FY2023 First Half Results

22 February 2023

KAROON ENERGY

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FY23 guidance is uncertain and subject to change. FY23 guidance has been estimated on the basis of various risks and assumptions, including those "Key Risks" set out in Karoon's 2022 Annual Report.

References to future activities development, appraisal and exploration projects are subject to approvals such as government approvals, joint venture approvals and Karoon approvals. Karoon expresses no view as to whether all required approvals will be obtained.

Reserves disclosure

Reserves and resources estimates are prepared in accordance with the guidelines of the Petroleum Resources Management System (SPE-PRMS) 2018 jointly published by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), and American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

Oil and gas reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly due to new information or when new techniques become available. Additionally, by their nature, reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further data becomes available through for instance production, the estimates are likely to change. This may result in alterations to production plans, which may in turn, impact the Company's operations. Reserves and resource estimates are by nature forward looking statements and are the subject of the same risks as other forward-looking statements.

Authorisation

This presentation has been authorised for release by the Board of Karoon Energy Ltd.

FY 2023 FIRST HALF HIGHLIGHTS AND ACHIEVEMENTS

JULIAN FOWLES

CEO AND MANAGING DIRECTOR

FY2023 First Half Highlights

35% increase in production, underlying NPAT up 275%




Strong operational and financial results

- One Lost Time Injury, two Medical Treatment Injuries, TRIR of 0.77. No significant environmental incidents
- Production of 3.37 MMbbl, with 97.5% facilities uptime (ex scheduled shut-downs)
- Average realised oil price of US$87.86/bbl
- Underlying NPAT of US$82.4m, operating cash flow of US$167.1m

Delivering growth activities

- Baúna intervention program successfully completed
- Patola expected to lift total production to >30,000 bopd prior to natural decline
- 23% increase in BM-S-40 (Baúna) 2P reserves, 259% reserves replacement since taking operatorship[1]
- First Neon control well encouraging, progressing with Neon-2 well[2]
- Actively seeking M&A opportunities using disciplined approach

Sustainable operations

- First Sustainability Report released
- Second Modern Slavery Statement submitted
- FY22 Scope 1 and 2 GHG emissions lower than anticipated, will be fully offset by existing VER agreement
- Emission targets[3] unchanged – carbon neutral on existing operations immediately, Net Zero by 2035
- Committed to 16 new social/community projects, utilising tax incentive program

Robust balance sheet

- At 31 December 2022:
  - Cash and cash equivalents of US$163.2m
  - Undrawn debt of US$180m (US$30m drawn)
  - Liquidity of US$343.2m
- Strong financial discipline and focus on cost control
- Following completion of current CAPEX program, modest ongoing sustaining capital requirements

1 See page 14 of the 2023 Half-Year Report Financial Report for full details and disclosures.
2 See ASX announcement "Neon Drilling Update", released on 16 February 2023, for details.
3 Scope 1 and 2 GHG emissions.

Strategy scorecard

Progress against October 2021 Strategic Refresh promises

Safe operations	✓	TRIR for both FY22 and 1H FY23 of 0.77
Reliable operations	✓	Uptime in 1H FY23 of 97.5% (excluding scheduled shut-downs)
Responsible operations	✓	Emissions reductions focus, no significant environmental incidents, committed to 16 new social/community projects
Robust funding plan	✓	Accordion facility secured, total facility US$210 million, US$30 million drawn
Baúna intervention campaign	✓	Added >11,000 bopd from three well interventions prior to resumption of natural decline
Reduction in unit production costs	✓	26% reduction, from US$23.50/bbl in 1H FY22 to US$17.30/bbl in 1H FY23
Patola development	✓	On track, expected onstream by end 1Q CY23
Neon drilling program	✓	First control well achieved all objectives, Neon-2 spud expected by end-February
M&A	**Ongoing**	Active assessment underway, with strong financial discipline and clear investment criteria

RAY CHURCH

CFO

FINANCIAL RESULTS

FY2023 First Half Financial Highlights

KAROON ENERGY

REVENUE

US$299.4m

Up 61% from US$186.5m[1]

UNIT PRODUCTION COSTS

US$17.3/bbl

Down 26% from 23.5/bbl[1]

UNDERLYING EBITDA

US$175.9m

Up 97% from US$89.5m[1,3]

OPERATING CASHFLOW

US$167.1m

Up 99% from US$83.9m[1]

INVESTING CASHFLOW

US$142.4m

Up 678% from US$18.3m[1]

LIQUIDITY

US$343.2m

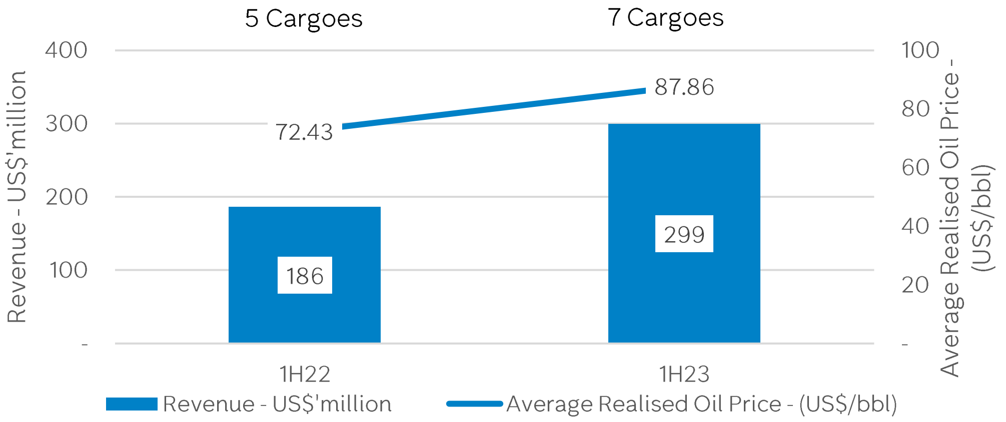
Up 2% from US$337.7m[2]

