

REMUNERATION REPORT - AUDITED

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLES OF REMUNERATION - AUDITED

The Directors present their Remuneration Report for Buru Energy for the year ended 31 December 2022. This remuneration report outlines the remuneration arrangements of the Company's Directors and other key management personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and its Regulations. In accordance with section 308(3C) of the *Corporations Act 2001*, the Remuneration Report has been audited and forms part of the Directors' Report.

KMP have the authority and responsibility for planning, directing and controlling the activities of the Group and comprise the Directors, executives and senior management in accordance with s300A of the *Corporations Act 2001*.

Remuneration levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The remuneration structures explained below are designed to reward the achievement of the Company's strategic objectives and achieve the broader outcome of the creation of shareholder value. The Company's remuneration structures take into account:

- the capability and experience of KMP; and
- the Group's corporate, operational and financial performance.

Remuneration packages include a mix of fixed and variable remuneration, and short and long term performance based incentives.

FIXED REMUNERATION

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the Directors, executive and senior management remuneration is competitive in the market place. Remuneration is also reviewed on promotion.

PERFORMANCE LINKED REMUNERATION

Performance linked remuneration includes both short term and long term incentives, and is designed to reward KMP for meeting or exceeding the Company's expectations and agreed objectives. Any short term incentive (STI) is an 'at risk' bonus provided in the form of cash, while any long term incentive (LTI) is provided under the Employee Share Option Plan (ESOP). The LTIs are structured to ensure that incentives are appropriately aligned to sustainable shareholder value creation.

SHORT TERM INCENTIVE BONUSES

All STI bonuses are subject to the Board's discretionary approval. The payments of any STI bonuses are based on the fulfilment of key performance indicators (KPIs) and individual achievements. The KPIs are designed to promote shareholder value creation and include financial and non-financial measures. The financial and non-financial KPIs include base and stretch targets related to health and safety results, production levels, exploration outcomes, cost control and sustainability outcomes.

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LONG-TERM INCENTIVE BONUSES

The Remuneration and Nomination Committee considers that an LTI scheme structured around equity-based remuneration is necessary to attract and retain the highest calibre of professionals to the Group, whilst preserving the Group's cash reserves. The purpose of these schemes is to align the interests of KMP with shareholders and to reward, over the medium term, KMP for delivering value to shareholders through share price appreciation.

Options are issued under the ESOP in accordance with the thresholds set in the plan approved by shareholders. The number of options available to be issued under the ESOP is limited to 5% of the total number of ordinary shares in the Company. The options are issued for no consideration and vest immediately. All options refer to options over ordinary shares of Buru Energy Limited which are exercisable on a one for one basis.

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

The Board considers that the most effective way to increase shareholder wealth is through the successful exploration and development of the Group's gas and oil exploration permits and development of new energy resources in Australia. The Board considers that the Group's LTI schemes incentivise KMP to achieve these outcomes by providing rewards, over the short and long term that are directly correlated to delivering value to shareholders through share price appreciation. The Company's relative share price performance is the primary measure when the Board considers the effectiveness of STI and LTI remuneration consequences on shareholder wealth.

SERVICE CONTRACTS

The employment contract with the Executive Chairman, Mr Eric Streitberg, ended on 31 December 2022 as part of the planned transition to a Non-Executive role.

The employment contract with the Chief Executive Officer, Mr Thomas Nador, is unlimited in term but capable of termination with three months' notice by either party, or by payment in lieu thereof at the discretion of the Company. Six months of base salary and pro-rated STI and LTI entitlements are payable upon termination by either party in the event of a change in control of the Company.

Employment contracts with all other current non-Director KMP are unlimited in term but capable of termination notice by either party, or by payment in lieu thereof at the discretion of the Company. Notice periods vary between one to three months.

The Remuneration & Nomination Committee determined the amount of remuneration payable to KMP under each agreement. KMP are also entitled to receive their contractual and statutory entitlements including accrued annual and long service leave, together with any superannuation benefits, on termination of employment. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by KMP and any changes required to meet the principles of the Group's remuneration policy.

SERVICES FROM REMUNERATION CONSULTANTS

There were no services received from remuneration consultants during the period.

NON-EXECUTIVE DIRECTORS

Total fixed remuneration for all Non-executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed \$600,000 per annum. The Non-executive Directors' base fee is \$96,000 plus statutory superannuation per annum. The Chairman's base fee is ordinarily \$150,000 plus statutory superannuation per annum, up until 31 December 2022 the current Chairman, Mr Streitberg, was not eligible for this remuneration as he was not acting in a non-executive capacity. An additional fee of \$7,400 plus statutory superannuation per annum is payable for Non-executive Directors being a member of a Committee and the fee for chairing a Committee is \$14,600 plus statutory superannuation.

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KEY MANAGEMENT PERSONNEL REMUNERATION - AUDITED

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the consolidated entity are:

