

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising Buru Energy Limited (Buru Energy or Group) and its subsidiaries for the year ended 31 December 2022, and the auditor's report thereon. The remuneration report for the year ended 31 December 2022 on pages 36 to 41 forms part of the Directors' report.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities, and other directorships
<p>Mr Eric Streitberg Non-Executive Chairman (Appointed 16 April 2008)</p> <p>Eric is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, a member of the Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.</p> <p>He is a Certified Petroleum Geologist and Geophysicist and holds a Bachelor of Science (App. Geoph.) from the University of Queensland.</p>	<p>Eric has more than 40 years of experience in petroleum geology and geophysics, oil and gas exploration and oil and gas company management. He was a founding shareholder and held the position of Managing Director of ARC Energy Limited, which was transformed from a junior oil and gas exploration company into a mid-size Australian oil and gas producer. He was also the founding shareholder and Managing Director of Discovery Petroleum, which was a key participant in the renaissance of the Perth Basin as a significant gas producer until the takeover of that company in 1996. Prior to that he held various senior international exploration roles with Occidental Petroleum and BP. He was a founding shareholder and Non-Executive Director of Adelphi Energy Limited from 2005 until its takeover in 2010.</p> <p>Eric was previously a Director and Chair of the Australian Petroleum Production and Exploration Association (APPEA) and has also chaired the APPEA Exploration and Environment Committees. He is also a past Chair of the Marine Parks and Reserves Authority of Western Australia.</p> <p>Eric has been a Director since April 2008 and was the Executive Chairman from May 2014 to December 2022.</p>



Left to right: Malcolm King, Robert Willes, Joanne Kendrick, Eric Streitberg

DIRECTORS' REPORT

Name, qualifications and independence status	Experience, special responsibilities, and other directorships
<p>Mr Robert Willes Independent Non-Executive Director (Appointed 2 July 2014)</p> <p>Robert 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.</p>	<p>Robert has been a Director since July 2014 and has over 30 years of extensive international experience in the oil and gas and energy industries, covering senior commercial and leadership positions with BP as well as ASX and government board roles. His BP career included exploration & production, gas & power and global M&A, with responsibility for numerous complex deals such as divestments, farm-ins, asset swaps, new acreage bids, unitisations, gas and LNG sales.</p> <p>A former Managing Director of Challenger Energy Ltd and CEO of Eureka Energy Limited, Robert is also a director of the Mid West Port Authority and has served on a number of boards including the Australian Petroleum Production and Exploration Association, 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.</p> <p>Robert is the Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.</p>
<p>Ms Joanne Kendrick Independent Non-Executive Director (Appointed 22 February 2021)</p> <p>Joanne is a Petroleum/Reservoir Engineer holding a Bachelor of Engineering (Hons) from the University of Adelaide and is a member of the Australian Institute of Company Directors.</p>	<p>Joanne is an experienced industry professional with more than 25 years experience in technical and executive roles with Woodside Petroleum, Newfield Exploration, Gulf Canada, Clyde Petroleum and Nido Petroleum.</p> <p>Joanne has been directly responsible for managing production operations, exploration drilling and development projects, capital raisings, asset transactions and joint venture interests throughout her career; including as Deputy Managing Director at ASX-listed Nido Petroleum for seven years.</p> <p>Joanne is currently a Non-Executive Director of 88 Energy Limited. She was previously the Managing Director of Blue Star Helium, a Perth-based helium exploration and development company focused on activities in North America.</p> <p>Joanne is a member of both the Audit & Risk and Remuneration & Nomination Committees.</p>
<p>Mr Malcolm King Independent Non-Executive Director (Appointed 22 February 2021)</p> <p>Malcolm has a Bachelor of Applied Science (Geology) degree from the University of Southern Queensland and a Master of Science (Petroleum Geology) from the University of Aberdeen, Scotland. He is a Member of Australian Institute of Company Directors and a Graduate of the Australian Institute of Company Directors Director Program.</p>	<p>Malcolm has 35 years of upstream oil and gas experience, mostly with Shell in technical, commercial and leadership roles across Asia and Australia. His Shell experience spans the exploration & production and gas & power businesses, participating in and leading exploration and M&A campaigns, and working extensively in LNG operations, business development and market development. More recently Malcolm led Senex Energy's commercial and business development functions for the Cooper Basin oil and Queensland coal seam gas businesses. He currently provides consulting services to the energy industry.</p> <p>Malcolm is the Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.</p>

DIRECTORS' REPORT

BOARD AND COMMITTEE MEETINGS

The number of Board and Committee meetings and the number of meetings attended by each of the Directors of the Company during the year were:

Meeting	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Eric Streitberg	19	19	5	5	2	2
Robert Willes	19	18	5	4	2	2
Joanne Kendrick	19	19	5	5	2	2
Malcolm King	19	19	5	5	2	2

During the year a number of matters relating to CEO appointment, board composition and the transition of the Chairman to non-executive status were dealt with at the Board level at meetings of the full Board. These matters would ordinarily be dealt with at separate formal Remuneration and Nominations Committee meetings, however, all the members of the Remuneration and Nominations Committee were present at these Board meetings, and the resolutions arising from the consideration of the matters were approved by the Board and noted in the Board minutes.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was oil and gas exploration and production in the Canning Basin, in the northwest of Western Australia. The Group has also been progressing a number of initiatives to ensure it is part of the energy transition both through both internal Buru activity and through three subsidiaries, 2H Resources (natural hydrogen), GeoVault (Carbon Capture and Storage) and Battmin (battery minerals). Further information is included in the Review of Operations. There were no other significant changes in the nature of the Group's principal activities during the period.

REVIEW OF OPERATIONS

The Review of Operations for the year ended 31 December 2022 is set out on pages 14 to 27 and forms part of this Directors' Report.

