



12 September 2023

Company Announcements Office  
ASX Limited

Dear Sir / Madam

**Presentation for Macquarie Non-deal Roadshow**

Enclosed is a presentation that is to be made by the CEO and Managing Director today.

This announcement was authorised by the CEO and Managing Director.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Daniel Murnane', on a light grey background.

Daniel Murnane  
**Company Secretary**

# Karoon Energy Macquarie NDR

September 2023



# Disclaimer



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Numbers have been rounded up or down where the digit is less than or greater than 5. We note that tables may not add due to rounding.

## Forward looking statements

This presentation 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 presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance 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 presentation necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, 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 presentation. 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.

Guidance for the next 12 months to 30 June 2024 is uncertain and subject to change. Guidance has been estimated on the basis of various risks and assumptions, including those "Key Risks" set out in Karoon's 2023 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).

Unless otherwise stated, all petroleum resource estimates are quoted as at the effective date (i.e. 30 June 2023) of the Reserves and Resources Statement included in Karoon's 2023 Annual Report.

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.

Karoon is not aware of any new information or data that materially affects the information included in the Reserves and Resources Update. All the material assumptions and technical parameters underpinning the estimates in the Reserves and Resources Update continue to apply and have not materially changed.

## Authorisation

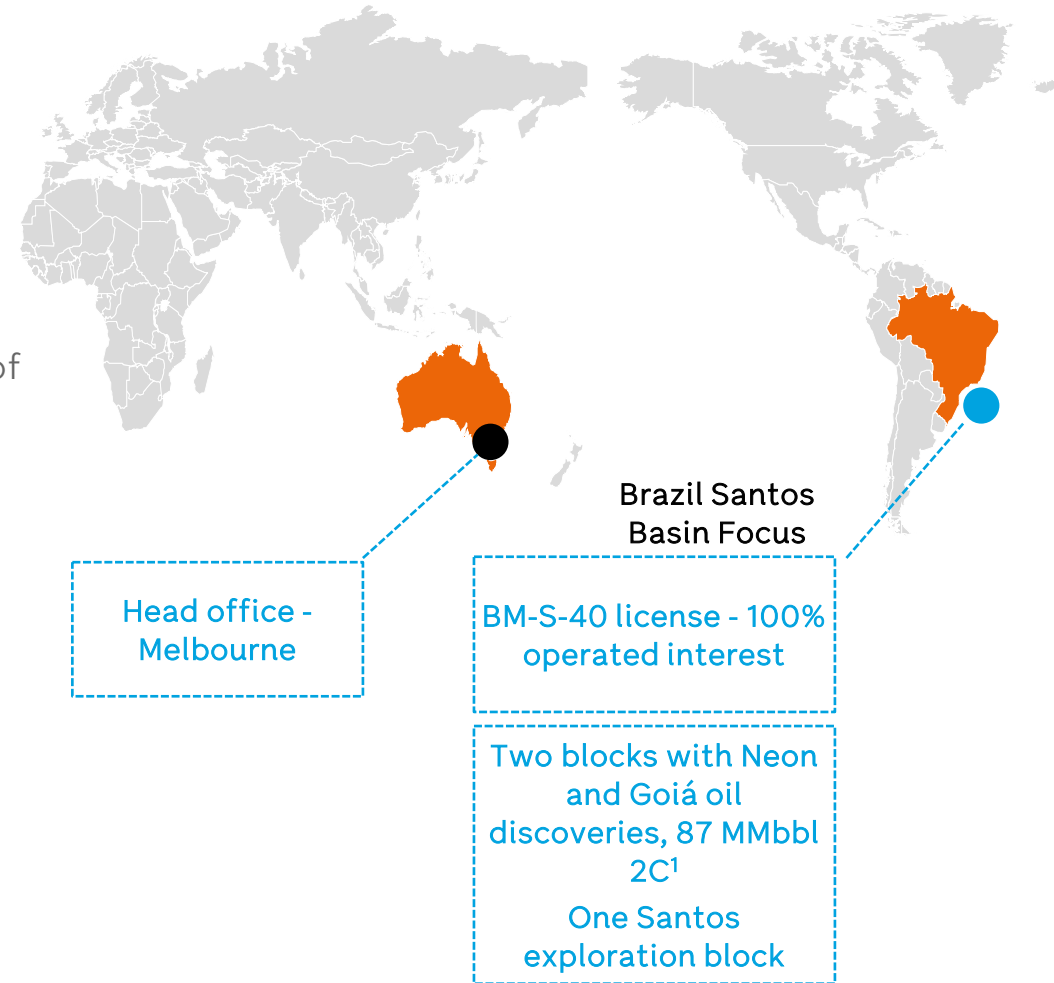
This presentation has been authorised for release by the Chief Executive Officer and Managing Director of Karoon Energy Ltd.

