

## AUDIT & RISK COMMITTEE CHARTER

### 1. Purpose

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The Board of Directors ("**Board**") of Buru Energy Limited ("**Buru**" or "**the Company**") has established the Audit and Risk Committee by resolution of the Board. The Audit and Risk Committee has been designated the specific powers as set out in this Charter.

The Audit and Risk Committee's objective is to assist the Board with its responsibilities relating to:

- Financial reporting;
- Risk management and internal control;
- The external audit function.

### 2. Authority

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Within the scope of its duties and responsibilities, the Committee is generally authorised to:

- Consult with and seek any information from Key Management Personnel or employee of Buru or any external party;
- Obtain, at Buru's expense, financial, legal or other professional advice from external consultants or specialists it considers necessary to assist the Committee in meeting its responsibilities
- Require the attendance of any Buru employee at Committee meetings.

### 3. Membership

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The Audit and Risk Committee shall consist of:

- at least three members, all of which are Non-executive Directors;
- a majority of Independent Directors; and
- an Independent Chairperson, who is not the Chairperson of the Board.

Presently, there are only two Non-executive Directors and therefore the Audit and Risk Committee consists of the two Non-executive Directors and the Executive Chairman until such time as a third Non-Executive Director is appointed to the Board.

All members of the Committee are to be nominated by the Board and the Board may add to or remove Committee members by resolution.

The Chairperson of the Committee must have leadership experience and a strong finance or commercial background. All members are to be financially literate. Where possible, at least one member shall have accounting or financial management experience.

Members of the Committee will be considered independent if they meet the definition of an 'Independent Director' in accordance with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations.

The Committee Chairperson may invite Management to attend meetings. Management personnel cannot be appointed to the Committee, other than the Executive Chairman as currently required.

#### 4. Conduct of Meetings

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The Audit and Risk Committee will meet at least three times a year and as often as required as determined by the Chairperson of the Committee. Specific meetings will be held at the following times:

- Prior to the Board meeting where the issue of the half yearly financial report is expected to be approved during which the Committee will consider any significant matters arising during the review;
- Prior to the Board meeting where the issue of the annual financial report is expected to be approved, during which the Committee will consider any significant matters arising during the audit; and
- During the planning stage of the external audit during which the Committee will consider the scope of the audit.

Any Committee member may convene a meeting of the Committee and two Committee members shall constitute a quorum.

The Committee has the right to access management and external auditors with or without management present and may engage independent professional advisers as the Committee requires to assist it to discharge its purpose and responsibilities.

The Company Secretary will be the Secretary of the Audit and Risk Committee. The minutes of Board meetings will be circulated, approved and signed by the Chairperson within twenty-one days.

#### 5. Role and Responsibilities

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The role and responsibilities of the Audit and Risk Committee include the following:

### **5.1. Financial Reporting, Internal Control and Audit**

The Committee is responsible for oversight and review of:

- The annual and half yearly statutory financial statements.
- Procedures and issues that could have a significant impact on financial results (for example impairment testing).
- Buru's internal controls including accounting controls
- External auditor's independence and monitoring the audit process in accordance with the international auditing standards and any other applicable regulations.
- The appropriateness of the external auditor's provision of non-audit services.
- The need for and, if required, the scope and conduct of internal audit.

### **5.2. Risk**

The Committee is responsible for oversight and review of:

- The establishment and implementation of a risk management process to identify, assess, monitor and control risk.
- Management's performance against the Company's risk management framework including whether it is operating within the risk appetite set by the Board.
- Management's periodic risk assessments and recommendations.
- Any material incident involving fraud or a breakdown of the Company's risk controls and determining the lessons learned.
- Reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- The adequacy of Buru's insurances.
- Compliance with appropriate regulations (including environmental and safety).
- Reporting on reserves in accordance with the appropriate regulations and guidelines.

The Audit and Risk Committee shall report to the Board on matters identified or recommendations it considers to be appropriate and it shall make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or the risk appetite set by the Board.

## 6. External Audit

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The Audit and Risk Committee is responsible for making recommendations to the Board on the following in relation to the external auditors:

- Selection;
- Appointment and reappointment;
- Removal (subject to shareholder ratification where applicable);
- Remuneration; and
- Monitoring the effectiveness and independence of external auditors.

The Audit and Risk Committee, if required, is responsible for the resolution of disagreements between management and the auditor.

The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of Buru.

External audit partners are required to rotate off the audit after their involvement of five successive financial years (or involvement of five financial years within a seven financial year period). There must be at least a period of two successive financial years before that partner can be involved in Buru's audit again.

The external auditors must report to the Audit and Risk Committee at least once a year the following:

- The audit firm's internal quality control procedures;
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, and any steps taken to deal with any such issues;
- Any relationships between the external auditor and Buru which may impact the auditor's independence).

## 7. Reporting

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The Chairperson of the Committee will report to the Board any significant matters arising out of the previous meeting of the Committee. This can be done verbally. Once the minutes of Committee Meetings have been approved by the Committee Chairperson, they will be included in the papers for the next Board Meeting.

## 8. Communication

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This Charter will be communicated and promoted at all levels of Buru's business and will be disclosed on Buru's website for reference by external stakeholders.

## 9. Review of this Charter

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The Board will annually review this charter and the membership of this Committee at least every two years. The Committee may make recommendations to the Board in relation to the Committee's membership, purpose and responsibilities. The Committee shall evaluate its own performance on a regular basis, but not less than every two years.

This Charter can be accessed via the Company website at <https://www.buruenergy.com/site/about-us/corporate-governance>.

Approved by the Board of Directors

Date: 15 September 2020