

# INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report

To the shareholders of Buru Energy Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Buru Energy Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of comprehensive income or loss, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Exploration and Evaluation Expenditure Capitalised of \$14.8m	
Refer to Note 7 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure (E&amp;E) capitalised is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of the balance (being 41% of total assets); and</li> <li>The greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of capitalised E&amp;E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.</li> </ul> <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> <li>The determination of the areas of interest;</li> <li>Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the authoritative nature of external registry sources, together with the Group's intention and capacity to continue the relevant E&amp;E activities; and</li> <li>The Group's determination of whether the capitalised E&amp;E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.</li> </ul> <p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&amp;E activities for areas of interest where significant capitalised E&amp;E exists. In addition to the assessments above, and given the financial position of the Group, we paid particular attention to the ability of the Group to fund the continuation of activities.</p> <p>These assessments can be inherently difficult, particularly in uncertain conditions such as those currently being experienced in Australian oil and gas exploration.</p> <p>Further to the above, the Group acquired its joint venture (JV) partner's participating interest in exploration permits EP 428, and EP 457 during the year.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;</li> <li>We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programs planned for those for consistency with documentation such as license related technical conditions, and joint venture agreements, planned work programs, and active and significant operations in the areas of interest by the Group;</li> <li>We assessed the assignment of exploration permits (EP428 and EP457) from the JV partner on the Rafael project through inspection of the exit agreement and government registries;</li> <li>For each area of interest, we assessed the Group's current rights to tenure by comparing the ownership of the relevant license to government registries and agreements in place with other parties. We also assessed compliance with conditions, such as minimum expenditure requirements;</li> <li>We tested the Group's additions to capitalised E&amp;E for the year by evaluating a sample of recorded expenditure for consistency to underlying records and the capitalisation requirements of the accounting standard;</li> <li>We evaluated Group documents, such as minutes of Board meetings for consistency with their stated intentions for continuing E&amp;E in certain areas. We corroborated this through interviews with key operational and finance personnel;</li> <li>We analysed the Group's determination of recoupment through successful development and exploitation of the area or by its sale by evaluating the Group's documentation of planned future/continuing activities including work programs and project and corporate budgets for each area; and</li> <li>We obtained project and corporate budgets identifying areas with existing funding. We compared this for consistency with areas with E&amp;E, for evidence of the ability to fund continued activities.</li> </ul>

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## Other Information

Other Information is financial and non-financial information in Buru Energy Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf).

This description forms part of our Auditor's Report.

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## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Buru Energy Limited for the year ended 31 December 2023, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 36 to 43 of the Directors' report for the year ended 31 December 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Graham Hogg  
*Partner*  
Perth  
25 March 2024