



## **MARCH 2022 QUARTERLY ACTIVITIES REPORT & APPENDIX 5B\***

### **Issued 28 April 2022**

---

#### **Highlights:**

- During the quarter ended 31 March 2022, oil production from the Baúna Field in the Santos Basin, Brazil, totalled 1.05 million barrels (MMbbl), produced at an average rate of 11,723 barrels of oil per day (bopd). Production was 14% lower than in the December 2021 Quarter, largely due to an eight-day shut down in March 2022 for scheduled maintenance and natural decline.
- Oil sales for the quarter were 0.99 MMbbl, with two cargoes lifted during the quarter, compared to three cargoes lifted in the prior quarter. The average net realised oil price was US\$95.20/bbl, up from US\$75.44/bbl in the December quarter, reflecting the increase in global oil prices.
- Revenue from the cargoes lifted was US\$94.0 million, while cash receipts from oil sales were US\$75.2 million.
- The Maersk Developer drilling rig arrived in Brazil in April. Work is expected to commence shortly on the first well intervention in the four-well Baúna workover campaign.
- There was one Lost Time Incident (LTI) recorded in the quarter, due to a hand-related injury by a third-party contractor on the FPSO, Cidade de Itajaí, and an outbreak of COVID-19 on the FPSO, which was managed in accordance with pre-existing protocols without disruption to production. There were no significant environmental incidents.
- Cash and cash equivalents at 31 March 2022 were US\$200.4 million and undrawn and available debt was US\$130.0 million, providing total liquidity of US\$330.4 million. Shortly after the end of the quarter, a US\$50 million Accordion Facility was established, increasing liquidity to US\$380.4 million.
- On 1 April, Karoon announced it has committed to drilling one, and possibly two, control wells on the Neon oil discovery offshore Brazil, aimed at reducing subsurface uncertainty. If successful, these wells will enable the Company to optimise the initial field development plan and assess the feasibility of moving forward with Concept Definition and Front-End Engineering and Design, and a potential Final Investment Decision on Neon.
- Karoon has submitted a confidential, conditional, non-binding and incomplete offer to Enauta Energia S.A., and signed an Exclusivity Agreement to undertake due diligence and enter into confidential negotiations, in connection with potentially acquiring a 50% non-operated interest in the Atlanta oil field, Santos Basin, offshore Brazil.

#### **Comments from Chief Executive Officer/Managing Director, Dr Julian Fowles:**

“Oil production during the March 2022 quarter was 1.05 MMbbl, which, as foreshadowed in the second quarter results, was lower than the December quarter due to an eight-day shutdown for scheduled maintenance and natural decline. Pleasingly, the shutdown was slightly shorter than expected despite a small increase in the scope of works. Operational uptime, excluding the scheduled shut down, was again excellent at 99.8%, with the facilities operating extremely well.

\* While Karoon is now an oil producer, it remains an “oil and gas exploration entity” for the purposes of the ASX Listing Rules and, as such, will continue to report as one until it becomes an “oil and gas producing entity” for the purposes of the ASX Listing Rules.

Two cargoes were lifted during the quarter, sold at a record average oil price of US\$95.20/bbl, 26% higher than in the prior quarter largely due to the sharp rise in global oil prices following Russia’s invasion of Ukraine. This resulted in revenue for the quarter of US\$94.0 million. Cash receipts for the quarter of US\$75.2 million included proceeds from the December 2021 and January 2022 cargoes. These cargoes were sold at lower oil prices than the March cargo, which realised approximately US\$55 million, Karoon’s highest-ever proceeds for a single cargo, with the funds received in April 2022.

Unfortunately, we recorded one LTI during the period and also experienced an outbreak of COVID-19, with more than 20 people testing positive onboard the FPSO and approximately 30 in hotel quarantine during January and February, although many were asymptomatic. The outbreak was quickly contained and only one further positive case occurred on the FPSO in March.

After many months of detailed planning, the Baúna intervention campaign is scheduled to commence shortly following the recent arrival of the Maersk Developer drilling rig in Brazil. The four-well Baúna program is expected to take approximately 4 - 5 months and will be followed by the two-well Patola development drilling. The Karoon Board recently committed to drilling one, and potentially two, control wells in the Neon oil discovery after technical and commercial studies confirmed that, subject to the well results, Neon has the potential to be a value accretive development for the Company. Consequently, options have been exercised to extend the number of days that the Maersk Developer rig is under contract. Subject to the receipt of normal regulatory approvals, Neon control well drilling is expected to commence following the completion of the Patola wells.

