25 August 2022

Company Announcements Office
ASX Limited

Dear Sir / Madam

Full Year Financial Report – 2022 Financial Year –
ASX Release and Investor Presentation

Enclosed are the following documents in relation to Karoon Energy Ltd's full year financial report for the financial year ended 30 June 2022:

- ASX release; and
- investor presentation.

The documents referred to above have been authorised for release by the Board of Directors.

Yours faithfully

Nick Kennedy
Company Secretary

KAROON FY2022

Full Year Results

25 August 2022 | ASX: KAR

ASX RELEASE

Underlying net profit after tax of US$89.6 million[1] achieved in Karoon's first full year of Baúna production

HIGHLIGHTS

- Underlying net profit after tax (NPAT) of US$89.6 million[1] in FY2022, compared to US$21.4 million[2] in FY2021, reflecting a full year of Baúna production, high levels of operational uptime, disciplined cost control and strong realised oil prices.
- Statutory net loss after tax of US$64.5 million (statutory NPAT of US$4.4 million in FY2021) impacted primarily by a US$227.1 million increase in the fair value of the Petrobras contingent consideration, now recognised to the maximum potential liability.
- Oil production from Baúna increased from 3.14 million barrels (MMbbl) in FY2021 to 4.64 MMbbl, reflecting a full year's contribution and 99% facilities uptime (excluding scheduled shutdowns).
- Nine oil cargoes lifted, totalling 4.54 MMbbl, sold at a weighted average price, net of selling expenses and logistics, of US$84.74/bbl compared to US$59.00/bbl in FY2021.
- Oil revenue increased from US$170.8 million in FY2021 to US$385.1 million.
- Unit production costs of US$25.36/bbl, similar to prior year (US$25.11/bbl).
- Robust financial position, with cash and cash equivalents at 30 June 2022 of US$157.7 million, US$30 million of drawn debt and remaining undrawn debt facility of US$180 million.
- Second intervention in Baúna well program completed in mid-August and ready to be brought online, third intervention commenced. Patola development still targeted to commence production in early CY2023.
- Production in FY2023 forecast to increase from 4.64 MMbbl to 7 - 9 MMbbl, while unit production costs forecast to decline to US$15 – 20/bbl, due to largely fixed cost base over higher production. Unit depreciation and amortisation expected to be US$13 – 15/bbl.

[1] Underlying net profit after tax (NPAT) is a non-IFRS measure that is unaudited but derived from figures within the audited financial statements. This measure is presented to provide further insight into Karoon's performance. For adjustments to statutory net loss after tax to derive underlying net profit after tax, see Note 5 to Table 1 on page 3.

[2] Restated from US$33.4 million to include the tax effect of underlying adjustments.

Commenting on the results, Chief Executive Officer and Managing Director Dr Julian Fowles said:

"The 2022 financial year was Karoon's first full year of Baúna production. Our key aim, to deliver safe and reliable operations from the Baúna concession, was achieved, with an outstanding 99% facilities uptime (excluding scheduled shutdowns) and no serious safety or environmental incidents. The strong underlying NPAT of US$89.6 million was achieved against the backdrop of a world economy emerging from the COVID-19 pandemic, with a major rebound in the oil price reflecting both improved oil demand fundamentals as well as heightened global security tensions.

A significant milestone was reached in May 2022 when we commenced the Baúna intervention campaign. The first well intervention, in PRA-2, has performed as expected, adding approximately 2,000 bopd to production while the second well, SPS-56, has been completed and is ready to be brought back online. As reported in the June 2022 quarterly, we have experienced some delays to the program, due to a later start than our initial timetable plus three weeks slower operational performance, partly related to unseasonal weather. In addition, there have been upward cost pressures due to the impact of strong oil prices on the cost of diesel. As a result, while other costs apart from diesel are largely locked in, the total intervention campaign cost estimate has been revised to US$135-145 million, of which US$68 million has been incurred so far.

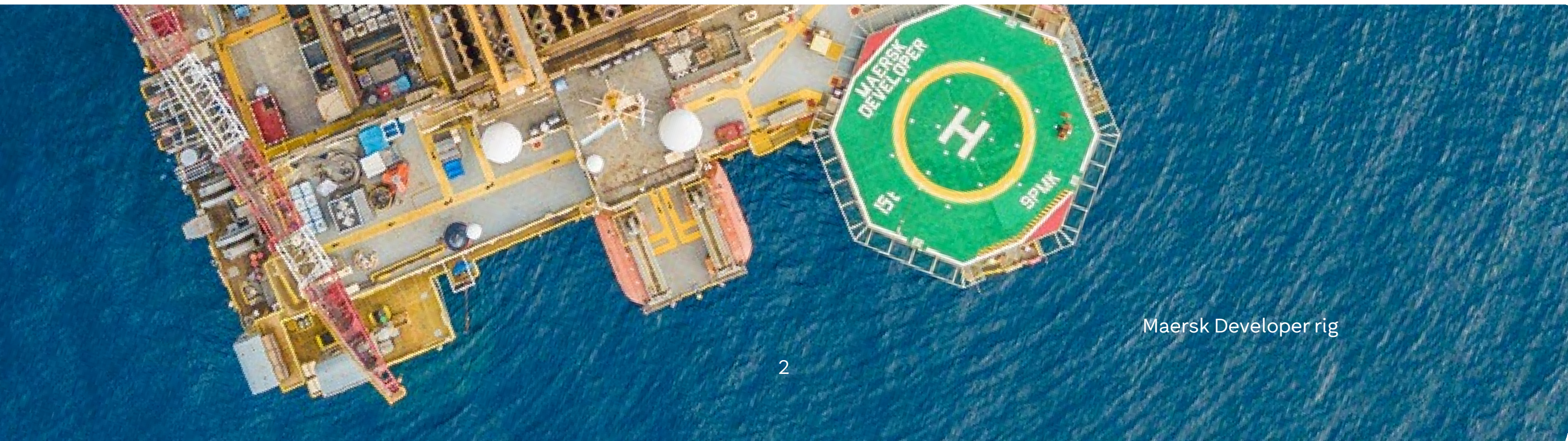
The Patola project cost is also expected to be impacted by higher diesel costs and is now estimated at US$180-205 million. The development remains on track to commence production in early CY2023, which, together with the Baúna interventions, is expected to lift total production to approximately 30,000 bopd before natural decline resumes.

Our liquidity position strengthened materially during FY2022, reflecting the solid cash flows generated from operations and the closure in November 2021 of the Company's first debt facility. Initially US$160 million, this facility was expanded in the second half of FY2022 to US$210 million. The facility expansion provides Karoon with additional flexibility for how we fund our current investment program in Baúna and Patola, and drilling the Neon control well(s), planned for early 2023 (subject to the receipt of required environmental approvals).

Substantial progress was made on how we intend to manage our carbon footprint, with short- and long-term targets set. We are targeting being carbon neutral from FY2021 onward on Baúna-Patola and Net Zero by 2035 for Scope 1 and 2 GHG emissions. While our first priority is to avoid or reduce operational emissions, with a number of projects implemented in FY2022, we purchased carbon offsets to become carbon neutral for FY2021 on Baúna Scope 1 and 2 GHG emissions. Until we develop or acquire our own projects, we intend to continue acquiring sufficient offsets to remain carbon neutral. Work took place on quantifying Scope 3 emissions, which are disclosed for the first time. In addition, we submitted our first Modern Slavery Statement and sponsored four new voluntary social-environmental projects in Brazil. Further details can be found in our first standalone Sustainability Report.

FY2023 will be a very active year operationally as we focus on continued safe and reliable production operations, and the safe delivery of the Baúna intervention campaign, the Patola development and the Neon control well drilling. As a material oil producer and operator, we have a robust platform from which to continue to evaluate organic and inorganic growth opportunities that can add value to shareholders. In addition, in FY2023, the Board intends to consider its approach to commencing returns to shareholders.

With a refreshed strategy and a strengthened management team, we consider this an appropriate time to also reinvigorate our brand identity. Our new corporate logo symbolises Karoon's nimble, entrepreneurial spirit and our focus on constantly refining our expertise across our values and disciplines."



Maersk Developer rig

FINANCIAL RESULTS FOR FY2022

TABLE 1 - FINANCIAL SUMMARY

YEAR TO 30 JUNE	2022	2021^*
Production volume (MMbbl)	4.64	3.14
Oil sales volume (MMbbl)	4.54	2.90
Unit Production Costs[1] (US$/bbl)	25.36	25.11
Weighted average net realised price (US$/bbl)	84.74	59.00
	US$ million	**US$ million**
Sales revenue	385.1	170.8
EBITDA[2,3]	(28.4)	11.4
Depreciation and amortisation[4]	55.7	37.6
Profit/(loss) before income tax	(89.8)	(27.9)
Net profit/(loss) after income tax	(64.5)	4.4
Underlying EBITDA[2,3,5]	205.2	61.1
Underlying net profit before income tax[2,5]	143.8	21.8
Underlying net profit after income tax[2,5]	89.6	21.4
Operating Cash flows	154.2	29.8
Net Assets	276.2	380.3
Investment Expenditure:		
- Baúna intervention and Patola CAPEX[6]	92.0	18.6
- Exploration and evaluation expenditure and new ventures[7]	6.5	7.1
- Other Plant and Equipment[8]	5.0	6.0

^ Reflects Baúna operations from 7 November 2020 to 30 June 2021 and is therefore not directly comparable.
* FY2021 underlying NPAT has been restated from US$33.4 million to US$21.4 million, to include the tax effect of underlying adjustments.