1. Compared to 1H FY22
2. Compared to 30 June 2022
3. Underlying EBITDA for 1H FY23 reflects the Company's assessment of financial performance after excluding changes in recognition of contingent consideration, fair value losses on hedges, social investments/sponsorships and FX gains. Refer to slide 12 for reconciliation of these underlying adjustments . Note underlying EBITDA is non-IFRS measure 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 – 1H FY2023

US$ million	1H23	1H22
Revenue	299.4	186.5
Other income	1.1	0.1
Production Costs (incl FPSO depn & finance)	(72.5)	(58.8)
Royalties (incl SPT & R&D obligations)	(30.3)	(19.1)
O&G Assets DD&A	(48.0)	(29.8)
Inventory Movements	(6.0)	(5.3)
Corporate, Exploration & Other	(14.6)	(13.9)
Finance & Interest	(3.7)	(2.3)
Underlying Pre-Tax Profit	125.4	57.4
Income Tax Benefit/ (Expense)	(43.0)	(35.4)
Underlying NPAT[1]	82.4	22.0[2]

Revenue & Realised Oil Price Per Barrel

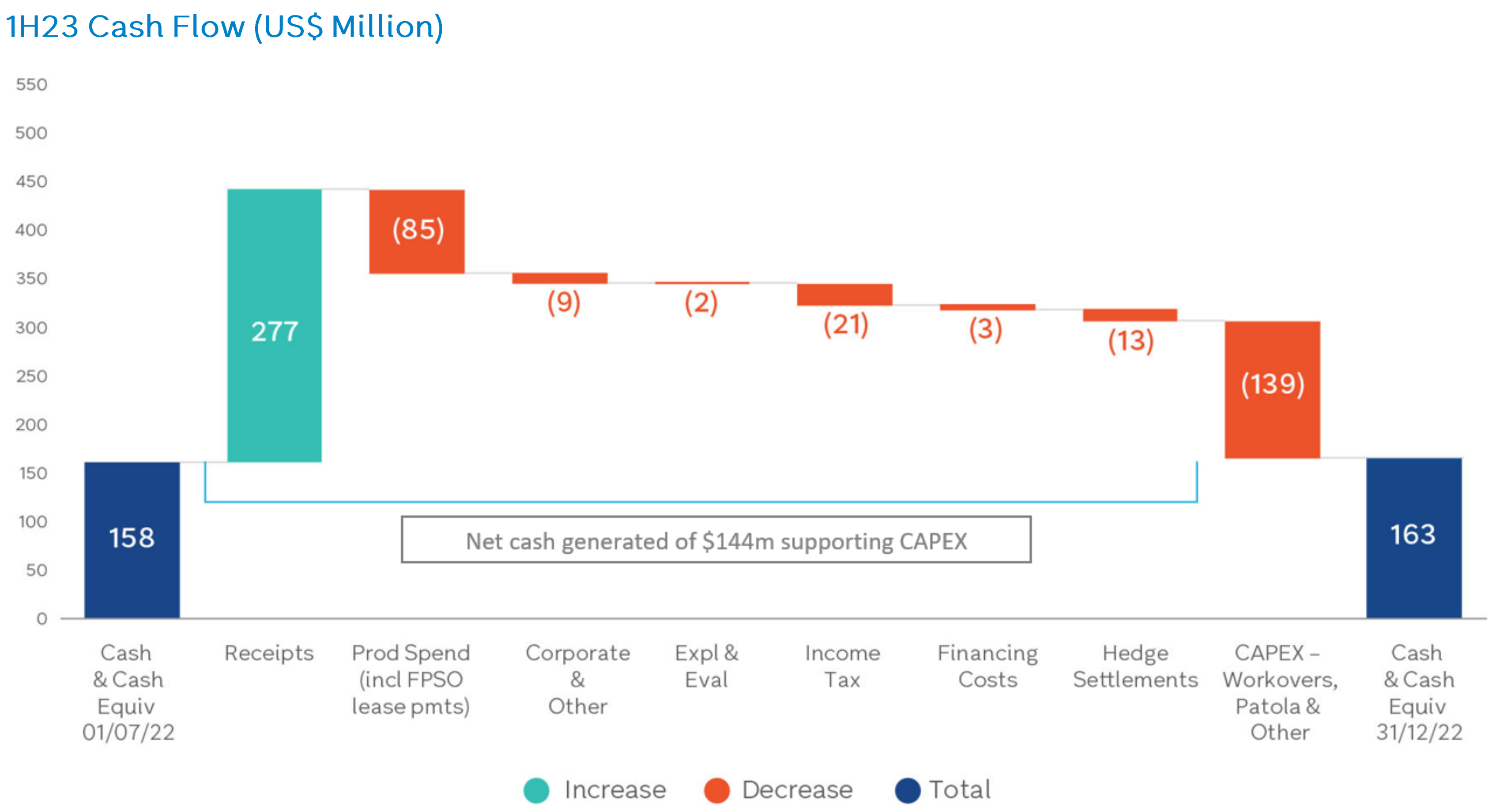


	1H23	1H22
Production (MMbbl)	3.37	2.50
Sales Volume (MMbbl)	3.41	2.57
Realised Oil Price (US$/bbl)	87.86	72.43

- Production of 3.37 MMbbl at average rate of 18.3 kbopd
- Seven cargoes, sales volume of 3.41 MMbbl
- Average realised price of US$87.86/bbl
- Unit production cost of US$17.3/bbl, down 26% on prior period
- Underlying NPAT of $US82.4 million
- Royalties in November and December benefited from reduced rate announced in October 2022. Special Participation and Research and Development levies triggered and accrued, due to quarterly production above 300,000 m^3 (see Appendix 2 for details)
- Corporate, Exploration and Other costs included US$9.2m corporate costs, US$2.1m share based payments, US$1.7m exploration and US$1.5m business development expense
- Income Tax Expense driven by Brazilian corporate tax rate, includes adjustments for the non-cash portion of share-based payments (timing), the payment of social investments and non-deductible costs (permanent differences)

1. Underlying NPAT reflects the Company's assessment of financial performance after excluding change in recognition of contingent consideration, fair value losses on hedges, social investments/sponsorships and FX gains. Underlying NPAT is a non-IFRS measure that is unaudited but derived from figures in the financial statements. Refer to slide 12 for reconciliation of these underlying adjustments
2. Restated from US$21.1 million to include the tax effect of all underlying adjustments