At the end of March 2022, Karoon had cash and cash equivalents of US\$200.4 million (prior to the receipt of the March cargo proceeds), compared to US\$204.1 million at 31 December 2021, and US\$130 million of undrawn available debt. No further debt was drawn during the period, with capital expenditure funded from cash on hand and cash flows. During the quarter, we took advantage of the strength in oil prices to establish additional hedges over the period from October 2022 to March 2024, as required by the terms of the Company’s debt facility. Comprising a combination of bought puts and sold calls on a portion of production, these hedges mitigate oil price downside risk while retaining substantial exposure to the upside. Shortly after the end of the quarter, we expanded our existing debt facility by establishing a US\$50 million Accordion Facility, increasing the total debt facility size from US\$160 million to US\$210 million.

As announced on 31 March 2022, following substantial work, Karoon has submitted a conditional, non-binding and incomplete offer to Enauta, a highly regarded Brazilian independent operator, for the potential acquisition of a 50% interest in the Atlanta oil field, located in the northern Santos Basin offshore Brazil. Like all Karoon’s organic and inorganic growth options, the potential Atlanta purchase is being assessed through a rigorous and disciplined technical and commercial process and will only be progressed if it creates material value for our shareholders and is consistent with our pursuit of a carbon neutral future.”

**For further information on this release, please contact:**

<b>Investors:</b>	<b>Media:</b>	
<p>Ann Diamant SVP Communications and Investor Relations Mob: +61 407 483 128 Email: <a href="mailto:ADiamant@karooneenergy.com.au">ADiamant@karooneenergy.com.au</a></p>	<p><b>Australia</b> P&amp;L Corporate Communications Ian Pemberton Mob: + 61 402 256 576 Email: <a href="mailto:ian.pemberton@plcorporate.com.au">ian.pemberton@plcorporate.com.au</a></p>	<p><b>Brazil</b> InPress Porter Novelli Andrea Blum Mob: + 55 21 98105-9338 Patricia Odenbreit Mob: + 55 21 96674-6403 Email: <a href="mailto:karoone@inpresspni.com.br">karoone@inpresspni.com.br</a></p>
<b>Shareholding enquiries:</b>		
<p>Computershare Tel: 1300 850 505</p>		

## Production Summary

Baúna Field (BM-S-40, Santos Basin, Brazil - 100% Equity interest, Operator)

Key Data	March Quarter 2022	Dec Quarter 2021	% change	Year-to- date FY2022
Production rate ('000 bopd)	11.72	13.36	-12	13.00
Production volume (MMbbl)	1.05	1.23	-15	3.56
Sales volume (MMbbl)	0.99	1.53	-35	3.56
Weighted average net realised price (US\$/bbl)	95.20	75.44	+26	78.74
Oil sales revenue (US\$ million)	94.0	115.8	-19	280.5
Oil sales cash proceeds (US\$ million) <sup>1</sup>	75.2	79.1	-5	258.9
Closing cash and cash equivalents (US\$ million)	200.4	204.1	-2	200.4
Closing debt (US\$ million)	30.0	30.0	-	30.0
Closing net cash and cash equivalents (US\$ million) <sup>2</sup>	170.4	174.1	-2	170.4
Lost time injury rate (incidents/200,000 hours)	0.96	0.94	+2	0.63
Total recordable incident rate (Incidents/200,000 hours)	0.96	0.94	+2	0.63

<sup>1</sup> Includes proceeds from the cargo lifted in December 2021, which were received in January 2022, and excludes proceeds from the March 2022 cargo, which were received after the end of the quarter.

<sup>2</sup> Net of drawn debt.

Total oil production during the quarter was 1.05 mmbbl, produced at an average rate of 11,723 bopd (12,673 bopd if downtime for planned maintenance is excluded). Baúna reservoir performance remained strong and, excluding the maintenance shutdown period, 99.8% facilities uptime was achieved, similar to the excellent levels of uptime in the December 2021 quarter.

In March, a programmed shutdown took place, with maintenance executed in eight days, slightly quicker than expected. Work completed during the shut-down included inspection of pressure vessels, pipes and valves replacement, and maintenance on electrical switchboards, the emergency monitoring system and booster gas compressor. Production was brought back online in early April and is now back to normal levels.