1. Unit production costs are based on operating costs as disclosed in Note 5(a) of the financial statements adjusted for depreciation on the FPSO right-of-use asset and related finance costs to reflect the accounting expense related to the FPSO charter lease.
2. EBITDA (earnings before interest, tax, depreciation, depletion, and amortisation), underlying EBITDA, underlying net profit before tax and underlying net profit after tax are non-IFRS measures that are unaudited but are derived from figures within the audited financial statements. These measures are presented to provide further insight into Karoon's performance.
3. Includes depreciation on FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease refer Note 1 above.
4. Excludes depreciation on FPSO charter lease right-of-use asset refer Note 1 above.
5. Underlying EBITDA, underlying net profit before tax (NPBT) and underlying net profit after tax (NPAT) have been adjusted for the following items:

YEAR TO 30 JUNE	2022 US$ million	2021 US$ million
Change in fair value of contingent consideration	227.1	6.6
Realised losses on cash flow hedges	11.8	–
Foreign exchange losses/(gains)	(6.2)	17.1
Employee restructure cost	0.9	–
Baúna transition costs	–	15.7
Legal settlement	–	9.6
Impairment and inventory write-down	–	0.7
Total adjustments to EBITDA and NPBT	233.6	49.7
Initial recognition of historical Brazilian tax losses and temporary differences	–	(20.7)
Impact of tax on adjusting items	(79.5)	(12.0)
Total adjustments to NPAT	154.1	17.0

6. Excludes Baúna acquisition costs and capitalised borrowing costs associated with the Patola development.
7. Includes exploration and evaluation capitalised and exploration, evaluation and new venture expenses.
8. Excludes leased right-of-use asset additions.

In FY2022, Karoon recorded a statutory net loss after tax of US$64.5 million, compared to a statutory net profit after tax (NPAT) of US$4.4 million in FY2021.

The reported statutory net loss was impacted by a US$227.1 million increase in the assessed fair value of the contingent consideration payable to Petrobras (US$149.9 million after tax). The total contingent consideration recognised, which is dependent on future oil prices from 2022 to 2026, now reflects the maximum potential liability of US$285 million plus accumulated interest and discounted using an appropriate rate. In addition, the statutory net loss included an US$11.8 million realised loss related to hedging, partially offset by a net foreign currency gain of US$6.2 million.

On an underlying basis, EBITDA grew from US$61.1 million to US$205.2 million, driving an increase in underlying NPAT from US$21.4 million to US$89.6 million (see note 5 to Table 1 for adjustments to derive underlying NPAT). The effective tax rate on underlying earnings was 38%, slightly above the statutory tax rate in Brazil of 34% due to non-deductible costs, combined with the tax rate differential between Brazil and Australia.

Operating cash flow in FY2022 was US$154.3 million, up from U$29.8 million in the prior year. US$59.6 million of cash payments were made on capital expenditure, primarily relating to the Baúna intervention campaign and Patola development, and the final firm payment for the Baúna asset, of US$43.6 million, was paid to Petrobras in May 2022. At 30 June 2022, Karoon had cash and cash equivalents of US$157.7 million (US$133.2 million at the end of June 2021).

RESERVES AND RESOURCES

Karoon's internal assessment of 2P Reserves at 30 June 2022 is 44.8 MMbbl, with the decline from the prior year's 2P Reserves estimate of 49.4 MMbbl reflecting production for the year of 4.6 MMbbl. 2C Contingent Resources at 30 June 2022 are assessed at 86.2 MMbbl oil. No changes have occurred to the Contingent Resource estimates during the year.[1]

During FY2022, Karoon finalised reprocessing of seismic and carried out reservoir modelling and dynamic simulation work on Baúna. The resolution of the reprocessed seismic is significantly better than legacy datasets, decreasing the uncertainty on field volumes.

The results of this work, together with recent production history and information from the Baúna intervention campaign currently underway, are being incorporated into a Reserves reassessment. Once this work is completed, a revised Reserves and Resources statement will be released at that time, if required.

[1] The reserves and contingent resource volume estimates referred to above are disclosed in the Karoon Energy Ltd 2022 Annual Report. Karoon is not aware of any new information or data that materially affects these reserves and resource estimates and all material assumptions and technical parameters underpinning the estimates in the 2022 Annual Report continue to apply and have not materially changed.

GUIDANCE FOR FY2023

TABLE 2 - GUIDANCE FOR KEY OPERATIONAL AND FINANCIAL METRICS IN FY2023

	FY2022 Actual	FY2023 Guidance[1]
PRODUCTION (MMBBLS)	4.64	7-9
COSTS		
Unit Production Costs (US$/bbl)[2]	25.36	15-20
Other Operating Costs (US$ million)[3]	16.0	23-25
Business Development, share-based payments & Neon studies (US$ million)	12.4	12-14
Finance costs and interest (US$ million)	5.8	7-8
Unit DD&A (US$/bbl)[4]	12.0	13-15
Revaluation of Petrobras contingent consideration[5]	227.1	–
INVESTMENT EXPENDITURE (US$ MILLION)		
Intervention and Patola Projects	92.0	205-240
Neon evaluation	–	65-75
Deferred Baúna acquisition firm consideration[6]	43.6	–
Petrobras contingent consideration[7]	–	85-86
Other Plant and Equipment	5.0	9-11

Notes:

1. Guidance is subject to various risks (including those “Key Risks” set out in Karoon’s 2022 Annual Report).
2. Unit Production Costs: based on daily operating costs associated with Baúna Production, excluding government royalties.
3. Other Operating costs: includes staff costs, IT, corporate costs and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses.
4. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of Unit Production Costs.
5. Karoon does not anticipate any further movement in the fair value of the contingent consideration payable to Petrobras for Baúna in compliance with AASB 9, Financial Instruments, as the total contingent consideration recognised is at the maximum potential liability.
6. Relates to deferred firm consideration paid to Petrobras in May 2022, which is separate from the contingent consideration payable to Petrobras referred to above.
7. Relates to contingent consideration payable to Petrobras which is dependent on future oil prices.

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

Average Baúna production in FY2023 is forecast to be between 7 MMbbl and 9 MMbbl, significantly higher than FY2022 due to the impact of the Baúna intervention campaign and the Patola development, partly offset by continued natural decline.

With production costs largely fixed, and subject to no further increases in diesel fuel costs when compared to Karoon’s revised assumptions, unit production costs are expected to decline materially, reflecting higher production rates in FY2023. Other operating costs are expected to increase due to inflation, the full year impact of new hires as well as additional spend on IT to strengthen cybersecurity and disaster recovery systems.

Unit depreciation and amortisation is expected to increase, reflecting the increased asset base and higher production over an unchanged Reserves base.

Approximately 20-30% of production is expected to be hedged in FY2023 using a collar structure.

Investment expenditure on the Baúna intervention, Patola project and Neon drilling in FY2023 is expected to be fully funded from existing cash, cash flow and drawdowns from the Company’s debt facility.

THIS ANNOUNCEMENT HAS BEEN AUTHORISED FOR RELEASE BY THE BOARD OF KAROON ENERGY LTD

CONFERENCE CALL

Karoon's Chief Executive Officer and Managing Director, Dr Julian Fowles, will hold a conference call for analysts and investors to discuss the 2022 Full Year Results on Thursday, 25 August 2022 at 11am (Melbourne time). The conference call will be streamed live and can be accessed via the following link:

https://webcast.boardroom.media/karoon-energy-ltd/20210923/NaN6125d3283a0931001bbbe303

A recording of the call will be available on Karoon's website.

ABOUT KAROON ENERGY LTD

Karoon Energy Ltd. is an ASX listed international oil and gas exploration and production company with assets in Brazil and Australia.

Karoon's vision is to be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way. Karoon's purpose is to provide energy safely, reliably and responsibly, creating lasting benefits for all its stakeholders.