Cash flow – 1H FY2023



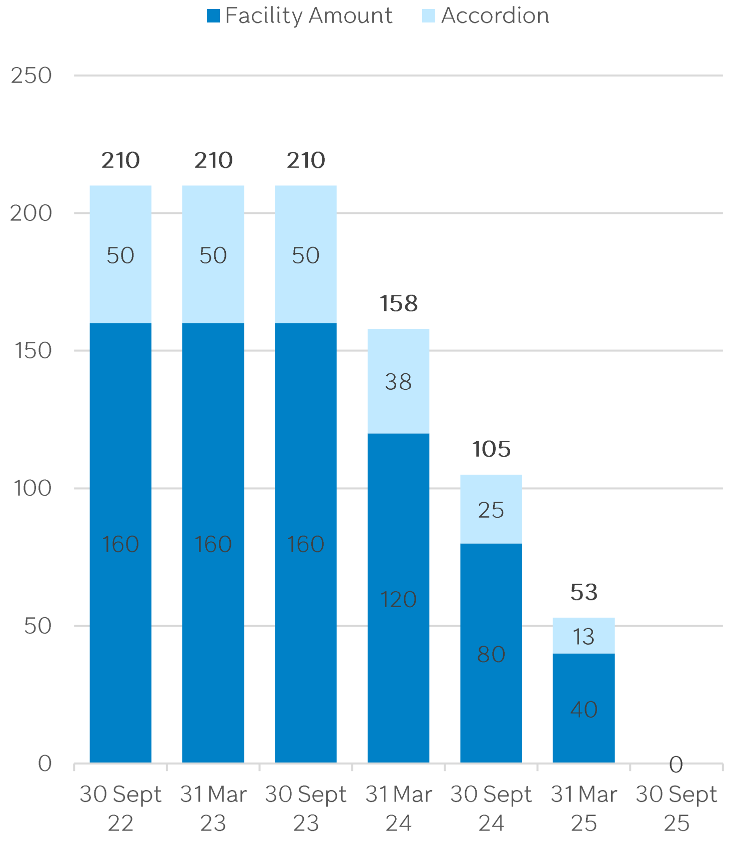
- Stable Baúna production and strong oil price resulted in US$277m oil sales receipts from five cargoes. Cash received in January 2023 for the two December liftings
- US$85m production cost outflows incl FPSO lease and US$28m of royalty payments
- US$144m net cash generated from operations funded growth investments and CAPEX
- Cash capital investment of US$139m primarily relates to interventions and Patola development, including amounts payable from June 2022 relating to workover campaign
- US$163m cash on hand at 31 December 2022

Cash and available liquidity

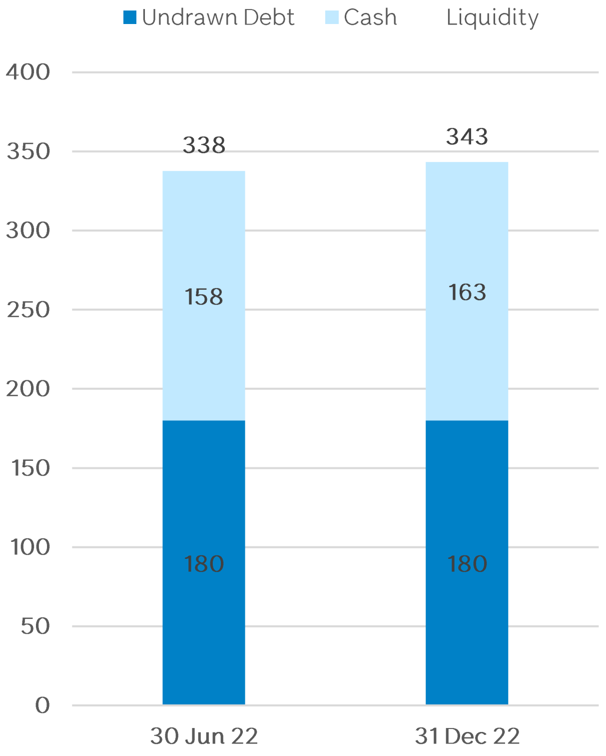
Debt and Liquidity at 31 December 2022

- Debt Facility:
  - US$160m reserve-based, non-recourse syndicated loan facility, 425bps margin over SOFR
  - US$50m committed accordion facility
  - Total liquidity US$343m (US$163m cash plus US$180m undrawn debt)
- Facility was sized to fund Baúna intervention campaign, Patola development and deferred consideration payable to Petrobras, with the accordion also available to fund Neon drilling
- At 31 December 2022, US$30m drawn, unchanged from 31 December 2021 mainly due to strong operating cash flow
- Draw-down period on facility expires 30 September 2023
- Plans to re-finance underway, based on larger borrowing capacity and derisking following completion of Baúna intervention program and expected commencement of Patola

Facility Reduction Profile[1] (US$ Million)



Liquidity (US$ Million)



1. The facility reduction profile presents the Facility limit during the 6 month period which fully amortises semi-annually on a straight line basis from 30 September 2023 to 31 March 2025 (maturity).

FY2023 guidance[1]

	Low	High
Production (MMbbl)	7.5	9.0
Costs		
Unit Production Costs (US$/bbl)[2]	13	17
Other Operating Costs (US$ million)[3]	19	23
Business Development, share-based payments & Neon studies (US$ million)	12	14
Finance costs and interest (US$ million)[4]	9	10.5
Unit DD&A (US$/bbl)[5]	12	14
Investment Expenditure		
Intervention and Patola Projects (US$ million)	200	220
Neon evaluation (US$ million)	65	75
Petrobras consideration[6]	85	85
Other Plant and Equipment (US$ million)	4	8

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, social investment/sponsorships in lieu of tax and foreign exchange gains/losses
4. Finance costs and interest include 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. Relates to contingent consideration paid to Petrobras in January 2023

