

# REMUNERATION REPORT - AUDITED

## FOR THE YEAR ENDED 31 DECEMBER 2023

### PRINCIPLES OF REMUNERATION - AUDITED

The Directors present their Remuneration Report for Buru Energy for the year ended 31 December 2023. 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 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 and the Chairman's base fee is \$150,000 plus statutory superannuation per annum. Mr Streitberg is eligible for the Chairman's remuneration as he assumed the role of Non-executive Chairman and ceased to act in an executive capacity for the Company as of 1 January 2023. 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				Total	Post-employment	Other long term	Share-based payments		Total (C)	s300A(1)(e)(i) proportion of remuneration related	s300A(1)(e)(vi) value of share based payments as a proportion of remuneration
		Salary & Fees	Annual leave	STI cash bonus	Non-monetary benefits (A)		Super-annuation benefits	Long service leave accrued	Termination benefits	ESOP (B)			
<b>Non-executive Directors</b>													
Mr R Willes, NED	2023	118,000	-	-	-	<b>118,000</b>	12,685	-	-	-	<b>130,685</b>	0%	0%
	2022	118,000	-	-	-	<b>118,000</b>	12,095	-	-	-	<b>130,095</b>	0%	0%
Ms J Williams, NED	2023	110,800	-	-	-	<b>110,800</b>	11,911	-	-	-	<b>122,711</b>	0%	0%
	2022	110,800	-	-	-	<b>110,800</b>	11,357	-	-	-	<b>122,157</b>	0%	0%
Mr M King, NED	2023	118,000	-	-	-	<b>118,000</b>	12,685	-	-	-	<b>130,685</b>	0%	0%
	2022	118,000	-	-	-	<b>118,000</b>	12,095	-	-	-	<b>130,095</b>	0%	0%
Mr E Streitberg, NED - Chairman (Assumed role on 1 January 2023)	2023	150,000	-	-	-	<b>150,000</b>	16,125	-	-	-	<b>166,125</b>	0%	0%
	2022	-	-	-	-	-	-	-	-	-	-	0%	0%
<b>Total Non-executive Directors' Remuneration</b>	<b>2023</b>	<b>496,800</b>	-	-	-	<b>496,800</b>	<b>53,406</b>	-	-	-	<b>550,206</b>	<b>0%</b>	<b>0%</b>
	<b>2022</b>	<b>346,800</b>	-	-	-	<b>346,800</b>	<b>35,547</b>	-	-	-	<b>382,347</b>	<b>0%</b>	<b>0%</b>

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		Short term				Total	Post-employment	Other long term	Termination benefits	Share-based payments	Total (C)	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	Non-monetary benefits (A)		Super-annuation benefits	Long service leave accrued		ESOP (B)			
<b>Executive Directors</b>													
Mr E Streitberg, Executive Chairman (up until 31 December 2022)	2023	-	-	-	-	-	-	-	-	-	-	0%	0%
	2022	440,386	38,462	247,500	24,485	<b>750,833</b>	77,238	15,727	-	-	<b>843,798</b>	30%	0%
<b>Total Directors' Remuneration</b>	<b>2023</b>	<b>496,800</b>	-	-	-	<b>496,800</b>	<b>53,406</b>	-	-	-	<b>550,206</b>		
	<b>2022</b>	<b>787,186</b>	<b>38,462</b>	<b>247,500</b>	<b>24,485</b>	<b>1,097,633</b>	<b>112,785</b>	<b>15,727</b>	-	-	<b>1,226,145</b>		

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		Short term					Total	Post-employment	Other long term	Termination benefits	Share-based payments	Total	s300A(1)(e)(i) proportion of remuneration 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)	Other short-term benefits (D)		Super-annuation benefits	Long service leave accrued		ESOP (B)			
<b>Executives</b>														
Mr T Nador, Chief Executive Officer (Appointed August 2022)	2023	484,616	38,462	155,540	8,409	1,149	<b>688,176</b>	66,325	1,118	-	-	<b>755,619</b>	21%	0%
	2022	168,590	12,821	-	-	-	<b>181,411</b>	19,115	167	-	-	<b>200,693</b>	0%	0%
Mr P Bird, Chief Financial Officer & Company Secretary (Appointed October 2022)	2023	276,100	22,362	-	7,781	1,149	<b>307,392</b>	30,492	653	-	34,611	<b>373,148</b>	9%	9%
	2022	61,385	5,481	-	-	-	<b>66,866</b>	6,906	60	-	-	<b>73,832</b>	0%	0%
Mr K Waddington, Chief Operating Officer (Resigned December 2023)	2023	313,353	26,496	50,000	7,516	-	<b>397,365</b>	42,560	17,221	-	-	<b>457,146</b>	11%	0%
	2022	300,843	25,538	131,540	6,596	-	<b>464,517</b>	47,342	10,548	-	-	<b>522,407</b>	25%	0%
Mr A Forcke, General Manager – Commercial (Resigned October 2022)	2023	-	-	-	-	-	-	-	-	-	-	-	0%	0%
	2022	283,769	22,885	33,915	8,453	-	<b>349,022</b>	33,906	5,014	-	-	<b>387,942</b>	9%	0%