OPERATING RESULTS

The consolidated loss of the Group after providing for income tax for the year ended 31 December 2022 was \$32,777,000 (31 December 2021: loss of \$10,751,000).

FINANCIAL POSITION

The net assets of the Group totalled \$19,756,000 as at 31 December 2022 (31 December 2021: \$43,453,000).

DIVIDENDS

The Directors do not propose to recommend the payment of a dividend for the period. No dividends have been paid or declared by the Company during the current period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant change in the state of affairs of the Group occurred during the period other than the impairment assessment of the Ungani Oilfield asset, which resulted in an impairment expense of \$23,460,000 being recognised during the reporting period.

DIRECTORS' REPORT

AFTER BALANCE DATE EVENTS

On 3 January 2023 the Company announced Mr Eric Streitberg has agreed to assume the role of Non-Executive Chair of the Company effective 1 January 2023.

On 5 & 10 January 2023 the Company made consecutive announcements in relation to the impact of ex-Tropical Cyclone Ellie on its Ungani oil production and operations. The weather system has severely affected the central and west Kimberley with major flooding to the region causing road closures and potential road damage. Although Ungani production operations have not been directly affected, road closures have meant oil transport operations have been suspended. Consequently, operations at the Ungani Production Facility have also been suspended and Buru has safely demobilised its operations personnel from the field whilst it investigates oil transportation routes to Wyndham Port.

On 16 January 2023 the Company announced it was successful in its application with its partner Energy Resources Limited (EnRes, a wholly owned subsidiary of Mineral Resources Limited) for an additional two highly prospective petroleum exploration areas in the Northern Carnarvon Basin and the Merlinleigh Sub-basin. The L22-2 and L22-4 areas were part of the recent WA Government Petroleum Acreage Release 2 of 2022, and have been offered to the joint venture of EnRes as Operator (75%) and Buru (25%). The grant of the permits is subject to completion of Native Title agreements, and the joint venture looks forward to completing those with the relevant parties.

On 13 February 2023 the Company announced Origin Energy Limited (Origin Energy), via its wholly owned subsidiary Origin Energy West Pty Ltd (Origin), will assign its interests in its joint venture exploration permits in the Canning Basin (including the Rafael conventional gas and condensate discovery), to a wholly owned subsidiary of Buru Energy Limited (Buru) for a future, capped reimbursement of costs linked to gas production success. As part of the agreement, Origin will provide Buru with up to \$4 million of the required funding for the Rafael 3D seismic survey which is planned to be acquired in the 2023 operating season. Buru resumes its position as the dominant net acreage holder and operator in the Canning Basin, with ownership of a net 22,500 sq kms of permits including 100% of EP 129, EP 391, EP 428, EP 431 and EP 436; and 60% of the EP 457 and EP 458 permits it shares with Rey Resources Ltd (Rey).

No other significant events have occurred subsequent to balance date that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- The Group's operations; or
- The results of those operations; or
- The Group's state of affairs.

LIKELY DEVELOPMENTS

The Group's likely developments in its operations in future financial years and the expected results of those operations have been included generally in the Review of Operations. Other than as disclosed elsewhere, disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed.

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ENVIRONMENTAL REGULATIONS

Buru Energy is subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its oil and gas exploration and production activities. DMIRS is the primary regulator in Western Australia for petroleum activities though the Group's activities are also regulated by DWER. The Directors actively monitor compliance with these regulations. As at the date of this report, the Directors are not aware of any material breaches in respect of the regulations.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares or options issued by the Company, as notified by the Directors to the ASX in accordance with s205G(1) of the *Corporations Act 2001*, at the date of this report were as follows:

Directors	Ordinary Shares	Unlisted Options
Eric Streitberg	21,425,409	-
Robert Willes	224,000	-
Malcolm King	77,700	-
Joanne Kendrick	-	-
Total	21,727,109	-

SHARE OPTIONS

At the date of this report, the unissued shares of the Company under option were as follows:

Date of Expiry	Exercise Price	Number of shares under Option
31 December 2023	\$0.23	7,200,000

All share options are over ordinary shares in the Company. All options are unlisted, held by employees of the Company and expire on the earlier of their expiry date or within 30 days from termination of the employee's employment or at a date determined by the Remuneration and Nomination Committee. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Further details about options granted to senior executives during the financial year are included in the Remuneration Report on pages 36 to 41. No options have been granted since the end of the reporting period.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify Directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year, the Company has paid insurance premiums of \$232,870 (2021: \$213,620) in respect of Directors' and officers' liability. The premiums cover current and former Directors and officers, including senior executives of the Company and Directors and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave from any Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

NON-AUDIT SERVICES

During the period, the Company's auditor did not perform any other services in addition to their statutory full year audit, half year review, Joint Venture audits and royalty audits. During the year ended 31 December 2022, the amount paid or payable to the Group's auditor (KPMG Australia) for statutory and other audit and review services totalled \$95,767 (2021: \$88,667).

QUALIFIED PETROLEUM RESOURCES EVALUATOR STATEMENT

Except where otherwise noted, information in this Annual Report related to exploration and production results and petroleum resources is based on, and fairly represents, information and supporting documentation prepared by Mr Eric Streitberg who is a Qualified Petroleum Resources Evaluator. Mr Streitberg who is an employee and Director of Buru Energy Limited is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors, and a member and Certified Petroleum Geologist of the American Association of Petroleum Geologists. He has over 40 years of relevant experience. Mr Streitberg consents to the inclusion of the information in this document.

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AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 42 and forms part of the Directors' Report for the year ended 31 December 2022.

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Consolidated Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors.



Mr Eric Streitberg
Non-executive Chairman

Perth
27 March 2023



Mr Robert Willes
Non-executive Director

Perth
27 March 2023