

RISK MANAGEMENT POLICY

1 Introduction and Scope

Risk management is a critical component of Buru Energy Limited's (Company) governance. Risk is an inherent part of the Company's business and the industry in which it operates. In addition to industry systemic risk, there are other material risks specific to Buru's asset portfolio and business structure. Risk management is considered a key governance and management process. It is not an exercise merely to ensure regulatory compliance.

The Board is ultimately responsible for overseeing the establishment and implementation of effective risk management systems and the monitoring of internal controls and compliance. The Board has delegated this responsibility to the Company's Audit and Risk Committee which is responsible for reviewing and updating the Company's risk profile and monitoring the effectiveness of the risk management framework. The Chief Executive Officer is charged with implementing appropriate risk systems within the Company.

2 Policy

The primary objectives of the risk management system are to ensure:

- all major sources of potential harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting are achieved; and
- the Board, senior management and all employees understand the risk profile of the Company.
- The Board reviews all major strategic and investment decisions for their impact on the risk facing the Company and makes appropriate recommendations.

The Audit and Risk Committee undertakes an annual review of the key corporate and operational risks identified. The Company discloses in each reporting period that such a review has taken place.

In addition, as specified by Recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Chief Executive Officer and Chief Financial Officer provide a written declaration of assurance that in their opinion, the financial records of the Company for any financial period have been properly maintained, comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board of the Company has identified a range of specific risks that have the potential to have an adverse impact on its business. These include corporate, operational and sustainability and climate change risks as follows:

- Corporate Risks:

- treasury and financial risk;
- conduct and reputational risk;
- legal, contractual and litigation risk;
- insurance risk;
- privacy, data breaches, digital disruption, and cyber-security risk;
- compliance risk; and
- other corporate risks.
- Operational Risks
 - health and safety risks;
 - environmental risks;
 - exploration and reserves risks; and
 - other operational risks.
- Sustainability and Climate Change Risks
 - policy and legal risks;
 - commercial and financial risks;
 - technology risks;
 - reputational risks; and
 - opportunities associated with the above.

3 Risk Management Practices

The Board has overall responsibility for the oversight of matters relating to risk, compliance and internal control. The Audit and Risk Committee has a number of responsibilities including making recommendations to the Board with respect to financial compliance, auditor independence, effectiveness of systems of internal control and the management of risk.

The Company recognises that risks can be present in all environments, on all sites and in all activities. The company believes that effective protection of people, the environment and assets can be achieved through detailed risk identification, assessment and implementation of proactive preventative and mitigation controls.

The Company will strive to continuously identify and implement such mitigation measures as are required to reduce identified risks to levels which are As Low As Reasonably Practicable (ALARP) levels.

The risk management process is applied to all levels of the organisation and senior managers are responsible for maintaining specific risk registers relating to their areas of responsibility.

The Company's internal control processes are in place to ensure that information is reported to the Board and senior management on a regular basis.

Given the size and scale of the Company, it does not have an internal audit function.

4 Sustainability and Climate Change Risk

The Board considers the potential impact of climate change in its oversight of the Company's strategy. The Company recognises that human activity, including burning fossil fuels, is contributing to increased levels of carbon dioxide in the atmosphere that modelling suggests can lead to changes in the global climate. The Company recognises that society is transitioning towards a low-carbon future and supports this goal. As an oil exploration and production company, Buru Energy is conscious of the need to monitor the legislative responses to climate change and the ways in which the energy transition might affect our business.

Even in the most ambitious energy transition scenarios, this shift will be gradual. Oil and gas will continue to play an important role in the global economy for decades to come, and new sources of oil and gas supply are required for a sustainable energy transition. Given the long-term nature of this risk, the Company continues with a strategy of monetising its oil and gas assets through exploration, appraisal, development and production.

Buru follows the Taskforce on Climate-related Financial Disclosures (TCFD) for managing climate-related risks. TCFD considers exposure to, and impact of, climate related risks on the Company's strategy including implementing appropriate strategies to mitigate these risks. Buru also considers the resilience of the organisation's strategies to different climate scenarios, including a 2°C or lower scenario.

Recognising that climate change will also generate opportunities, Buru actively considers opportunities that will arise as the globe transitions towards a low-carbon future. This has included the establishment of new energy businesses.

5 Selection of External Auditors

Should there be a vacancy for the position of external auditor, the Company, through the Audit and Risk Committee, will conduct a formal process, either general or selective, to select which audit firm will fill the vacancy. Audit firms are evaluated in accordance with criteria, as appropriate from time to time, and are not assessed solely on the basis of who is cheapest, but on a number of issues such as:

- skills and knowledge of the team proposed to do the work;
- quality of work;
- independence of the audit firm;
- lead signing partner and independent review partner rotation and succession planning policy;
- value for money; and
- ethical behaviour and fair dealing.

The Audit and Risk Committee identifies and recommends an appropriate external audit partner for appointment by the Board and/or the Company in general meeting. The appointment is made in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to the Company's accounts for a period of more than five consecutive years. Further, once rotated off the Company's accounts no partner of the external auditor may assume any responsibility in relation to the Company's accounts for a period of three consecutive years. This requires succession planning on the part of the external auditor, a process in which the Company is involved.

6 Review of this Policy

This policy will be reviewed from time to time to ensure it remains effective and meets best practice standards and the needs of the Company. This policy can only be amended by resolution of the Board.

The Risk Management Policy can be accessed via the Company website at: <https://www.buruenergy.com/site/about-us/corporate-governance>.

Approved by the Board of Directors

Date: 24 November 2022