Two cargoes were lifted during the quarter, totalling 0.99 million barrels of oil, with one cargo sold to a buyer in North America and the other to a customer in Asia. The average realised oil price, net of selling expenses, was US\$95.20/bbl, 26% higher than in the December quarter, largely reflecting the material increase in global oil prices following the invasion of Ukraine by Russia. Oil revenue generated from the two cargoes shipped in the quarter was US\$94.0 million.

Oil receipts for the quarter were US\$75.2 million, which included receipts from the cargoes lifted in December 2021 and January 2022. Proceeds of approximately US\$55 million from the cargo sold in March were received in April 2022.

One LTI occurred during the quarter, when a third-party contractor injured the tip of a finger while handling a pneumatic torque tool on the FPSO. The injured person had restorative surgery and has recovered well. There was also an outbreak of COVID-19 cases in the quarter. In total, 52 cases were identified and treated, with 21 cases detected onboard the FPSO and the remainder in hotel quarantine prior to embarkation. No cases required hospitalisation. To date, there has not been any interruption to production from COVID-19, reflecting the effective implementation of the Company's ongoing COVID safety protocols.

*Production data relating to Baúna can be found in monthly newsletters produced (in Portuguese) by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP: the Brazilian oil and gas regulator) and on the ANP's dynamic panel of oil and gas production, both of which can be accessed via the ANP's website at <http://www.anp.gov.br>.*

## **Well Interventions Campaign and Development Activities**

Final preparations for the Baúna intervention campaign took place during the quarter, with all remaining material contracts required for the planned program signed. The Maersk Developer rig arrived offshore Rio de Janeiro on 17 April and final inspections are expected to be completed shortly, prior to the rig mobilising to site. The commencement of drilling activities is subject to the receipt of normal regulatory approvals, which are in progress.

Patola development planning also continued to advance during the quarter.

The estimated costs of the Baúna intervention work and the Patola development, of US\$110-130 million and US\$175–195 million, respectively, remain unchanged.

## **Corporate and Commercial Summary**

### **Liquidity**

At 31 March 2022, Karoon's total liquidity was US\$330.4 million, comprising US\$200.4 million in cash and cash equivalents and US\$130 million in undrawn available debt capacity.

Cash flows from operating activities included receipts from oil sales of US\$75.2 million. This comprised proceeds from the December 2021 and January 2022 cargoes but excluded the March 2022 cargo (proceeds received in April). US\$18.2 million of net cash was generated from operating activities during the quarter, or US\$6.3 million when adjusted for the principal elements of lease payments included in financing activities. US\$9 million was used for continued activities related to the Baúna intervention campaign and Patola development.

### **Significant cash flows**

The March quarter included the following significant items:

- US\$75.2 million in proceeds from oil sales.
- US\$23.0 million payments related to Baúna production costs, including US\$10.2 million in royalty payments.
- US\$15.9 million spent on FPSO lease charter payments, which are included in lease payments and finance costs in the Appendix 5B.
- US\$9.8 million related to payments for property, plant and equipment, including US\$5.7 million paid for long lead items and other planning activities required for the development of the Patola field, US\$3.3 million of intervention campaign CAPEX, and US\$0.6 million for tools.
- US\$19.6 million of Brazilian income tax instalments, predominately relating to the 31 December 2021 tax year.
- US\$5 million paid for hedge premiums.
- US\$0.6 million of exploration and evaluation costs, predominantly related to ongoing subsurface and engineering studies on the Neon discovery and costs related to WA-482-P in Australia.
- US\$0.3 which relates to director and committee fees paid to non-executive directors and salary paid to the Chief Executive Officer and Managing Director in accordance with his employment contract.

## Debt facility and hedging arrangements

No further drawdowns were made on the US\$160 million debt facility during the March quarter, with US\$30 million drawn as at end March 2022. Subsequent to the end of the quarter, the debt facility was expanded through the establishment of a US\$50 million Accordion Facility, increasing the total amount of the debt facility to US\$210 million.