Reconciliation of Underlying Result[1] to Statutory Result

US$ million	1H23		1H22	
	EBITDA	NPAT	EBITDA	NPAT
Reported results	166.8	77.6	(91.8)	(97.7)
Underlying adjustments				
Change in FV of contingent consideration	0.4	0.3	183.8	121.3
Fair value losses on cash flow hedges	7.2	4.7	-	-
Social investments/sponsorships	1.8	-	-	-
Restructure costs	-	-	0.9	0.6
FX gains	(0.3)	(0.2)	(3.4)	(2.2)
Underlying	175.9	82.4	89.5	22.0[2]

1. Underlying net profit after tax (NPAT) and underlying earning before interest, tax, depreciation and amortisation (EBITDA) are non-IFRS measures 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

2. Restated from US$21.1 million to include the tax effect of all underlying adjustments

- In FY22, material increase recognised in fair value of contingent consideration payable to Petrobras for Baúna asset. 1H23 adjustment relates to revision in discount rate only
- Hedges required by syndicated loan facility were entered into covering the period December 2021 to March 2024
- Social investments/sponsorships are payments in lieu of corporate income tax allowable under Brazilian tax law
- FX gains predominantly attributable to accounting restatement of US$ cash holdings in Australian entities

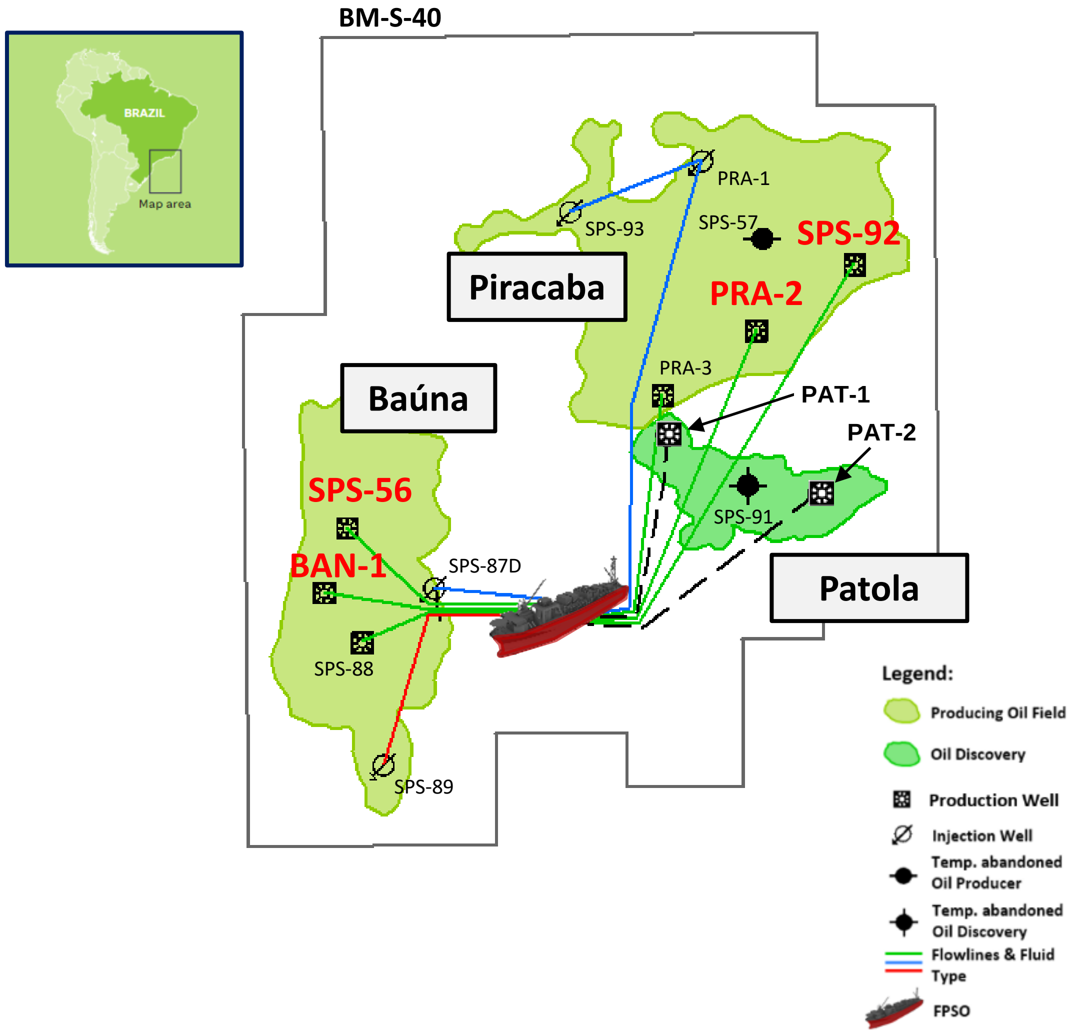
JULIAN FOWLES

CEO AND MANAGING DIRECTOR

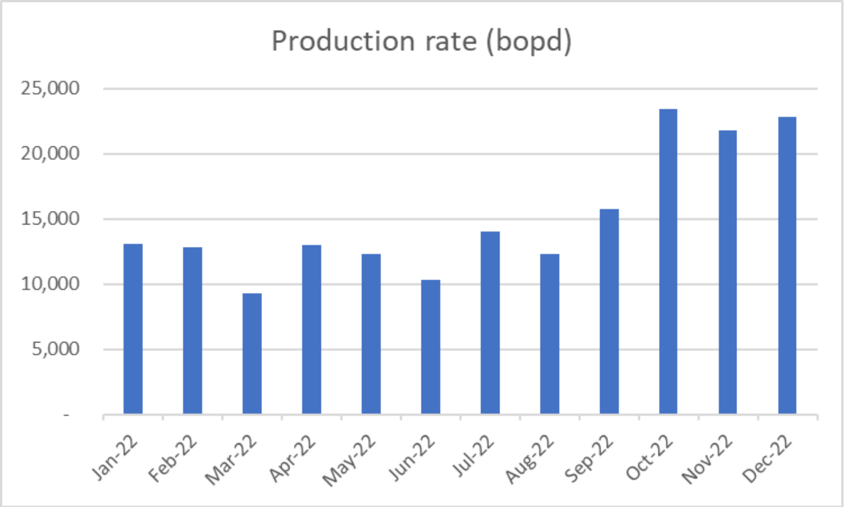
STRATEGY AND OUTLOOK

Baúna Operating Performance

Significant uplift following well interventions

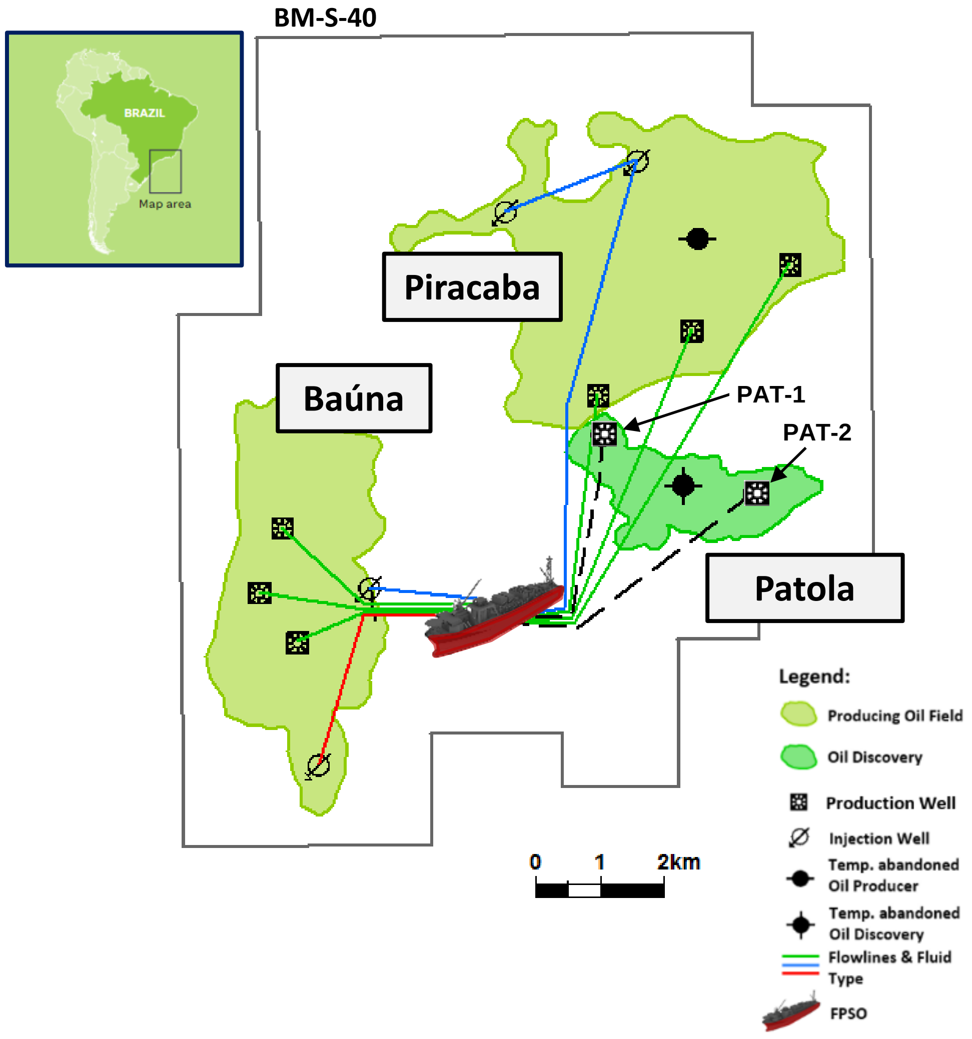