For further information on this release, please contact:

MEDIA - AUSTRALIA

P&L Corporate Communications

Ian Pemberton
M: + 61 402 256 576
E: ian.pemberton@plcorporate.com

INVESTORS

SVP Communications and Investor Relations

Ann Diamant
M: +61 407 483 128
E: ADiamant@karoonenergy.com

MEDIA - BRAZIL

InPress Porter Novelli

Andrea Blum
M: + 55 21 98105-9338

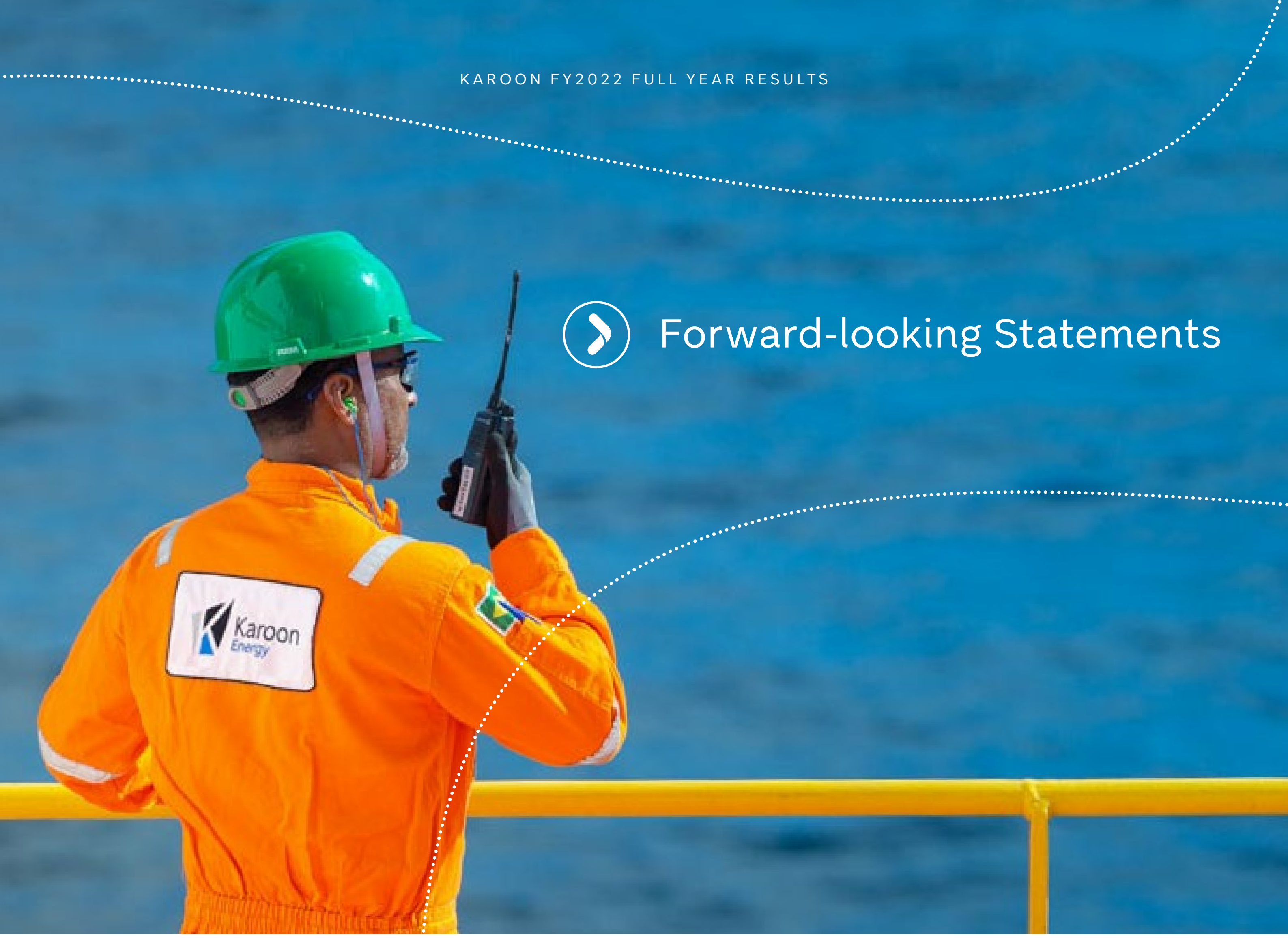
Patricia Odenbreit
M: + 55 21 96674-6403
E: karoon@inpresspni.com.br

SHAREHOLDING ENQUIRIES:

Computershare
Tel: 1300 850 505

GLOSSARY

Term	Definition
bbl	barrel
FY2021	Financial year ending 30 June 2021
FY2022	Financial year ending 30 June 2022
FY2023	Financial year ending 30 June 2023
Karoon	Karoon Energy Ltd and its subsidiaries
MMbbl	million barrels of oil
US$	United States dollars



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.

Karoon Energy FY2022 Results

25 August 2022

KAROON ENERGY

Disclaimer

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Julian Fowles
CEO and Managing Director

FY2022 Highlights and Achievements

FY2022 Overview

Substantial progress made across all areas

STRONG OPERATIONAL AND FINANCIAL RESULTS

- Four Lost Time Incidents, TRIR of 0.77. No major environmental incidents
- Production of 4.64 MMbbl, with 99% facilities uptime
- Average realised oil price of US$85/bbl
- Underlying NPAT[1,2] US$90m
- Operating cash flow US$154m

GROWTH ACTIVITIES UNDERWAY

- Four-well Baúna intervention program commenced
  - First intervention producing, 2nd ready to be brought online, 3rd intervention commenced
- Patola progressing as planned
- Commitment to drill one/two Neon control wells
- Disciplined approach to M&A

SUSTAINABLE OPERATIONS

- Committed to climate targets :
  - Carbon neutrality[3] on Baúna for FY2021 and expected for FY2022
  - Net Zero[4] by 2035
  - New program implemented to reduce operational emissions
  - Scope 3 emissions estimated
- Four new social projects in Brazil

ROBUST FINANCIAL POSITION

- At 30 June 2022:
  - Cash and cash equivalents of US$158m
  - Undrawn debt of US$180m (US$30m drawn)
  - Liquidity of US$338m

1 Adjustments to derive underlying NPAT are detailed on slide 13.

2 EBITDA (earnings before interest, tax, depreciation, depletion and amortization), underlying EBITDA and underlying net profit after tax (NPAT) are non-IFRS measures that are unaudited but are derived from figures in the financial statements.

3 Carbon neutral refers to having a balance between emitting and offsetting greenhouse gas (GHG) emissions. Achieved through acquiring carbon offsets in respect of Scope 1 and 2 GHG emissions.

4 Net zero refers to reducing GHG emissions as far as feasible and balancing the residual GHG emissions produced and GHG emissions removed from the atmosphere. To be achieved through future transition planning in respect of Scope 1 and Scope 2 emissions.

HSSE Performance

No serious incidents in FY2022

- Core focus is on maintaining safe and healthy work environment and protecting natural habitats where we work
- Four Lost Time Incidents (LTI) recorded in FY2022:
  - Total recordable incident rate per 200,000 hours (TRIR) of 0.77
  - Fortunately, no long-term effect on individuals impacted
- Each LTI comprehensively investigated, lessons learned applied
- COVID-19 cases on FPSO and Maersk Developer rig:
  - No hospitalisations and production not impacted
- No material environmental incidents

Ray Church

Executive Vice President and CFO

Financial Results

FY2022 Financial Highlights

KAROON ENERGY

Revenue US$385.1m

Up US$214.3m[1]

Unit production costs US$25/bbl

No change[1]

Underlying EBITDA US$205.2m

Up US$144.1m[1,2,3]

Operating cashflow US$154.2m

Up US$124.4m[1]

Debt Facility US$210m

New reserve-based lending facility

Liquidity US$337.7m

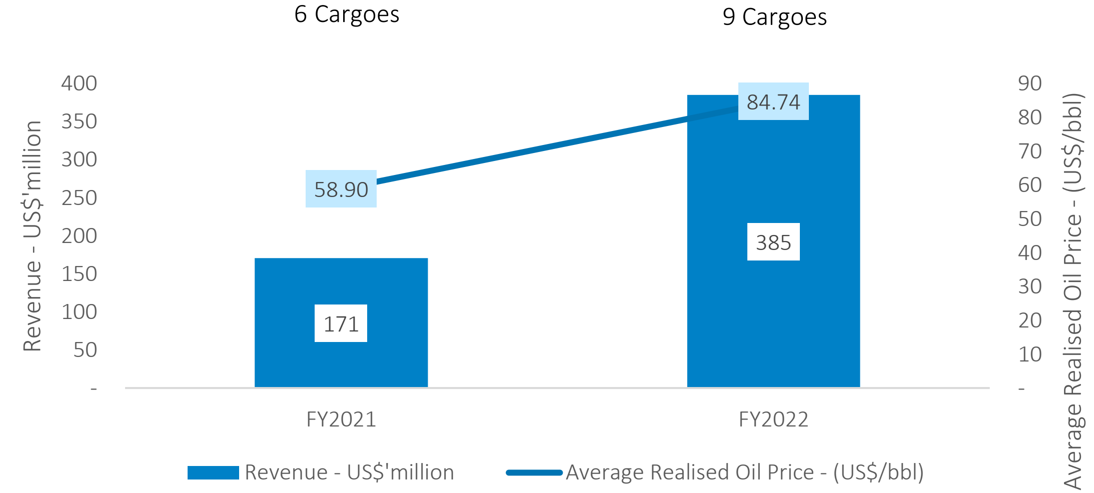
Up US$204.5m[1]

1. Compared to FY2021
2. Underlying EBITDA for FY2022 reflects the Company's assessment of financial performance after excluding changes in recognition of contingent consideration, fair value losses on hedges, FX gain and restructuring costs. Refer to slide 13 for reconciliation of these underlying adjustments
3. Underlying EBITDA is a non-IFRS measures that is unaudited but derived from figures in the financial statements. This measure is presented to provide further insight into Karoon's performance.