# Overview of Karoon Energy

Focus on oil production offshore Brazil as well as organic & inorganic opportunities



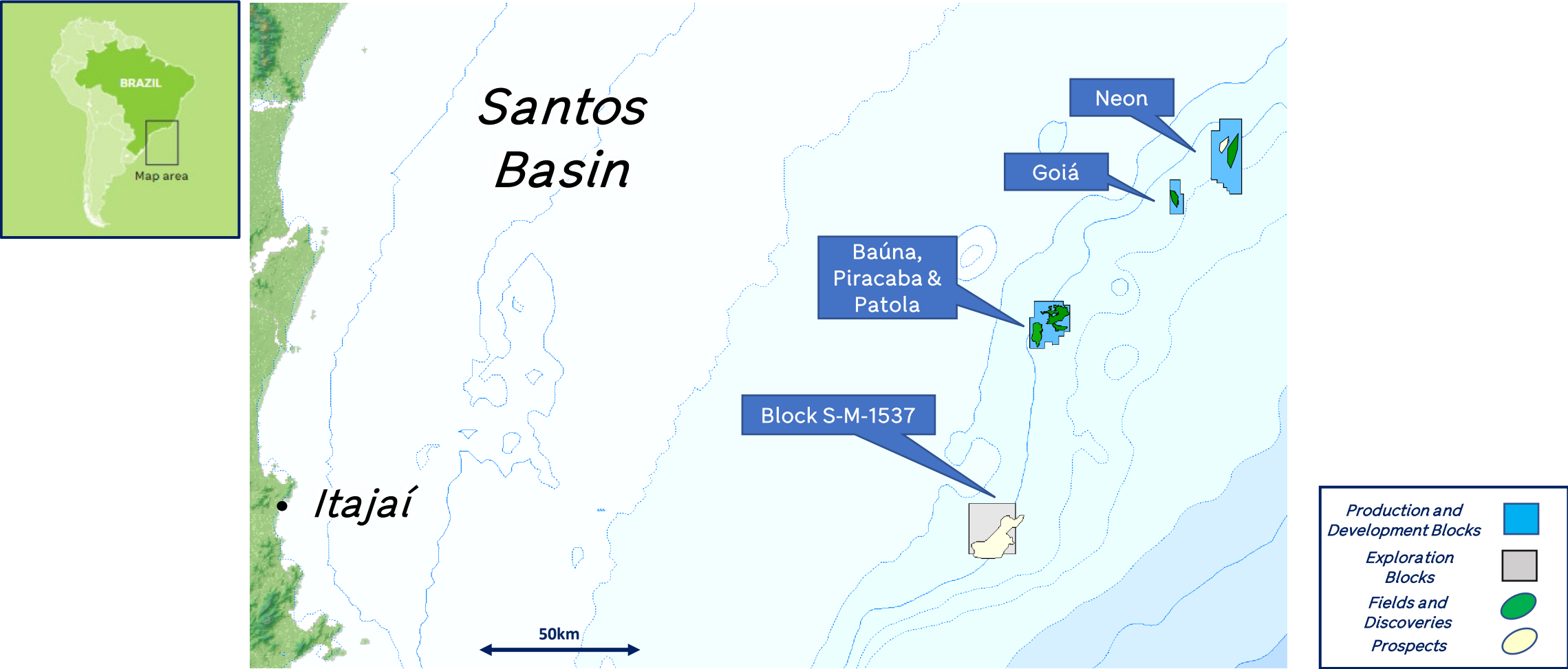
- › Oil producer with exposure to Brazilian oil industry:
  - › 100% owner/operator of high quality Baúna field in BM-S-40 offshore Brazil, 52 MMbbl 2P reserves<sup>1</sup>
- › Building reputation as a safe, reliable and responsible operator:
  - › Highly experienced Board, management, operations and development teams
  - › Production increased significantly during FY23 following successful delivery of Baúna intervention campaign and Patola project
- › Committed to emissions targets – Carbon Neutral on existing operations immediately, aiming for Net Zero by 2035<sup>2</sup>
- › Neon discovery with 60 MMbbl 2C Resources<sup>1</sup> progressing towards Concept Select decision
- › Potential for further growth through organic and inorganic opportunities
- › Robust financial position with strong operating cash flows and very low debt
- › One of the few ASX listed companies with pure oil exposure