- PRA-2, SPS-56 and SPS-92 interventions completed
- Initial incremental production of >11,000 bopd (vs targeted 5,000 – 10,000 bopd)
- Peak production of >25,000 bopd achieved in early October 2022, stabilised at ~21,500 bopd. Resumed natural decline, expected to be ~15% pa, gradually decreasing over time
- Operational uptime of 97.5% in 1H FY23. Based on current operating parameters, anticipate future uptime in 92 – 97% range, typical of similar FPSOs
- Final intervention (opening up oil zone in BAN-1) may take place at a later stage with a different vessel
- Total Baúna intervention cost remains within revised budget

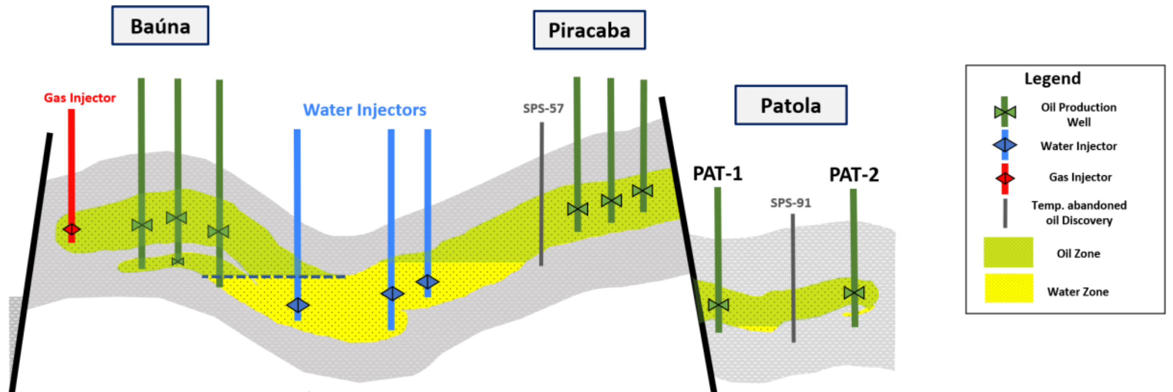


Patola Development

Expected onstream 1Q CY23, lifting total production to >30,000 bopd



- Patola development drilling and installation of wellheads and Christmas trees completed
- PAT-1 and PAT-2 results indicate top reservoir depth and reservoir thickness within expected range, reservoir quality better than anticipated
- Remaining activities:
  - Installation of subsea pipeline and umbilical from Patola to FPSO
  - Tie-in to existing riser slots on FPSO and completion of FPSO pipework to tie wells into main production stream
  - New facilities commissioning
- First production from Patola targeted to commence by end of 1Q CY23, with forecast short plateau production rate >10,000 bopd, prior to natural decline
- Estimated cost of Patola development remains within revised budget