Incremental hedges were established during the quarter for FY2023 and FY2024, comprising a combination of bought puts over 1.68 MMbbl at US\$65/bbl and sold calls over 1.13 MMbbl at US\$98/bbl. Similar to the initial hedging established in the December quarter, puts were purchased to mitigate the risk of lower oil prices while retaining upside oil price exposure, while calls were sold over part of the put volume, creating a collar structure, to minimise upfront costs. The upfront premium for the additional oil hedges was approximately US\$5 million. The Company's overall hedged volume position is outlined in the table below.

Financial year (Period)	Bought put strike (US\$/bbl)	Put volume ('000 bbl)	Sold call – average strike (US\$/bbl)	Call volume ('000 bbl)
FY2022 (Apr-Jun)	65	426	87.5	426
FY2023 (Jul-Jun)	65	2,586	84.8	2,497
FY2024 (Jul-Mar)	65	2,040	93.5	1,578

## Sustainability

During the quarter, Karoon Petróleo & Gás Ltda., a wholly owned subsidiary of Karoon Energy Ltd, entered into an agreement with Shell Western Supply and Trading Limited to purchase more than 480,000 verified emission reductions (VERs), between 2022 and 2030. These VERs will offset an estimated 60% of total Baúna-Patola Scope 1 and Scope 2 greenhouse gas emissions over that period.

Supply vessels commenced utilising the new mooring buoy installed in the prior quarter, reducing diesel consumption, and Karoon continued its efforts to identify other potential emission reduction opportunities in its operations. A project is underway to schedule support vessel movements to optimise fuel efficiency, thereby further reducing diesel use and greenhouse gas emissions.

Progress was also made in Karoon's other sustainability pillars, with several new voluntary social-environmental projects identified for potential future community investment by Karoon, which will build on the existing environmental contributions made by Karoon.

In addition, a new safety culture project has been planned to reinforce Karoon's commitment to health and safety as the first priority of all operations, including the upcoming well interventions campaign and development activities.

## Exploration, Appraisal and Potential Development Update

### Brazil

#### *Santos Basin, Blocks S-M-1037, S-M-1101*

#### *100% Equity Interest, Operator*

Updates to Neon pre-development geotechnical and engineering studies were progressed during the quarter. These studies were focused on integrating revised subsurface exploitation plans with several alternative surface development concepts and facilities designs. This work has confirmed the potential feasibility of multiple potential Neon commercialisation options, including the Neon standalone, Neon Hub and Baúna tie-back concepts. Subject to further de-risking of the resource size, the studies established that the development of the Neon oil discovery presents a potentially attractive investment option for Karoon.

Assessment of the control well drilling requirements and initial operational planning was also concluded during the quarter. Based on the work undertaken, Karoon has committed to drilling a control well and, depending on the results of that well, a second control well. The new well/wells (internally named Echidna-2 and Echidna-3) are currently planned to be drilled after the Patola Development drilling campaign (subject to the receipt of required regulatory licences), with options exercised to extend the number of days under the contract for the Maersk Developer rig. The drilling strategy has been designed to reduce subsurface uncertainty to a sufficient degree that if drilling results are positive, it will enable Karoon to optimise the initial field development plan and assess the feasibility of moving forward with Concept Definition and Front-End Engineering and Design, and a potential Final Investment Decision.

Geotechnical studies relating to potential Neon Hub resources at Goiás and Neon West were also advanced during the quarter.

### ***Santos Basin, Block S-M-1537***

#### ***100% Equity Interest, Operator***

Desktop geological and geophysical studies on the Clorita prospect in S-M-1537 continued during the quarter.

### **Australia**

#### ***Northern Carnarvon Basin, Permit WA-482-P***

#### ***50% Equity Interest, Non-Operator***

During the quarter, the joint venture undertook geological and geophysical studies on the WA-482-P reprocessed 3D seismic data. The joint venture has completed the Primary Term work commitments of geoscience evaluation of the 3D seismic reprocessed data. Karoon Gas (FPSO) Pty Ltd has given notice to Santos WA Northwest Pty Ltd of its decision to withdraw from the title and joint venture.

## **Schedule of Interests in Petroleum Tenements**

**Held by Karoon Energy Ltd Group at 31 March 2022**

<b>Exploration Permit/ Block</b>	<b>Basin</b>	<b>Operator</b>	<b>% equity interest held</b>
Concession BM-S-40	Santos, Brazil	Karoon	100
Block S-M-1037	Santos, Brazil	Karoon	100
Block S-M-1101	Santos, Brazil	Karoon	100
Block S-M-1537	Santos, Brazil	Karoon	100
WA-482-P	Northern Carnarvon, Australia	Santos	50 <sup>1</sup>

<sup>(1)</sup> Liberty Petroleum Corporation is entitled to certain milestone cash bonuses and an overriding royalty in the event of production. Phoenix Oil and Gas Limited is entitled to an overriding royalty in the event of production.