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		Short term					Total	Post-employment	Other long term	Termination benefits	Share-based payments	Total	s300A(1)(e)(i) proportion of remuneration 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)	Other short-term benefits (D)		Super-annuation benefits	Long service leave accrued		ESOP (B)			
Mr S McDermott, Chief Financial Officer & Company Secretary (Resigned July 2022)	2023	-	-	-	-	-	-	-	-	-	-	-	0%	0%
	2022	143,388	11,115	27,455	1,636	-	<b>183,594</b>	18,033	2,738	-	-	<b>204,365</b>	13%	0%
<b>Total Executive Officer Remuneration</b>	<b>2023</b>	<b>1,074,069</b>	<b>87,320</b>	<b>205,540</b>	<b>23,706</b>	<b>2,298</b>	<b>1,392,933</b>	<b>139,377</b>	<b>18,992</b>	-	<b>34,611</b>	<b>1,585,913</b>		
	<b>2022</b>	<b>957,975</b>	<b>77,840</b>	<b>192,910</b>	<b>16,685</b>	-	<b>1,245,410</b>	<b>125,302</b>	<b>18,527</b>	-	-	<b>1,389,239</b>		
<b>Total Directors and Executive Officer Remuneration</b>	<b>2023</b>	<b>1,570,869</b>	<b>87,320</b>	<b>205,540</b>	<b>23,706</b>	<b>2,298</b>	<b>1,889,733</b>	<b>192,783</b>	<b>18,992</b>	-	<b>34,611</b>	<b>2,136,119</b>		
	<b>2022</b>	<b>1,745,161</b>	<b>116,302</b>	<b>440,410</b>	<b>41,170</b>	-	<b>2,343,043</b>	<b>238,087</b>	<b>34,254</b>	-	-	<b>2,615,384</b>		

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.
- The fair value of options issued under the ESOP in 2023 are calculated at the date of grant using the Black & Scholes option-pricing method and expensed at grant date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.
- During the year, the Remuneration & Nomination Committee approved Short Term Incentives (STI) bonuses. All STI bonuses are subject to the Board's discretionary approval.
- Other short-term benefits to KMP relate to the allowance for mobile devices.

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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 23	Ceased to be a Director of Buru	Exercise of options	Purchased	Sold	Held at 31 Dec 23
Mr E Streitberg	21,425,409	-	-	260,870	-	21,686,279
Mr R Willes	224,000	-	-	86,957	-	310,957
Mr M King	77,700	-	-	43,479	-	121,179
Mr T Nador	300,000	-	-	-	-	300,000

*J Williams, 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 23	Granted as remuneration	Exercised	Lapsed / Forfeited	Held at 31 Dec 23	Vested during the year	Vested and exercisable
Mr K Waddington	750,000	-	-	(750,000)	-	-	-
Mr P Bird	-	500,000	-	-	500,000	-	500,000

*The share options that lapsed during the year were options granted on 17 February 2021 and expired on 31 December 2023.*

During the reporting period, a total of 1,000,000 unlisted options were granted to employees of the Company under the terms of the ESOP. This included 500,000 unlisted options to KMP. No options have been granted to any Director. The options have an exercise price of \$0.23 and an expiry date of 31 December 2025. 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 of 21 April 2023. No terms of options granted as remuneration to a KMP have been altered or modified by the issuing entity during the reporting period or prior period. During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

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The assumptions used to value the options granted under the ESOP to KMP are detailed below.

	<b>Mr P Bird</b>
Underlying security spot price	\$0.11
Strike / exercise price	\$0.23
Risk free rate (bond rate with duration the same as option)	2.99%
Dividend rate (decrease in Share Price)	0%
Grant date	21 Apr 23
Vesting date	21 Apr 23
Expiry date	31 Dec 25
Time to expiry (years)	2.70
Volatility (annualised)	141%
Valuation per option	\$0.069
Number of options	500,000
Value recognised to date	\$34,611
Value still to be recognised	-