Schematic Cross Section

Baúna Reserves and Resources[1]

Oil reserves at 31 December 2022 (MMbbl)

BM-S-40 (Baúna, Piracaba and Patola)	1P	2P	3P
Developed[2]	30.9	38.6	45.3
Undeveloped[3]	11.9	16.4	20.2
Total	**42.8**	**55.0**	**65.5**
% change on 30 June 2022	+17%	+23%	+7%

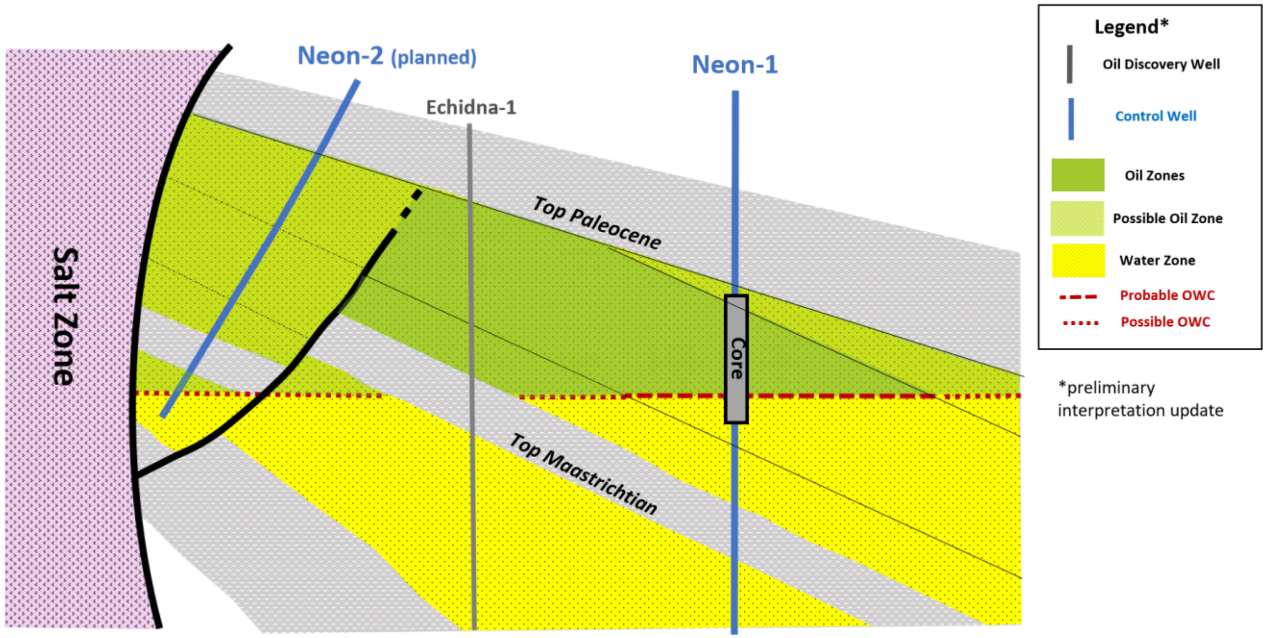
Contingent Oil Resources at 31 December 2022	1C	2C	3C
BM-S-40 (Baúna)	-	-	-

- Reserves review completed. Compared to 30 June 2022, reserves at 31 December 2022:
  - 1P +6.3 MMbbl
  - 2P +10.2 MMbbl
  - 3P +4.0 MMbbl
- Reflects strong Baúna production and better Patola reservoir than expected and after 3.4 MMbbl half year production
- 259% 2P reserves replacement since taking operatorship in November 2020
- Contingent 1C, 2C and 3C resources related to SPS-57 Baúna well removed

1. See ASX Release dated 13 January 2023 "23% increase in BM-S-40 (Baúna) 2P Reserves" for associated reserves disclosure and assumptions. 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. Baúna and Piracaba
3. Patola under development

Potential Neon Development
Control well drilling to reduce subsurface uncertainty

Neon Oil Accumulation



Interpretive Schematic Cross Section

Field	Contingent Resources[1]		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Neon	30	55	92
Goiá	16	27	46

- First Neon control well, Neon-1, reached final total depth (TD) of 2,382m MD on 10 February 2023[2]. Logging now complete
- Confirmed presence of primary reservoir targets and acquired key data to calibrate resources estimates:
  - 25m net pay interpreted, within pre-drill expectations
  - 57m core acquired for laboratory reservoir & fluid studies
  - Validation of seismic based stratigraphy and fluid predictive techniques
  - Oil samples recovered
- All key objectives met in Neon-1
- Based on encouraging results, will progress to drill Neon-2
- Neon-2 to target crestal area where additional reservoir packages interpreted to be present; potential for compartmentalisation will also be addressed
- Both wells designed to provide better understanding of potentially recoverable volumes and delineating pathways of potential future production wells. Together with engineering studies, will enable updated asset valuation and potential entry into concept select phase

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. See ASX announcement “Neon Drilling Update”, released on 16 February 2023, for details.