## **FY2022 full year guidance**

The production guidance range for FY2022 remains unchanged. Unit production costs in the second half of FY2022 are expected to be higher than in the first half, reflecting lower production due to the eight-day shut-down for maintenance in March 2022, natural decline and the commencement of Baúna intervention work in May, over a relatively fixed cost base. However, the high end of the unit production cost guidance range for FY2022 was reduced from US\$32/bbl previously, to US\$30/bbl at the half year. Other Operating Costs guidance for FY2022 remains unchanged. Following the signature of an Exclusivity Agreement with Enauta, Business Development costs have increased, reflecting detailed due diligence activities related to the potential acquisition.

In the half year results, Karoon recognised an increase in the fair value of the contingent consideration payable to Petrobras for Baúna of US\$183.8m pre-tax (US\$121.3m after tax) due to higher future oil price expectations. A further increase in fair value is possible, dependent on the Company's oil price outlook at the end of the 2022 financial year (refer to page 8 for details).

Regarding investment expenditure, the high end of guidance for the Intervention and Patola Projects expenditure in FY2022 has been reduced by US\$10 million, from US\$135 million to US\$125 million, due to timing of spend.

<b>FY2022 Full Year Guidance (as at 28 April 2022)<sup>1</sup></b>	<b>Low</b>	<b>High</b>
Production (MMbbl)	4.4	4.6
<b>Costs</b>		
Unit Production Costs (US\$/bbl) <sup>2</sup>	28	30
Other Operating Costs (US\$ million) <sup>3</sup>	15	17
Business Development (New Ventures), share-based payments & other costs (US\$ million) <sup>4</sup>	19	21
Finance costs and Interest (US\$ million)	6	7
Unit DD&A (US\$/bbl) <sup>5</sup>	12	13
Revaluation of Petrobras contingent consideration <sup>6</sup>	184	240
<b>Investment Expenditure</b>		
Intervention and Patola Projects (US\$ million) <sup>7</sup>	100	125
Deferred Baúna acquisition consideration (US\$ million) <sup>8</sup>	43	44
Subsurface Evaluation (US\$ million) <sup>9</sup>	4	6
Other Plant and Equipment (US\$ million)	9	11

**Notes:**

1. Guidance is subject to various risks (including those "Key Risks" set out in Karoon's 2021 Annual Report).
2. Unit Production Costs: based on daily operating costs associated with Baúna Production, excluding government royalties.
3. Other Operating costs: includes corporate and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses.
4. Other costs include subsurface evaluation and exploration expensed.
5. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 'Leases', which is included as part of Unit Production Costs.
6. In compliance with AASB 9, Financial Instruments, an increase in the anticipated contingent consideration payable to Petrobras for the Baúna asset of US\$183.8 million was recorded as a non-cash item in the FY2022 half year accounts.
7. The variance between low and high guidance is largely related to timing of the commencement and progress of the Maersk Developer drilling rig activities in Brazil. Excludes any borrowing costs associated with the Patola development that may be capitalised.
8. Relates to deferred consideration payable to Petrobras 18 months after closing and is separate from the contingent consideration payable to Petrobras which is dependent on future oil prices.
9. Subsurface Evaluation is reflected here for information only. These costs are expensed and included in the total "Business Development, Share Based Payments & other costs" within cost guidance.

All guidance is subject to the statement below regarding "Forward-looking statements".

## Background to Petrobras contingent consideration

As part of the Baúna acquisition, Karoon agreed to pay Petrobras a contingent consideration of up to US\$285 million plus interest of 2% per annum, dependent on future oil prices over the period from CY2022 to CY2026. The calculation of the annual Petrobras payment is as per the table below, with any amounts payable by 31 January in the year after the completion of the relevant testing period (see *Note 22. Other financial liabilities* in Karoon's 2021 Annual Report for full details).