Underlying Result

US$ MILLION	FY2022	FY2021
Revenue	385.1	170.8
Other income (excl interest)	0.6	-
Production Costs (incl FPSO depn & fin)	(117.7)	(78.9)
Royalties	(41.5)	(18.9)
DD&A	(55.7)	(37.6)
Inventory Movements	6.4	11.0
Corporate, Exploration & Other	(27.7)	(22.8)
Net Interest & Finance Costs	(5.7)	(1.7)
Underlying Pre-Tax Profit	143.8	21.9
Income Tax Benefit/ (Expense)	(54.2)	(0.5)
Underlying NPAT[1]	89.6	21.4[2]

REVENUE & REALISED OIL PRICE PER BBL



	FY2022	FY2021
Production (MMbbl)	4.64	3.14
Sales Volume (MMbbl)	4.54	2.90
Realised Oil Price (US$/bbl)	84.74	59.00

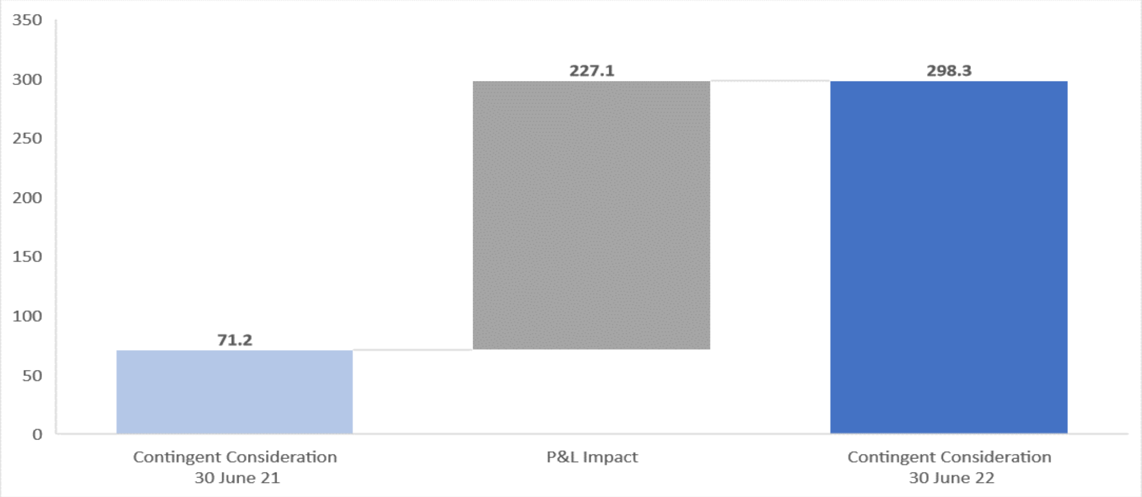
- Production of 4.64 MMbbl at an average rate of 12.7 kbopd
- Nine cargoes, sales volume of 4.54 MMbbl
- Average realised price of US$84.74/bbl reflecting continuing strengthening of global oil prices over period
- Underlying NPAT of US$89.6 million
- Unit production cost of US$25.36/bbl, in line with prior year
- Royalties 10% of production at ANP reference price
- Corporate, Exploration and Other costs include Corporate costs of US$15.4m, share-based payments of US$5.7m and exploration and business development expense of US$3.2m and US$3.4m respectively
- Income Tax Expense driven by Brazilian corporate tax rate and includes adjustments for non-cash portion of share-based payments (timing) and non-deductible costs (permanent differences)

1. Underlying NPAT and PBT for FY22 reflect the Company's assessment of financial performance after excluding change in recognition of contingent consideration, Fair value losses on hedges, FX gain and restructuring costs. Underlying NPAT and PBT is a non-IFRS measure that is unaudited but is derived from figures in the financial statements. Refer to slide 13 for reconciliation of these underlying adjustments.
2. Restated from US$33.4 million to include the tax effect of underlying adjustments.

Contingent Consideration on Baúna Acquisition

- Maximum Contingent Consideration payable to Petrobras for Baúna acquisition is US$285m (plus interest)
- Amount recognised at 30 June 2022 is US$298.3m, based on net present value of payable, including accrued interest at 2% pa (from 1 January 2019 to after date of testing each January) with discount rate of 2.38% pa applied
- Amounts are contingent on annual average Platts Dated Brent oil price, as per table
- Estimated payables are based on Karoon's internal assessment of future oil prices, which considers industry consensus and observable oil price forecasts
- Testing periods each calendar year from 2022 to 2026 inclusive

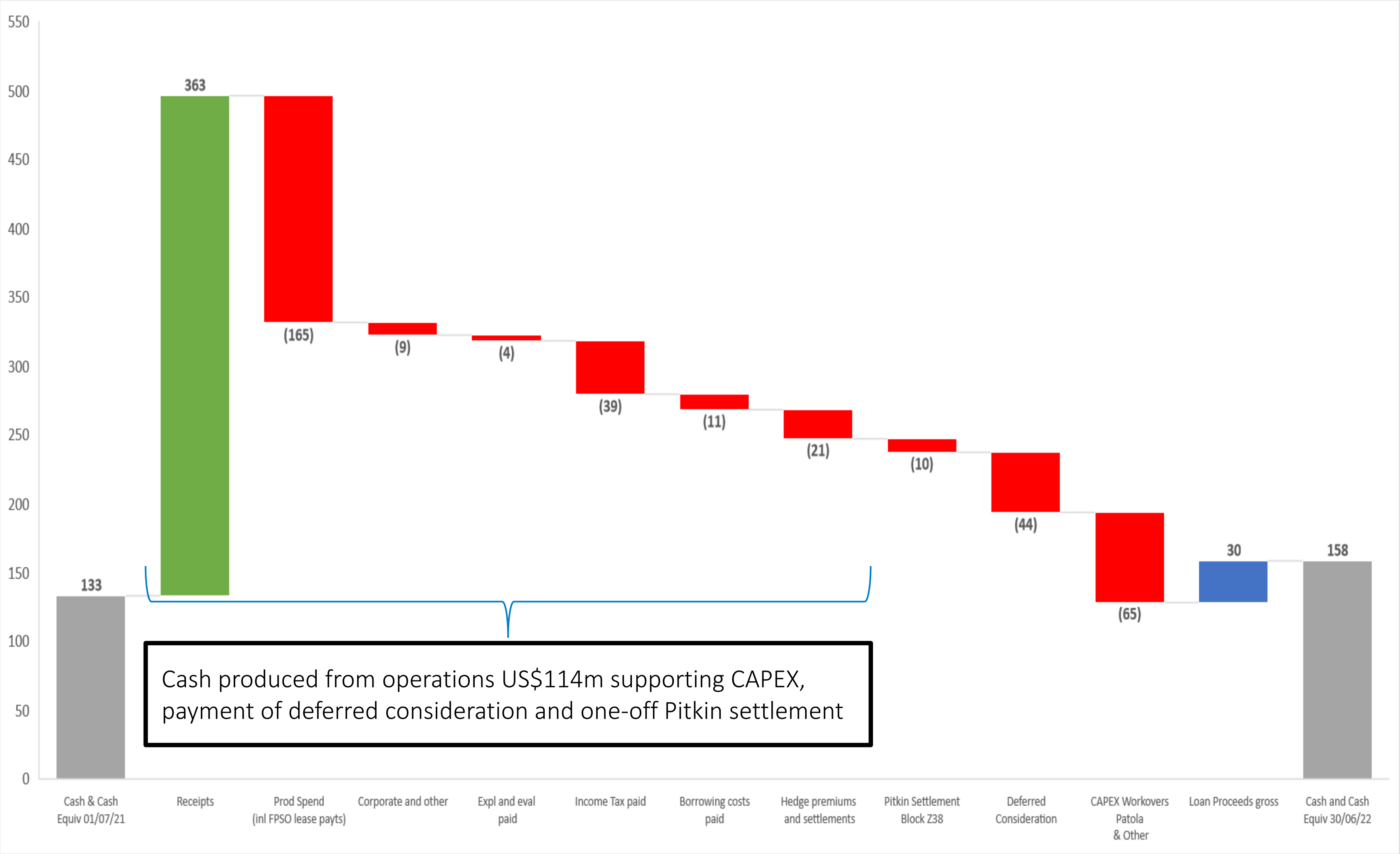
AVERAGE BRENT PRICE (IN US$)	CY2022	CY2023	CY2024	CY2025	CY2026	TOTAL
B < 50	–	–	–	–	–	–
50 <= B < 55	3	3	3	2	2	13
55 <= B < 60	17	17	17	8	4	63
60 <= B < 65	34	34	34	15	6	123
65 <= B < 70	53	53	53	24	10	193
B >= 70	78	78	78	36	15	285