<sup>1</sup> As at 30 June 2023 (see page 32 of the 2023 Annual Report). Karoon is not aware of any new information or data that materially affects these resource estimates, and all material assumptions and parameters are unchanged.

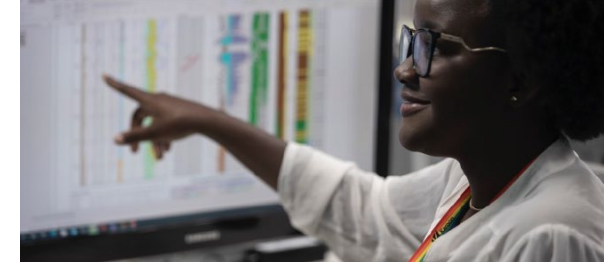
<sup>2</sup> Carbon Neutral refers to firstly, reducing or avoiding operational Scope 1 and 2 greenhouse gas (GHG) emissions and, secondly, acquiring carbon offsets to balance the remaining Scope 1 and Scope 2 emissions. Net Zero refers to reducing Scope 1 and 2 GHG emissions as far as practical and balancing the residual GHG emissions produced with GHG emissions removed from the atmosphere.

# Karoon interests in Santos Basin, Brazil



# FY23 Overview

## Established profitable production base to underpin growth



### Increased production and profitability

- ▶ LTI rate of 0.10, TRIR of 0.41<sup>1</sup>
- ▶ Production 7.04 MMbbl (+52% on FY22)
- ▶ Average realised oil price US\$80.20/bbl (-5% on FY22)
- ▶ Sales revenue US\$566.5 million (+47% on FY22)
- ▶ Underlying NPAT US\$145.9m (+70% on FY22)

1. Per 200,000 hours worked

2. See page 32 of the 2023 Full Year Report Financial Report for full details and disclosures. Karoon is not aware of any new information or data that materially affects these reserve and resource estimates, and all material assumptions and parameters are unchanged.

3. Carbon Neutral refers to firstly, reducing or avoiding operational Scope 1 and 2 greenhouse gas (GHG) emissions and, secondly, acquiring carbon offsets to balance the remaining Scope 1 and Scope 2 emissions.

4. Relates to wages, royalties, levies and tax paid in Brazil and Australia as well as social/community and environmental programs.



### Advancing growth strategy

- ▶ Baúna intervention and Patola development delivered safely, on time and below final budget, with initial production rates higher than expectations
- ▶ Both control wells in Neon successful, potential Neon development assessment underway
- ▶ Actively evaluating M&A opportunities
- ▶ As at 30 June 23, 16% and 14% increase in 2P Reserves and 2C Contingent Resources<sup>2</sup> respectively



### Progress on sustainability objectives

- ▶ Carbon Neutral in FY22 and anticipate being Carbon Neutral for Scope 1 & 2 in FY23, Net Zero target by 2035 unchanged<sup>3</sup>
- ▶ Study commenced on opportunities to reduce operational emissions, term sheet signed to invest directly in REDD+ project in Brazil
- ▶ Contributed ~US\$150m<sup>4</sup> to Brazilian and Australian economies in FY23 through employee benefits, government take and social/community projects in Brazil