Average Brent Price (in US\$)	CY2022	CY2023	CY2024	CY2025	CY2026	Total
B < 50	-	-	-	-	-	-
50 <= B < 55	3	3	3	2	2	13
55 <= B < 60	17	17	17	8	4	63
60 <= B < 65	34	34	34	15	6	123
65 <= B < 70	53	53	53	24	10	193
B >= 70	78	78	78	36	15	285

## Forward-looking statements

Petroleum exploration and production operations rely on the interpretation of complex and uncertain data and information which cannot be relied upon to lead to a successful outcome in any particular case. Petroleum exploration and production operations are inherently uncertain and involve significant risk of failure. All information regarding reserve and contingent resource estimates and other information in relation to Karoon's assets is given in light of this caution.

This announcement may contain certain "forward-looking statements" with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward-looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this announcement. Indications of, and guidance on, future earnings and financial position and performance, well drilling programs and drilling plans, estimates of reserves and contingent resources and information on future production are also forward-looking statements.

You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise (including, without limitation, in respect of imprecise reserve and resource estimates, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling, demand for oil, commercial negotiations and other technical and economic factors) many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements speak only as of the date of this announcement.

Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.





## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

Karoon Energy Ltd

**ABN**

53 107 001 338

**Quarter ended ("current quarter")**

31 March 2022

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	75,225	258,863
1.2	Payments for		
	(a) exploration & evaluation	(625)	(2,726)
	(b) development	-	-
	(c) production (excludes FPSO charter lease payments and finance charges on right of use assets included in 1.5 and below)	(22,955)	(72,497)
	(d) staff costs (employee benefits expense-net)	(1,939)	(6,034)
	(e) administration and corporate costs	(2,338)	(6,514)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	10
1.5	Interest and other costs of finance paid	(4,649)	(14,240)
1.6	Income taxes paid	(19,607)	(31,334)
1.7	Government grants and tax incentives	-	-
1.8	Other (GST refunds, hedge premium \$14.8m, legal settlement \$9.6m)	(4,907)	(23,940)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>18,209</b>	<b>101,588</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(9,786)	(23,894)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets (security deposits)	(17)	(63)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	3	50
	(d) investments	-	-
	(e) other non-current assets	-	484
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	(994)	(5,157)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10,794)</b>	<b>(28,580)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1,041	1,905
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	30,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(2,192)
3.8	Dividends paid	-	-
3.9	Other (principal elements of lease payments)	(11,920)	(35,259)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(10,879)</b>	<b>(5,546)</b>

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	204,070	133,209
4.2	Net cash from / (used in) operating activities (item 1.9 above)	18,209	101,588
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10,794)	(28,580)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10,879)	(5,546)
4.5	Effect of movement in exchange rates on cash held	(246)	(311)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>200,360</b>	<b>200,360</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	200,360	204,070
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>200,360</b>	<b>204,070</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter US\$'000
281
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments referred to in 6.1 relate to director and committee fees paid to non-executive directors and salary paid to the chief executive officer and managing director in accordance with his employment contract.

<b>7.</b>	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end US\$’000</b>	<b>Amount drawn at quarter end US\$’000</b>
7.1	Loan facilities	160,000	30,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	160,000	30,000
7.5	<b>Unused financing facilities available at quarter end</b>		130,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<b>Secured Term Loan Facility for Baúna</b>			
Karoon Petróleo e Gás Ltda, a wholly owned subsidiary of Karoon Energy Ltd, has a secured term loan syndicated facility with Deutsche Bank AG, Sydney Branch, ING Belgium SA/NV, Macquarie Bank Limited and Shell Western Supply and Trading Limited. Interest is charged at a 4.25% margin over LIBOR per annum and a commitment fee is charged on undrawn but committed and available amounts at 1.7% per annum and an additional 0.85% per annum on any committed but unavailable amounts. The facility has a final maturity date of the earlier of 31 March 2025 or the quarter where the remaining reserves are forecast to be ≤ 25% of the initial approved reserves. Semi-annual repayments of US\$40 million commence on 30 September 2023 to the final maturity date.			

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>US\$’000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	18,209
8.2	Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2) ^	18,209
8.4	Cash and cash equivalents at quarter end (Item 4.6)	200,360
8.5	Unused finance facilities available at quarter end (Item 7.5)	130,000
8.6	Total available funding (Item 8.4 + Item 8.5)	330,360
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>N/A</b>

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as “N/A”. Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2022

Authorised by: The Board  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.