paid shares in the issued capital of the Company.

Shareholder means a Shareholder of the Company.

Spill Meeting has the meaning given to that term in section 3.2 of this Explanatory Memorandum.

Spill Resolution has the meaning given to that term in section 3.2 of this Explanatory Memorandum.

Subscription Agreement means the agreement entered into on 6 September 2013 between the Company and Haroma Pty Ltd (an entity associated with Dr Alan Stein), pursuant to

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

which Haroma Pty Ltd has agreed to subscribe for, and the Company has agreed to issue the Subscription Shares for the Subscription Price.

Subscription Price means the price at which the Subscription Shares are to be issued under the Subscription Agreement, being \$0.052 per Subscription Share.

Subscription Shares means 10,000,000 Shares to be issued pursuant to the Subscription Agreement.

Vacating Directors has the meaning given to that term in section 3.2 of this Explanatory Memorandum.

VWAP means the volume weighted average price.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Dean Gallegos (Director):

Buccaneer Energy Limited

Level 9, 25 Bligh Street

Sydney NSW 2000 Australia

Telephone No: (02) 9233 2520

Facsimile No: (02) 9233 2530

Email: Info@BuccaneerEnergy.com

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act*.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry, Computershare Investor Services Pty Limited, GPO Box 242 Melbourne VIC 3001 not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Buccaneer Energy Limited
Level 9, 25 Bligh Street
Sydney NSW 2000
Telephone No: (02) 9233 2520
Facsimile No: (02) 9233 2530

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. A form of the certificate may be obtained from the Company's Share Registry.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) on 27 November 2013. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy 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, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document 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

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM (CONT.)

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.

BUCCANEER ENERGY CORPORATE DIRECTORY

DIRECTORS

Dean Gallegos Director
Curtis Burton Managing Director
Brian Moller Non-Executive Director
Alan Stein Non-Executive Director

COMPANY SECRETARY

Bruce Burrell

REGISTERED OFFICE & CORPORATE HEAD OFFICE

Level 9, 25 Bligh Street
SYDNEY NSW 2000

Telephone: + 61 2 9233 2520

Facsimile: + 61 2 9233 2530

Email: info@buccaneerenergy.com

Website: www.buccaneerenergy.com

PRINCIPAL OFFICE

952 Echo Lane, Suite 420
Houston, Texas 77024 USA

Telephone: + 1 713 468 1678

Facsimile: + 1 713 468 3717

Email: info@buccaneerenergy.com

AUDITORS

Crowe Horwath Sydney
Level 15, 1 O'Connell Street
SYDNEY NSW 2000

Telephone: + 61 2 9262 2155

Facsimile: + 61 2 9262 2190

SOLICITORS TO THE COMPANY

HopgoodGanim
Level 8, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Telephone: +61 7 3024 0000

Facsimile: +61 7 3024 0300

Email: contactus@hopgoodganim.com.au

SHARE REGISTRY

Computershare Registry Services Pty Limited
GPO Box 505
Melbourne Vic 3001

Telephone: 1800 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)

Facsimile: 1300 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Email: web.queries@computershare.com.au



www.buccaneerenergy.com



Buccaneer Energy Limited

ACN 125 670 733

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 BCC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 1.00pm (Sydney time) on Wednesday 27 November 2013.

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each Resolution. If you do not mark a box your proxy may vote as they choose (except in relation to Resolutions 1 and 2 where you have appointed a member of the key management personnel of the Company (other than the Chairman) or their closely related parties as your proxy, in which case there are additional restrictions explained below). If you mark more than one box on a Resolution your vote will be invalid on that Resolution.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

Appointment of Chairman

If the Chairman of the Meeting is appointed your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chairman of the Meeting for those resolutions other than as proxy holder will be disregarded because of that interest, subject to the requirements of the *Corporations Act 2001* (Cth). If you have directed your proxy how to vote on a Resolution and your named proxy either does not attend the Meeting or attends the Meeting but does not vote on a poll on the Resolution, the Chairman of the meeting will become your proxy in respect of that Resolution.

Exercise of undirected proxies by Key Management Personnel

If a member of the Company's key management personnel (other than the Chairman) or their closely related parties is your proxy and you have not directed the proxy how to vote, that person will not vote your shares on Resolutions 1 and 2 (being Resolutions connected directly with the remuneration of members of the Company's key management personnel).

If the Chairman of the Meeting is appointed your proxy (or becomes your proxy by default), and you have not directed the proxy how to vote, you authorise the Chairman to exercise your proxy on Resolutions 1 and 2 even though Resolutions 1 and 2 are connected directly with the remuneration of a member of key management personnel (and the Chairman is a member of key management personnel).

The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions except for Resolution 2, where he will be voting against that Resolution. If you do not wish to authorise the Chairman to vote your proxy in this way, you should direct your proxy in accordance with the instructions in this proxy form.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Samples/000001/000001/i

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Buccaneer Energy Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Buccaneer Energy Limited to be held at CTA Business Club, 19 Martin Place, Sydney NSW 2000 on Friday 29 November 2013 at 1.00pm (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on Resolutions 1 and 2: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 2 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of members of the Company's key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on any Resolution by marking the appropriate box in step 2 below. The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution, except for Resolution 2, where he will be voting against that Resolution.

STEP 2 Items of Business

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

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Brian Moller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Dr Alan Stein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-election of Mr Dean Gallegos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Shares to Haroma Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

BCC

999999A

Computershare