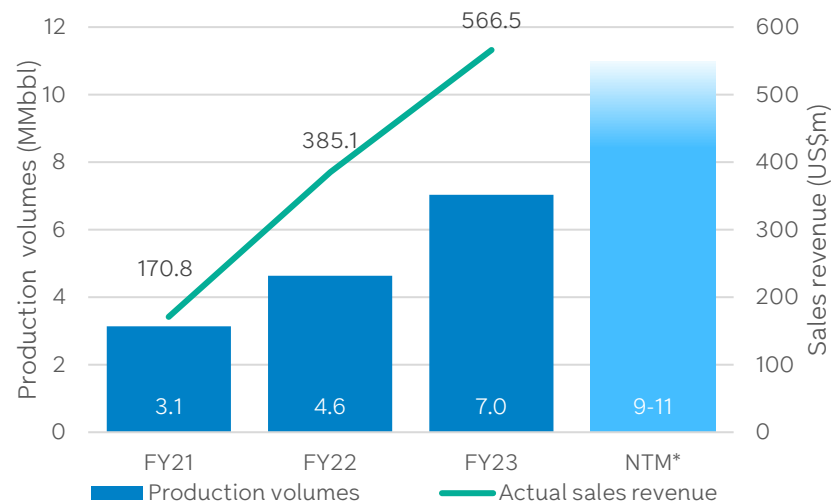
### Strong balance sheet

- ▶ As at 30 June 2023:
  - ▶ Cash and cash equivalents of US\$74.8m
  - ▶ Undrawn available debt of US\$180m (US\$30m drawn)
  - ▶ Total liquidity of US\$254.8m
- ▶ CAPEX to fall sharply following completion of major programs, spend includes modest ongoing sustaining capital requirements and Neon studies
- ▶ Strong continued support from debt financiers

# Solid finish to FY23

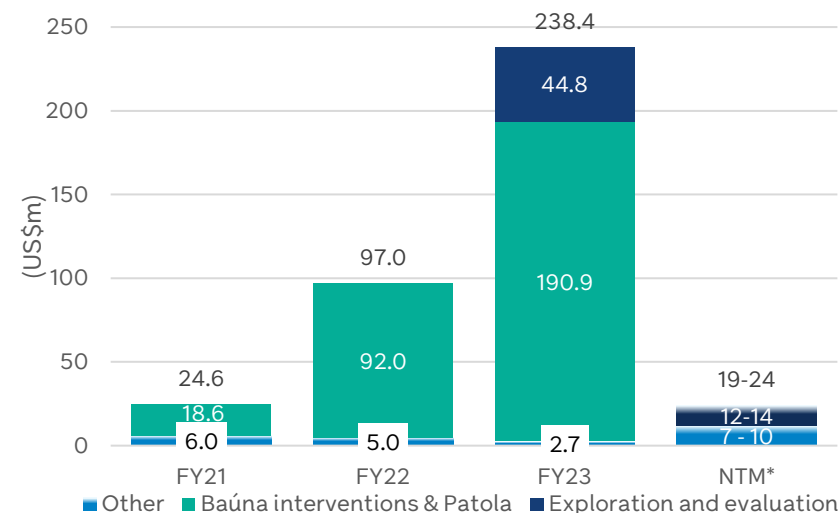
## Higher production and lower capex expected over next 12 months