Cash Flow

KAROON ENERGY

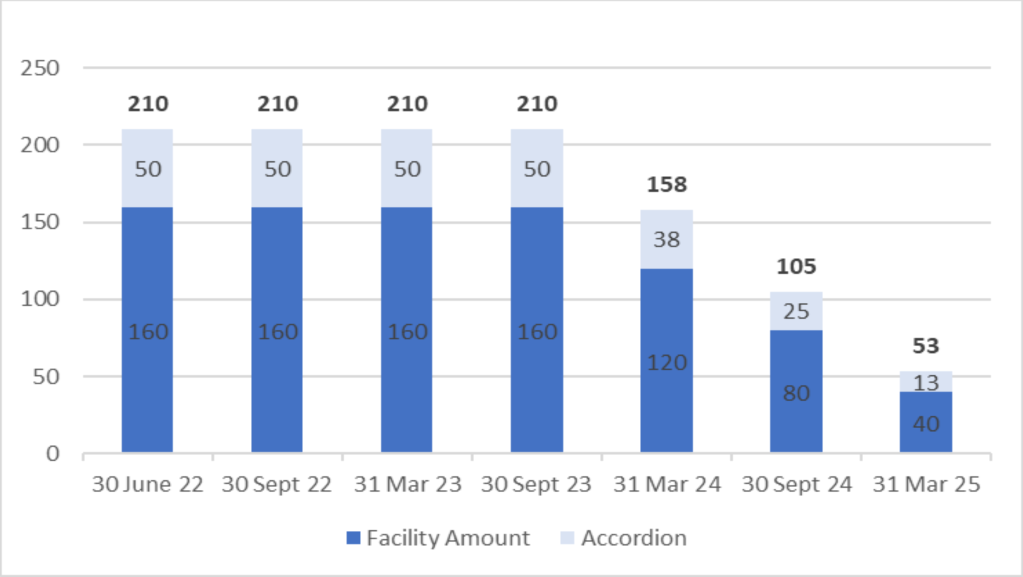
FY2022 CASH FLOW (US$ MILLION)



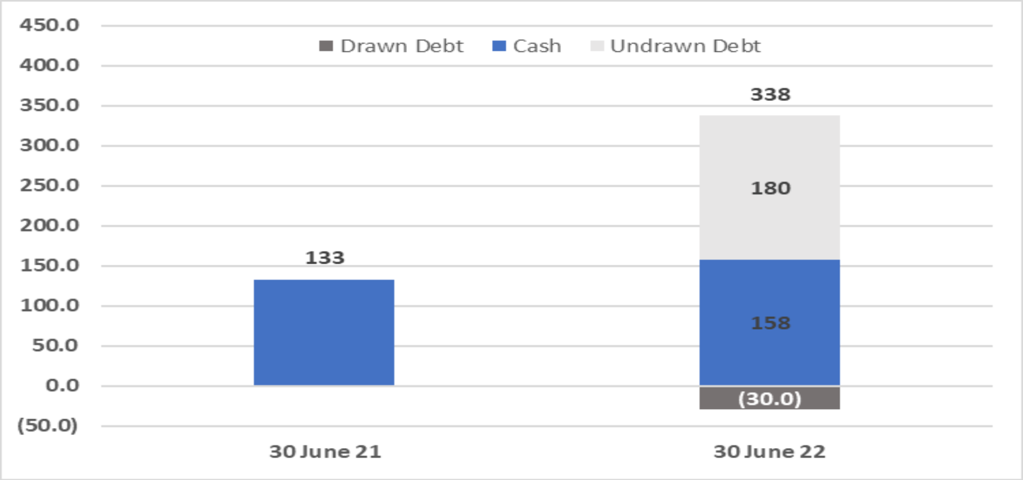
- Stable Baúna production and strong oil price resulted in US$363m oil sales
- US$124m production cost incl FPSO lease and US$41m royalty payments
- US$114m cash from operations funded growth investments, deferred consideration and Pitkin settlement
- US$44m Baúna deferred consideration paid to Petrobras
- US$65m CAPEX primarily for workovers
- US$30m drawn on new debt facility
- US$158m cash and liquidity US$338m

Cash and Available Liquidity

FACILITY TENURE (US$ MILLION)



LIQUIDITY (US$ MILLION)



DEBT AND LIQUIDITY AT 30 JUNE 2022

- In November 2021, reached financial close on new reserve-based, non-recourse, syndicated loan facility
- US$160m reserve-based, non-recourse loan facility, 425bps margin over SOFR. US$30m drawn
- In April 2022, additional US$50m uncommitted accordion facility was established
- Available to fund Baúna intervention campaign, Patola field development, and deferred consideration payable to Petrobras plus provide flexibility for Neon drilling
- At 30 June 2022, total liquidity US$338m (cash plus US$180m undrawn debt)

FY2023 guidance[1]

	Low	High
Production (MMbbl)	7	9
Costs		
Unit Production Costs (US$/bbl)[2]	15	20
Other Operating Costs (US$m)[3]	23	25
Business Development, share-based payments & Neon studies (US$m)	12	14
Finance costs and interest (US$m) [4]	7	8
Unit DD&A (US$/bbl)[5]	13	15
Investment Expenditure		
Intervention and Patola Projects (US$m)[6]	205	240
Neon evaluation (US$ million)[7]	65	75
Contingent Baúna acquisition consideration (US$m)[8]	85	86
Other Plant and Equipment (US$m)	9	11

KAROON ENERGY

NOTES:

1. Guidance as at 25 August 2022. Subject to various risks (including those “Key Risks” set out in Karoon’s 2022 Annual Report).
2. Unit Production Costs: based on daily operating costs associated with Baúna production, excluding government royalties but including FPSO lease costs
3. Other Operating Costs: includes staff costs, IT, corporate costs and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses
4. Finance costs and interest include commitment fees and debt interest
5. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of Unit Production Costs
6. Intervention and Patola projects expenditure for FY2023 includes external costs and internal personnel allocation. Contingent on no further material delays due to weather conditions or significant movements in diesel costs
7. Neon evaluation costs directly attributable to drilling control wells
8. Relates to contingent consideration payable to Petrobras which is dependent on future oil prices
9. ~20-30% of production expected to be hedged in FY2023 using a collar structure

Reconciliation of underlying result[1] to statutory result

US$ MILLION	2022		2021	
	EBITDA	NPAT	EBITDA	NPAT
Reported results	**(28.4)**	**(64.5)**	11.4	4.4
Underlying adjustments				
Change in FV of Contingent Consideration	227.1	149.9	6.6	4.4
Fair value losses on cash flow hedges	11.8	7.8	-	-
Restructure costs	0.9	0.6	-	-
FX gains/ (losses)	(6.2)	(4.2)	17.1	11.5
Baúna transition costs	-	-	15.7	11.8
Legal settlement	-	-	9.6	9.6
Impairment and inventory write-down	-	-	0.7	0.4
Recognition of historical tax losses	-	-	-	(20.7)
Underlying	**205.2**	**89.6**	61.1	21.4

- Material increase recognised in fair value of contingent consideration payable to Petrobras for Baúna asset
- Hedges required by syndicated loan facility were entered into, covering period December 2021 to March 2024
- FX gains predominantly attributable to accounting restatement of US$ cash holdings in Australian entities

1 . Underlying net profit after tax (NPAT) and Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) are non-IFRS measure that are unaudited but derived from financial statements, which have been subject to review by the Company's auditor. These measures are presented to provide further insight into Karoon's performance.