		Short term			Non-monetary benefits (A)	Total	Post-employment		Other long term		Share-based payments		s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
		Salary & Fees	Annual leave	STI cash bonus (C)			Super-annuation benefits	Long service leave accrued	Termination benefits	ESOP (B)	Total			
Non-executive Directors														
Mr R Wiles, NED	2022	118,000	-	-	-	118,000	12,095	-	-	-	-	-	130,095	0%
	2021	118,000	-	-	-	118,000	11,505	-	-	-	-	-	129,505	0%
Ms J Kendrick, NED	2022	110,800	-	-	-	110,800	11,357	-	-	-	-	-	122,157	0%
	2021	92,693	-	-	-	92,693	9,083	-	-	-	-	-	101,776	0%
Mr M King, NED	2022	118,000	-	-	-	118,000	12,095	-	-	-	-	-	130,095	0%
	2021	98,846	-	-	-	98,846	9,685	-	-	-	-	-	108,531	0%
Ms S Tough, NED (Retired May 2021)	2022	-	-	-	-	-	-	-	-	-	-	-	-	0%
Ms E Howell, NED (Retired March 2021)	2021	22,256	-	-	-	22,256	2,114	-	-	-	-	-	24,370	0%
	2022	-	-	-	-	-	-	-	-	-	-	-	-	0%
2021	29,500	-	-	-	-	29,500	2,803	-	-	-	-	-	32,303	0%
Total Non-executive Directors' Remuneration	2022	346,800	-	-	-	346,800	35,547	-	-	-	-	-	382,347	0%
	2021	361,295	-	-	-	361,295	35,190	-	-	-	-	-	396,485	0%

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		Short term			Total	Post-employment			Other long term	Share-based payments		s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
		Salary & Fees	Annual leave	STI cash bonus (C)		Non-monetary benefits (A)	Super-annuation benefits	Long service leave accrued		Termination benefits	ESOP (B)		
Executive Directors	Mr E Streiberg, Executive Chairman (up until 31 December 2022)	2022	440,386	38,462	247,500	24,485	77,238	15,727	-	-	843,798	30%	0%
	2021	492,420	38,766	-	22,215	49,126	4,426	-	-	606,953	0%	0%	
Total Directors' Remuneration		2022	787,186	38,462	247,500	24,485	112,785	15,727	-	-	1,226,145		
		2021	853,715	38,766	-	22,215	84,316	4,426	-	-	1,003,438		
Executives													
Mr T Nador, Chief Executive Officer (Appointed August 2022)	2022	168,590	12,821	-	-	19,115	167	-	-	200,693	0%	0%	
	2021	-	-	-	-	-	-	-	-	-	0%	0%	
Mr P Bird, Chief Financial Officer & Company Secretary (Appointed October 2022)	2022	61,385	5,481	-	-	6,906	60	-	-	73,832	0%	0%	
	2021	-	-	-	-	-	-	-	-	-	0%	0%	
Mr K Waddington, Chief Operating Officer	2022	300,843	25,538	131,540	6,596	47,342	10,548	-	-	522,407	25%	0%	
	2021	318,379	25,538	-	6,424	32,370	11,230	57,266	-	451,207	13%	13%	
Mr A Forcke, General Manager – Commercial (Resigned October 2022) ¹	2022	283,769	22,885	33,915	8,453	33,906	5,014	-	-	387,942	9%	0%	
	2021	339,150	27,462	-	8,788	34,808	3,904	76,355	-	490,467	16%	16%	

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		Short term			Post-employment		Other long term		Share-based payments		s300A(1)(e)(i) proportion of remuneration performance related	s300A(1)(e)(ii) share based payments as a proportion of remuneration
		Salary & Fees	Annual leave	STI cash bonus (C)	Non-monetary benefits (A)	Super-annuation benefits	Long service leave accrued	Termination benefits	ESOP (B)	Total		
Mr S McDermott, Chief Financial Officer & Company Secretary (Resigned July 2022)	2022	143,388	11,115	27,455	1,636	18,033	2,738	-	-	204,365	13%	0%
	2021	272,883	22,231	-	5,739	28,178	5,914	-	38,177	373,122	10%	10%
Total Executive Officer Remuneration	2022	957,975	77,840	192,910	16,685	125,302	18,527	-	-	1,389,239		
	2021	930,412	75,231	-	20,951	95,356	21,048	-	-	1,314,796		
Total Directors and Executive Officer Remuneration	2022	1,745,161	116,302	440,410	41,170	238,087	34,254	-	-	2,615,384		
	2021	1,784,127	113,997	-	43,166	179,671	25,474	-	-	2,318,234		

Notes in relation to the table of KMP remuneration

- Non-monetary benefits to KMP relate to the provision of car parking, life insurance and salary continuance insurance.
 - No options were issued during this reporting period.
 - During the year, the Remuneration & Nomination Committee approved a bonus payment associated with the 2021 Short Term Incentive Scheme, no amounts of bonuses were forfeited given they were determined on a discretionary basis.
- 1 A Forcke resigned as the Company's General Manager – Commercial in October 2022 and is currently engaged as a Corporate Advisor on a as required basis.

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LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans outstanding at the end of the period to key management personnel or their related parties.

SHARES HELD BY KEY MANAGEMENT PERSONNEL

KMP	Held at 1 Jan 22	Ceased to be a Director of Buru	Exercise of options	Purchased	Sold	Held at 31 Dec 22
Mr E Streitberg	21,425,409	-	-	-	-	21,425,409
Mr R Willes	192,000	-	-	32,000	-	224,000
Mr M King	66,600	-	-	11,100	-	77,700
Mr T Nador	-	-	-	300,000	-	300,000

J Kendrick, K Waddington and P Bird did not hold any shares during this period.

ANALYSIS OF SHARE BASED PAYMENTS - ESOP

The movement during the period by number of options granted under the ESOP to KMP during the period is detailed below.

KMP	Held at 1 Jan 22	Granted as remuneration	Exercised	Lapsed / Forfeited	Held at 31 Dec 22	Vested during the year	Vested and exercisable
Mr K Waddington	750,000	-	-	-	750,000	-	750,000

No options have been granted since the end of the financial year. All options were provided at no cost to the recipients and expire on the earlier of their expiry date or 30 days after the termination of the individual's employment or at a date determined by the Board. All options vested immediately and were exercisable from the grant date. During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.