### Production and revenue



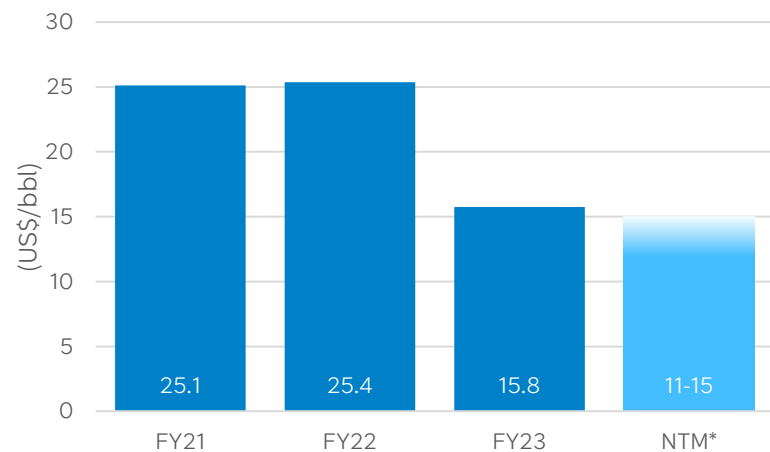
- Higher production in FY23 led to revenue up 47% from FY22
- Production expected to increase over next 12 months

### Capex



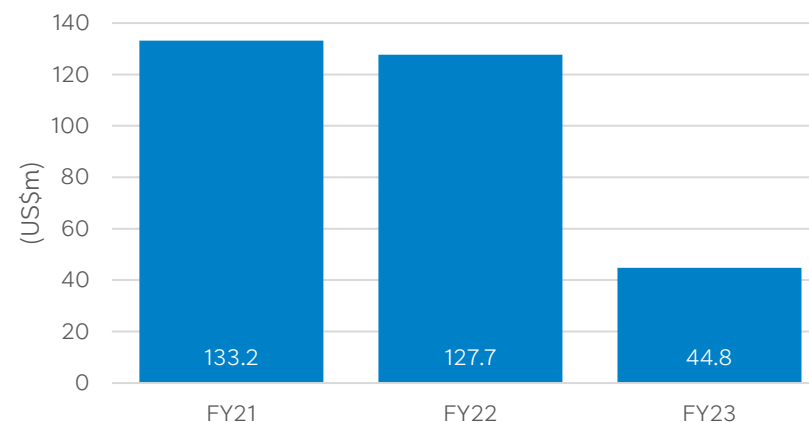
- Limited capex expected over next 12 months

### Unit Production costs<sup>1</sup>



- With production costs largely fixed, higher revenues resulted in underlying FY23 NPAT up 70% on FY22
- Unit production costs expected to fall with higher production

### Net Cash and cash equivalent



- Karoon finished FY23 with net cash position despite significant capex

1. Unit Production Costs: based on daily operating costs associated with Baúna Production and FPSO lease costs (Pre AASB 16)

\* NTM refers to guidance for the next twelve months to 30 June 2024. Guidance is subject to various risks (including those "Key Risks" set out in Karoon's 2023 Annual Report)

# Guidance<sup>1</sup>



| Period   | 6 months to<br>31 Dec 23<br>(TY23) |      | 12 months to<br>30 June 24<br>(NTM) |      |
|--|------------------------------------|------|-------------------------------------|------|
|  | Low                                | High | Low                                 | High |
| <b>Production (MMbbl)</b>  | 4.5                                | 6.0  | 9                                   | 11   |
| <b>Costs</b>   |                                    |      |                                     |      |
| Unit Production Costs (US\$/bbl) <sup>2</sup>                            | 11                                 | 15   | 11                                  | 15   |
| Other Operating Costs (US\$ million) <sup>3</sup>                        | 14                                 | 15   | 26                                  | 28   |
| Business Development, share-based payments & Neon studies (US\$ million) | 6                                  | 8    | 12                                  | 14   |
| Finance costs and interest (US\$ million) <sup>4</sup>                   | 6                                  | 7    | 10                                  | 12   |
| Unit DD&A (US\$/bbl) <sup>5</sup>  | 11                                 | 12   | 11                                  | 12   |
| <b>Investment Expenditure</b>  |                                    |      |                                     |      |
| Neon evaluation (US\$ million)   | 6                                  | 8    | 12                                  | 14   |
| Other Capital Expenditure  | 5                                  | 7    | 7                                   | 10   |
| Petrobras consideration <sup>6</sup>                                     | -                                  | -    | 85                                  | 87   |