Julian Fowles

CEO and Managing Director

Strategy and Outlook

Macro Environment

Current environment provides opportunities and risks for Karoon

- FY2022 characterised by risks and uncertainties on many fronts
- Underlying demand outstripping supply, reducing inventories and putting pressure on refiners, pushing up prices
- High prices exacerbated by global economic turbulence - war in Ukraine, inflationary impact of covid response and demand rebound, leading to rising interest rates and recession fears
- Accelerated energy transition misaligned with security of energy supply further adding to commodity price volatility
- While global energy transition is accelerating, demand for oil likely to remain for many years
- Supply chain constraints impacting major project costs – Karoon largely insulated through existing contracts, fuel price a risk
- Oil price volatile but remains well above Petrobras contingent payment cap of US$70/bbl
- Karoon building reputation as a safe, reliable and responsible operator and partner of choice

Strategic Objectives

Deliver base production and sanctioned projects to create foundation for further growth

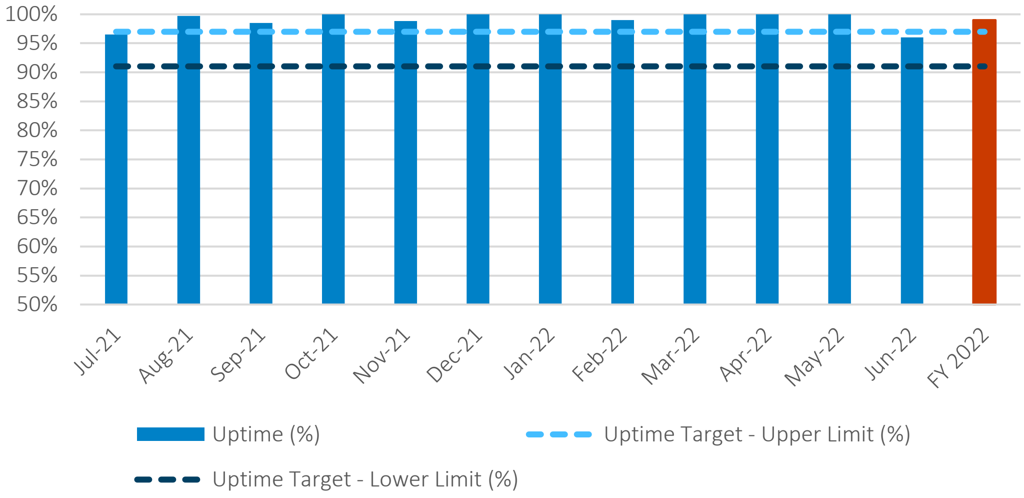
- Execute Baúna base business, focus on safety, reliability, strict capital controls
- Deliver sanctioned intervention and Patola development projects:
  - Aim to double production, reducing unit operating costs by utilising existing infrastructure
- Re-evaluate and seek to de-risk Neon with control well(s), advancing potential development concepts
- Acquire value-accretive producing or development asset(s), leveraging existing capabilities
- Maintain resilient balance sheet, strengthened by cash flow from operations and expanded debt capacity
- Operate sustainably, with carbon neutral[1] target on Baúna-Patola Scope 1 and 2 GHG emissions from FY2021 and Net Zero[2] by 2035, plus new voluntary social projects in Brazil
- Consider capital allocation between high value growth and returns to shareholders

1 Carbon neutral refers to having a balance between emitting and offsetting greenhouse gas (GHG) emissions. Achieved through acquiring carbon offsets for Scope 1 and 2 GHG emissions.
2 Net zero refers to reducing GHG emissions as far as possible and balancing the residual GHG emissions produced and GHG emissions removed from the atmosphere. To be achieved through future transition planning for Scope 1 and 2 emissions.

Baúna Operating Performance

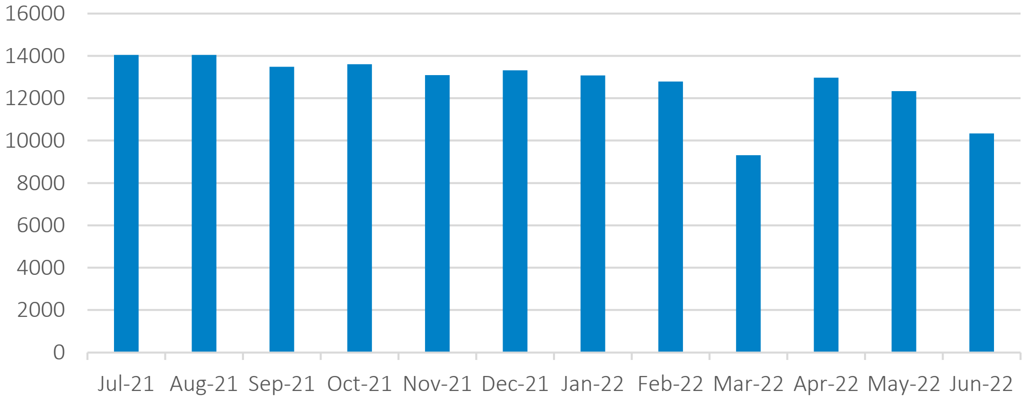
High facilities uptime and active well management

FPSO FACILITIES UPTIME IN FY2022[1]



1. Excluding scheduled shutdowns for maintenance

PRODUCTION RATE (BOPD)

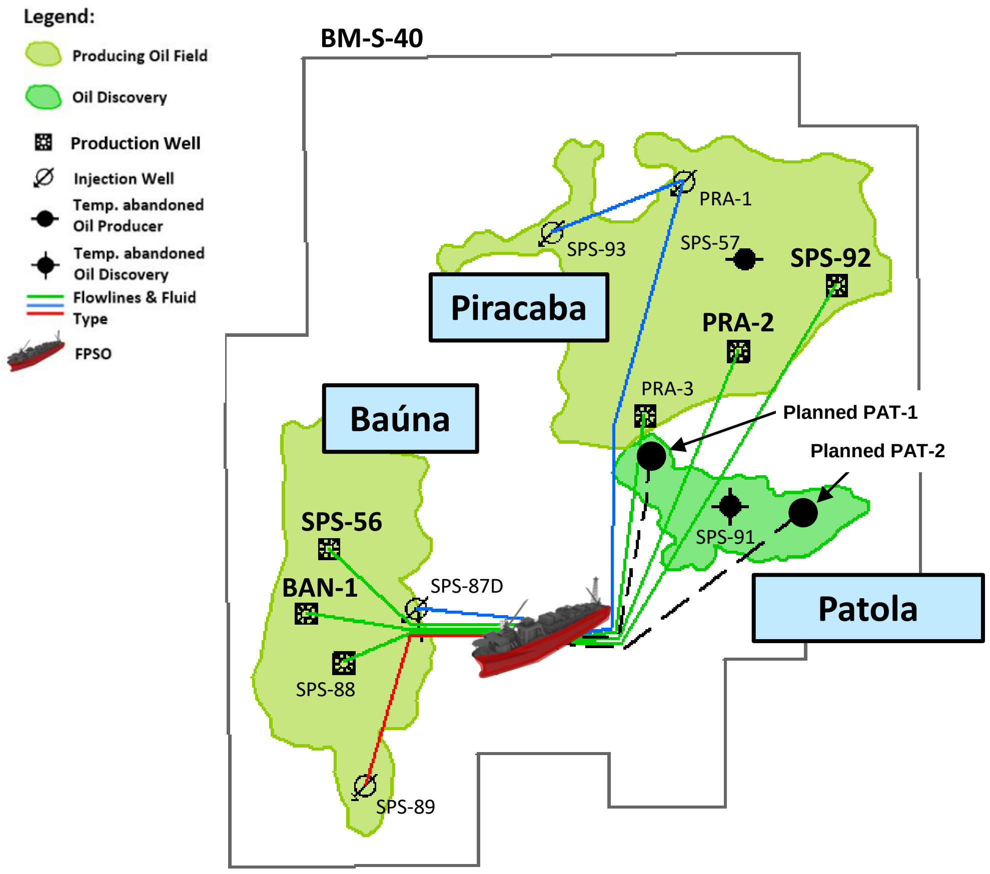


FOCUS ON PROCESS SAFETY, FACILITY INTEGRITY AND PREVENTIVE MAINTENANCE

- Operational uptime 99% in FY2022, excluding scheduled shutdowns
- Reflects work undertaken on the FPSO:
  - Improved maintenance plan
  - Re-established process plant redundancies (two production trains)
  - Integrity management e.g. ~100 tonnes of pipe replaced since Jan 2021
  - Changed out four of five gas turbines
  - Offloading hose replacements (forward hose completed in 2021, aft planned for 2H2022)
- Natural decline rate mitigated to ~10% pa vs 15% pa previously
- Altera (JV partner in Altera&Ocyan, FPSO operator) undergoing structured Chapter 11 process, fully supported by major shareholder. No impact on operations expected