Sustainability

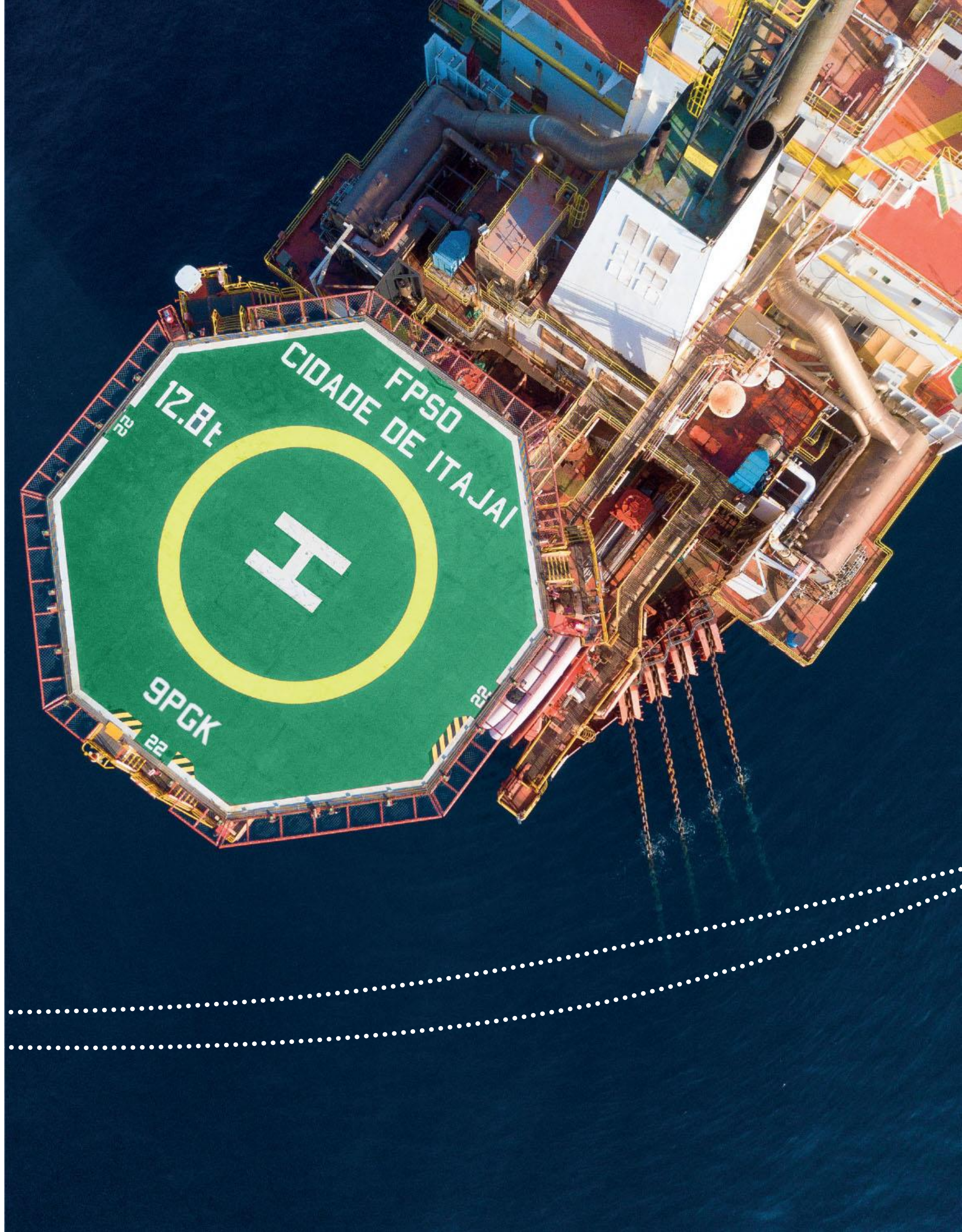
Focus on carbon emissions, social projects

- Released first Sustainability Report in August 2022
- Submitted second Modern Slavery Statement in December 2022
- FY2022 carbon emissions lower than anticipated. Expect to achieve carbon neutrality[1] on Baúna operations with Verified Emission Reductions (VERs) purchased under the VER agreement with Shell
- Net Zero[2] by 2035 target remains unchanged
- Active review of potential investment in high quality projects with social benefits to offset residual emissions; investigating equity and/or development opportunities in Nature Based Solution offset projects
- No significant environmental incidents recorded, with <2% associated gas flaring
- Committed to 16 additional social/community projects. Programs target cultural and sporting projects, focused on children/young people and elderly in Brazil. Funding cost US$1.8m, 100% tax offset, allowing increased spend

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, for Karoon equity positions.

Summary:
Creating shareholder value

- Successful Baúna intervention campaign completed on time and within revised budget
- Production expected to increase from current ~21,500 bopd to >30,000 bopd when Patola comes onstream, prior to resumption of natural decline
- Significant uplift in reserves, with replacement of 259% of (2P) production since taking operatorship of Baúna
- Close control on costs, with strong financial discipline
- Neon control well encouraging, decision to proceed with Neon-2
- Evaluation of value-adding, material inorganic growth opportunities, either in production or close to production with potential for further expansion
- Solid financial position with robust balance sheet, strong cash flows, debt financing. Modest sustaining capex
- Focus on being a responsible and sustainable operator
- Strong teams in Brazil and Melbourne with skills and experience to help Karoon reach its strategic objectives
- Returns to shareholders to be addressed in 2H CY23 following completion of current capex projects. Dependent on satisfaction of lending covenants, capital priorities and subject to Board approval



Appendix 1:
Contingent consideration on Baúna Acquisition[1]

- Contingent consideration of up US$285m plus interest payable to Petrobras for Baúna acquisition
- Contingent on annual average Platts Dated Brent oil price over period from CY2022 to CY2026 (see table opposite)
- At 31 December 2022, maximum potential liability of US$298.7m recognised, 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 3.49% applied
- Increase of US$0.4m pre-tax in 1H FY23, due to revision in discount rate
- Estimated payables based on Karoon's internal assessment of future oil prices, which considers industry consensus and observable oil price forecasts
- On 30 January 2023, paid Petróleo Brasileiro S.A. (Petrobras) US$84.5 million (US$78 million plus US$6.5 million accrued interest, equivalent to BRL 430.3 million) as contingent payment for CY22
- Reflected average Brent price applicable to CY22 Contingent Payment Year of US$101.32/barrel.
- Payment made from existing cash on hand

Average Brent Price (in US$ units)	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

1. See Note 10. Other financial assets and liabilities in Karoon's Half Year to 31 December 2022 Report for full details.

Appendix 2:
Royalty reduction, SP and R&D levies

Royalties

- Tiered royalty reduction on incremental production from Baúna interventions and Patola development applied from November 2022 onwards
- Historical 10% royalty rate applies to ANP's[1] base production profile (oil production rate pre-investment of ~11,100 bopd and production decline of ~10-12% pa)
- 7.5% applies to incremental production up to 50% higher than base production profile
- 5% applies to incremental production more than 50% above base production profile
- Royalty rates apply to gross notional revenue (production x published ANP reference price).