Baúna Interventions and Patola

Targeting increase in production to >30,000 bopd



BAÚNA INTERVENTION PROJECT

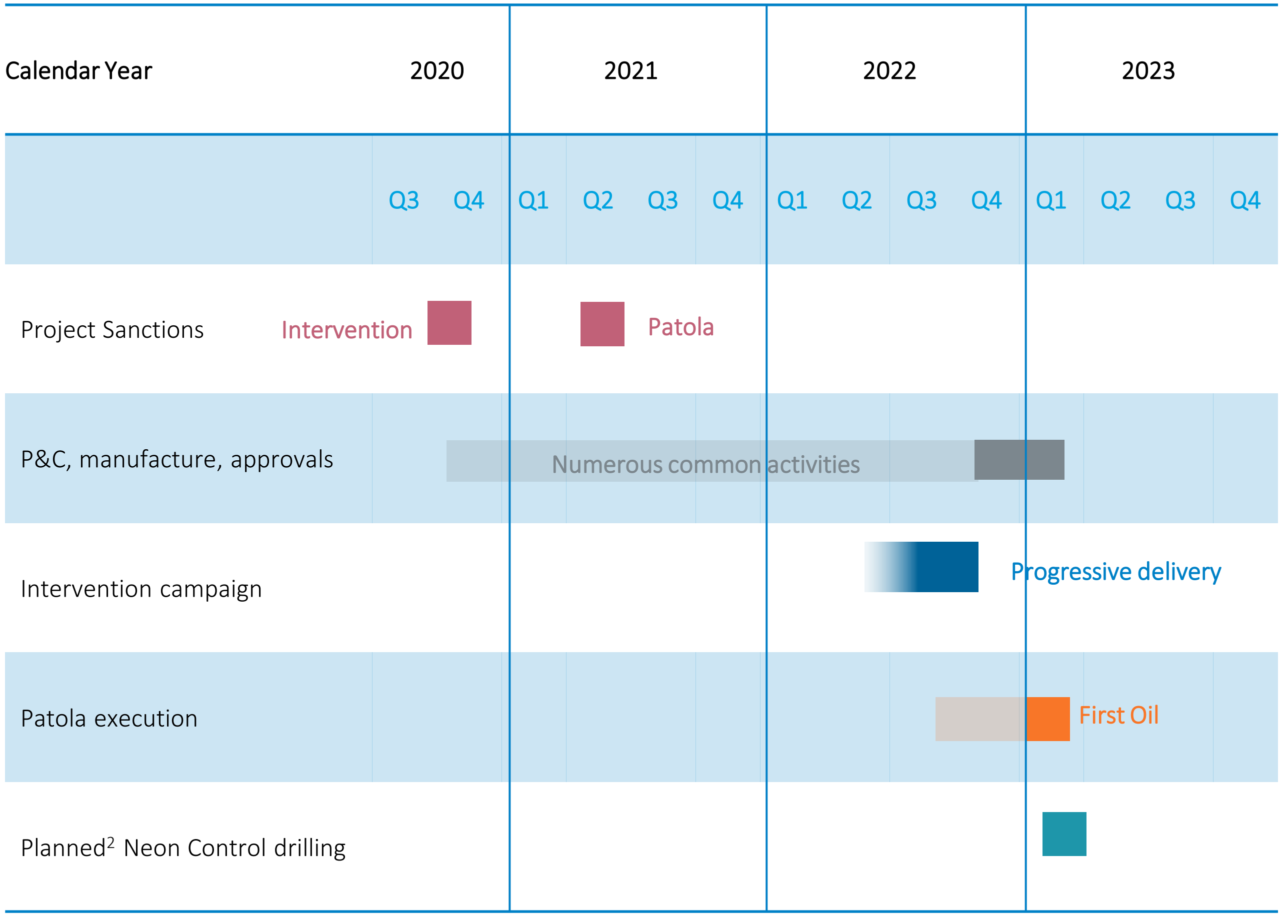
- First well entered (install ESP in PRA-2) late May 2022. Completed late June 2022. Production stable at ~4,000 bopd vs 1,900 bopd previously
- Second intervention to install gas lift on SPS-56 completed, well ready to be brought back online
- Workover to install new ESP in SPS-92 commenced
- Targeting 5,000 – 10,000 bopd incremental production from intervention campaign

PATOLA DEVELOPMENT

- Two new development wells, scheduled to commence drilling following completion of Baúna campaign
- Targeting first Patola production in early CY2023
- Forecast peak production rate >10,000 bopd, short plateau prior to onset of natural decline

Baúna/Patola Revised Cost and Schedule

Upward pressure on diesel cost due to oil price strength



COST ESTIMATES/TIMETABLE[1]

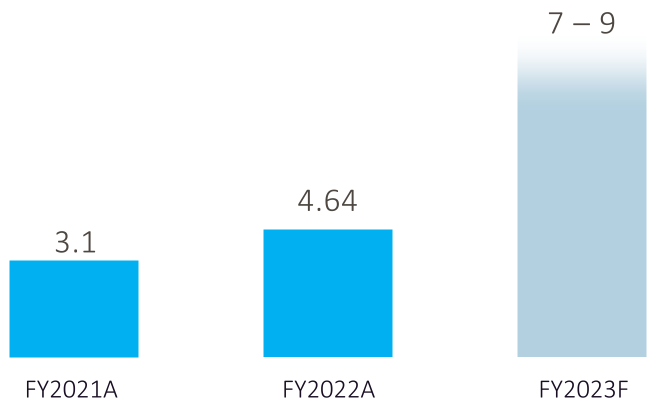
- Baúna intervention cost estimate increased to US$135 – 145 million, due to higher diesel costs, unseasonal weather delays at PRA-2 and longer than expected anchoring operation at SPS-56
- Estimated cost of Patola development increased to US$180 – 205 million, also due to impact of higher diesel costs
- US$109 million incurred to date on Baúna and Patola, with US$205 – 240 million to be spent in FY2023
- Currently running ~seven weeks behind initial target timetable due to rig mobilisation towards end of original delivery window, plus three weeks slower operational performance, partly related to unseasonal weather

1.Contingent on no further material delays due to weather conditions or significant movements in diesel costs.
2.Subject to receipt of required approvals.

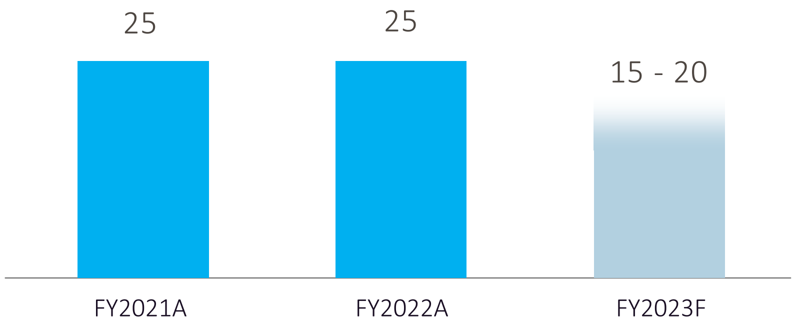
Indicative Production and Cost Profile[1]

Based on development projects underway

INDICATIVE PRODUCTION PROFILE (MMBBL)



INDICATIVE UNIT OPERATING COST (US$/BBL)



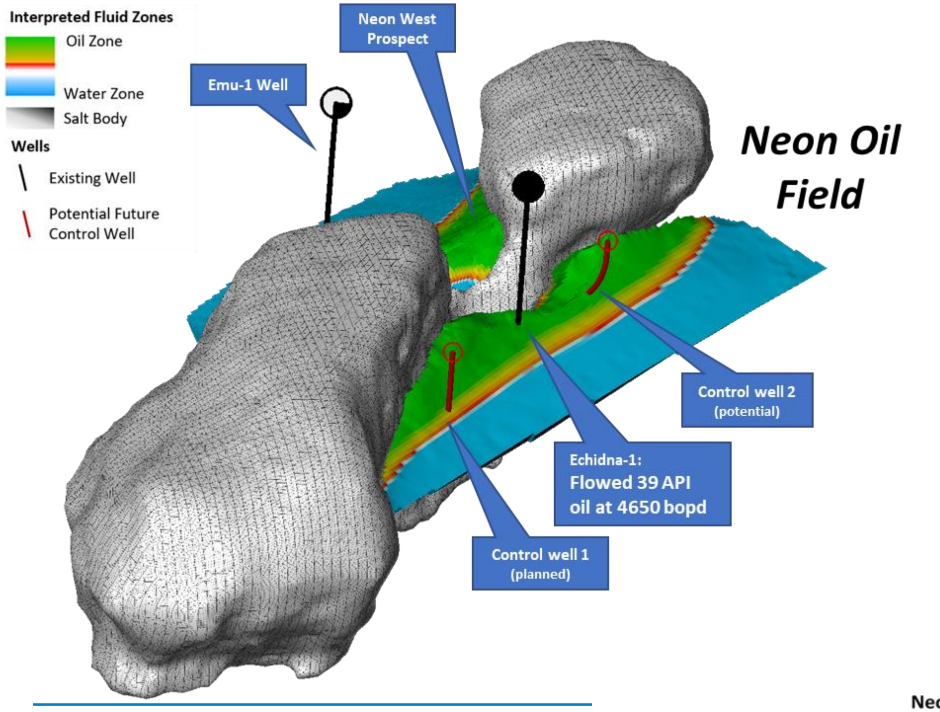
TARGETING MATERIAL PRODUCTION INCREASE/UNIT COST REDUCTIONS

- Production from BM-S-40 base business assumes 92 – 97% facilities uptime (excluding scheduled outages), ongoing optimisation of reservoir management and facilities integrity work
- Delayed start to Baúna intervention campaign and delays in campaign to date have reduced previous preliminary guidance of 8-10 MMbbl
- With operating costs largely fixed, increased production expected to reduce operating cost per barrel materially in FY2023
- Charter, operations and maintenance (O&M) contract cost reduced to 85% of historical rate from Feb 2022, increase to 90% of historical rate once production > 15,000 bopd at Brent price ≥ US$60 per bbl

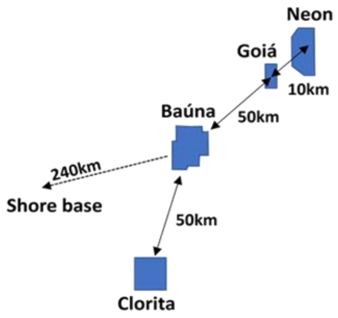
1. Production profile and cost outlook in FY2023 indicative only and assume Baúna intervention and Patola projects are delivered within updated target timeframes.

Progressing Neon Development Concept

Control well drilling aimed at de-risking structure



FIELD	CONTINGENT RESOURCES[1]		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Neon	30	55	92
Goiá	16	27	46



NEON EVALUATION

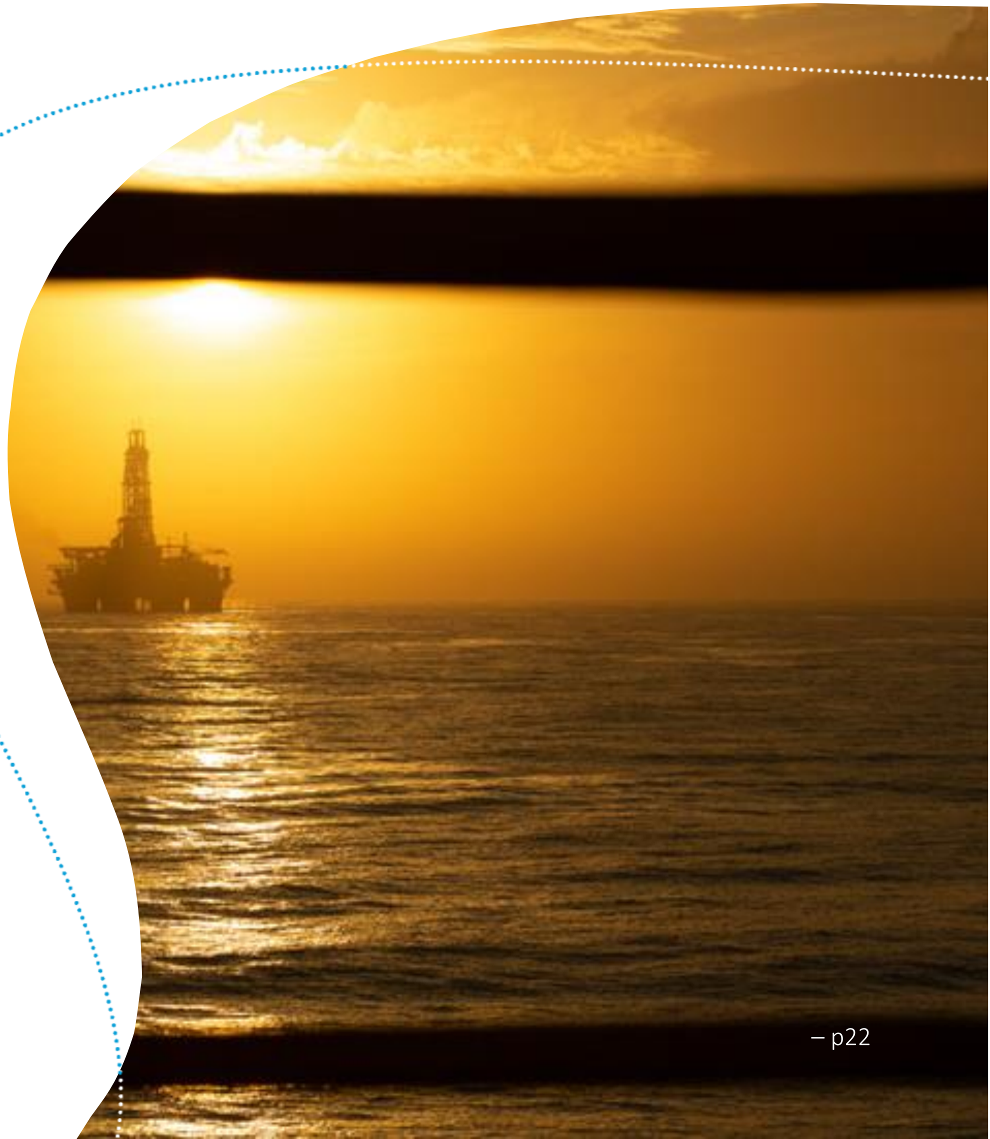
- Neon, Goiá light oil discoveries 50-60km NE of Baúna, 300m water depth
- Revised preliminary development concepts confirmed sufficient commercial potential to justify control well drilling campaign
- Standalone and Baúna tie-back options being considered
- Control well(s)[2] designed to address subsurface uncertainty, better constrain resource estimates and progress through Concept Select, FEED and potentially FID
- Key uncertainties relate to OWC, reservoir quality and distribution
- Second control well contingent on success in first, to minimise cost exposure to down-side outcomes (both contingent on regulatory approvals)
- Engineering studies ongoing to expedite timeline in success scenarios
- Neon success will partly de-risk Goiá and Neon West

1. Contingent resource volume estimates presented for Neon and Goiá were disclosed in the 8 May 2018 ASX announcement "Resources Update" and published in the 2022 Annual Report. Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcement continue to apply and have not materially changed.
2. Subject to necessary approvals

Assessing Inorganic Growth Options

Disciplined process to identify and pursue value-accretive growth opportunities

- Continuing to actively screen inorganic growth opportunities
- Rigorous screening process used, with key criteria including:
  - Value accretive, with acceptable risk profile
  - Fundable
  - Producing or at least close to FID if pre-production
  - Complementary to Karoon's footprint and/or capabilities
  - Compatible with Karoon's carbon targets
- Any acquisition balanced against returns to shareholders
- Disciplined approach:
  - Resulted in Karoon withdrawing non-binding offer made to Enauta Energia S.A. for 50% of Atlanta



Progress on Climate and Social Projects

First standalone Sustainability Report released

CLIMATE

- Climate targets:
  - Carbon neutral[1] on Baúna operations from FY2021 - achieved for FY2021 and planned to be achieved for FY2022 and Net Zero by 2035[2]
- Priority to reduce emissions where possible. Emissions reduction projects implemented
- Active review of potential investment in high-quality projects with social benefits to offset residual emissions, including MOU with Shell to investigate equity and/or development opportunities for new Nature Based Solution offset projects
- Two carbon offset purchase agreements signed, including purchase of >480,000 Verified Emission Reductions (VERs) from Shell between 2022 and 2030

SOCIAL

- First Modern Slavery Statement submitted
- Committed to four new voluntary social projects in Brazil, focused on Education, Sustainable Economic Development and Biodiversity
- Projects in line with commitment to have a positive impact on society and environment

1 Carbon neutral refers to having a balance between emitting and offsetting GHG emissions. Achieved through acquiring carbon offsets in respect of Scope 1 and 2 GHG emissions.
2 Net zero refers to reducing GHG emissions as far as possible and balancing the residual GHG emissions produced and GHG emissions removed from the atmosphere. To be achieved through future transition planning in respect of Scope 1 and 2 emissions.

Summary: Well Positioned to Deliver Shareholder Value

Sanctioned projects, plus organic and inorganic growth potential

- Since taking over operatorship, Baúna natural decline mitigated from ~15% to ~10% pa
- Baúna intervention program underway, targeting additional 5,000 – 10,000 bopd by end CY2022
- With Patola development, expect production to reach >30,000 bopd by early CY2023, material reduction in unit operating costs
- Evaluating both organic and inorganic growth opportunities, subject to strict capital discipline
- Solid financial position with robust balance sheet and demonstrated ability to access debt financing
- Current favourable oil prices continuing to provide significant cash flows
- Board to consider returns to shareholders (including dividends, share buy-backs) following completion of investment in Baúna interventions and Patola development

Appendix: Definitions

1H	Financial period from 1 July to 31 December
2H	Financial period from 1 January to 30 June
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis
API	American Petroleum Institute's Inverted scale for denoting the "lightness" or "heaviness" of crude oils and other liquid hydrocarbons
bbl or barrel	Barrel of oil = 42 United States gallons; equivalent to approximately 159 litres
bn	billion
bopd	Barrels of oil per day
bps	Basis points
CY	Calendar year
DD&A	Depreciation, depletion and amortisation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ESP	Electric submersible pump (downhole equipment).
FEED	Front End Engineering and Design
FID	Final Investment Decision
FPSO	Floating, production, storage and offloading vessel
FY	Financial year ending 30 June
FY2022	Financial year ending 30 June 2022
GHG	Greenhouse Gas
k	Thousand
Karoon	Karoon Energy Ltd and its subsidiaries
LTI	Lost time incident
MMbbl	Million barrels of oil
m/million	Million
NPAT	Net profit after tax
OWC	Oil/water contact
pa	Per annum
PBT	Profit before tax
SOFR	Secured Overnight Financing Rate
TRIR	Total Recordable Incident Rate
VER	Verified Emissions Reduction
1C, 2C, and 3C contingent resources	Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality). • 1C – Denotes low estimate scenario of contingent resources. • 2C – Denotes best estimate scenario of contingent resources. • 3C – Denotes high estimate scenario of contingent resources.