Special Participation (SP) and Research and Development (R&D) levies

- Production from BM-S-40 was >300,000 m^3 in December 2022 quarter (equivalent to 1.887 MMboe or ~21,000 boepd[2])
- Consequently, SP and R&D levies triggered and accrued

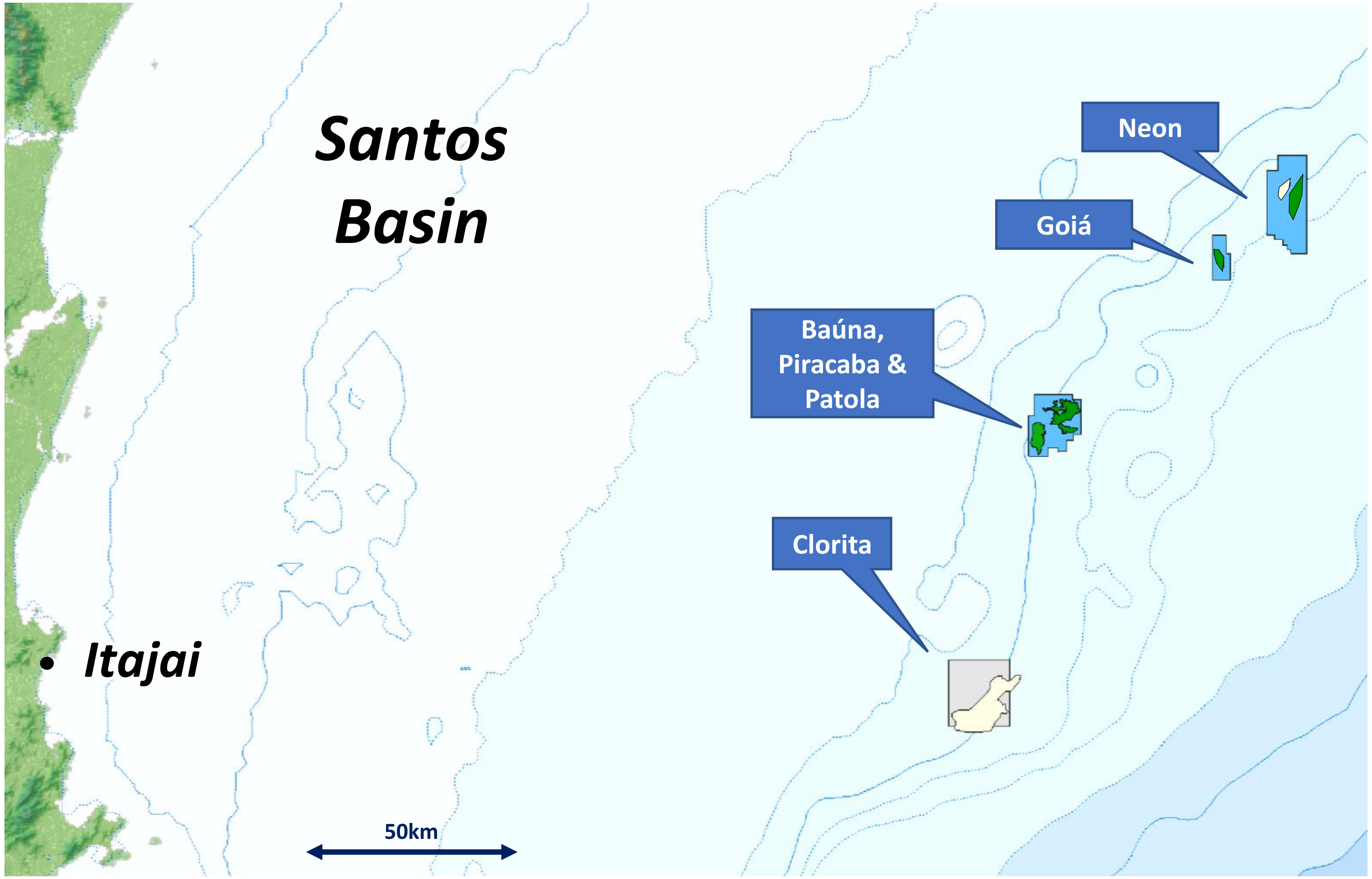
Special Participation rates

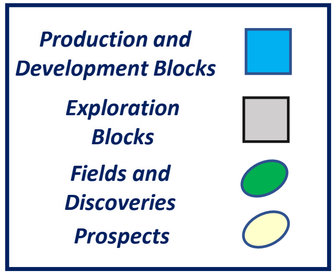
		Lower	Upper
		Qtly Production	Qtly Production
Tier	Tax Rate	m^3	m^3
Tier 1	0.0%	-	299,999
Tier 2	10.0%	300,000	749,999
Tier 3	20.0%	750,000	1,199,999
Tier 4	30.0%	1,200,000	1,649,999
Tier 5	35.0%	1,650,000	2,099,999
Tier 6	40.0%	2,100,000	

- SP levied on net income, defined as notional revenue (production x published ANP reference price) less allowable deductions (current quarter opex and depreciation, and prior quarter SP and R&D levies) on tiered basis
- Applies to incremental barrels:
  - <~21,000 boepd - 0.0%
  - ~21,000 – ~52,000 boepd - 10.0%
- In quarters where SP is triggered, R&D levy also applies at 1% of gross notional revenue
- Like royalties, SP and R&D levies are tax deductible

1. Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP)
2. Conversion factor: 1 m3 = 6.290 bbl, daily rates based on 91 days/quarter

Appendix 3:
Karoon interests in the Santos Basin, Brazil





Definitions

1H	Financial period from 1 July to 31 December
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
CY	Calendar year
FPSO	Floating, production, storage and offloading vessel
FY	Financial year ending 30 June
FY2022	Financial year ending 30 June 2022
FY2023	Financial year ending 30 June 2023
Karoon	Karoon Energy Ltd and its subsidiaries
LTI	Lost time injury
MMbbl	Million barrels of oil
m/million	Million
NPAT	Net profit after tax
SOFR	Secured overnight financing rate
TRIR	Total recordable incident rate