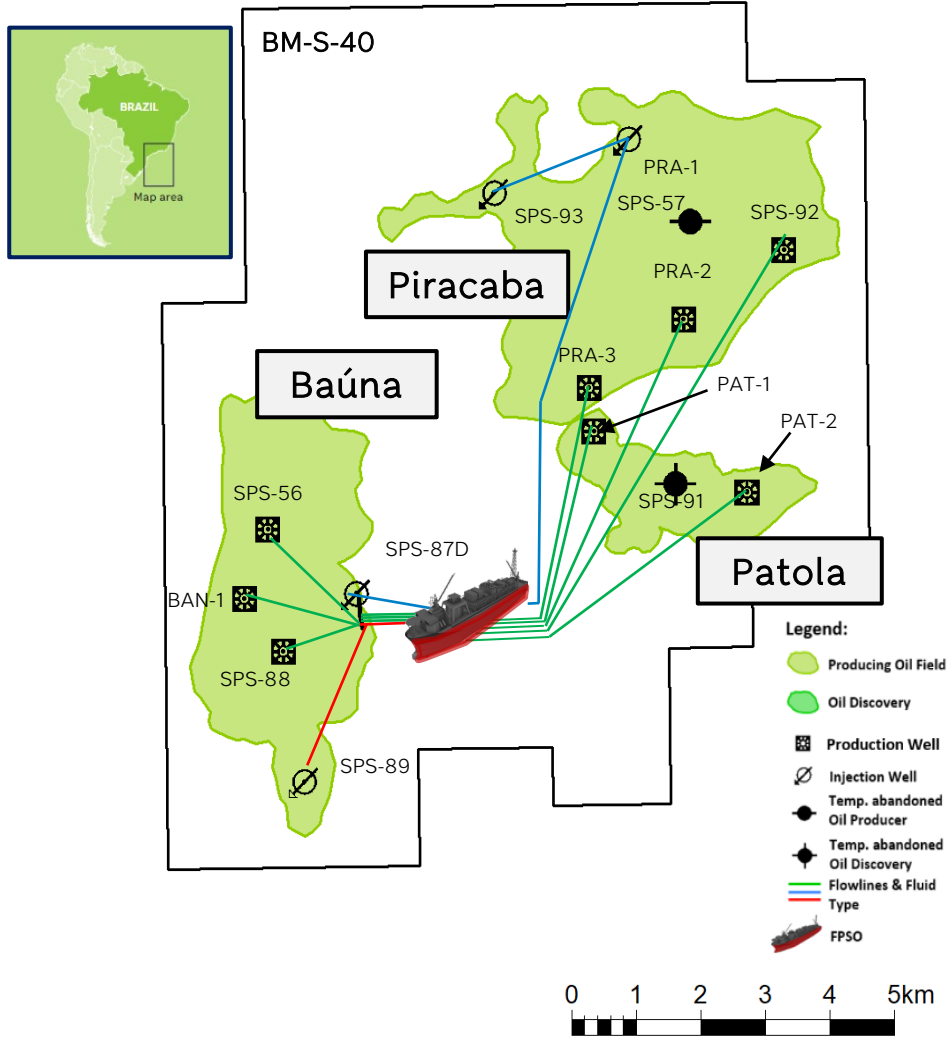
## NOTES:

1. Guidance is subject to various risks (including those “Key Risks” set out in Karoon’s 2023 Annual Report)
2. Unit Production Costs: based on daily operating costs associated with Baúna Production and FPSO lease costs (Pre AASB 16)
3. Other Operating costs: includes staff costs, IT, other corporate costs and non-oil and gas related depreciation. This excludes royalties and other government take, 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’
6. Contingent consideration payable to Petrobras which is dependent on future oil prices (see Appendix 2 for details)



# BM-S-40: Baúna, Patola and Piracaba

Interventions and Patola delivered safely, on time and below budget



- ▶ Baúna intervention campaign completed in Sept 2022. Initial incremental production >11,000 bopd (targeted 5,000 – 10,000 bopd). Peak production >25,000 bopd achieved in early October 2022, prior to natural decline resuming (production rate ~12,600 bopd prior to program)<sup>1</sup>
- ▶ Patola drilling was completed in March 2023. Initial production from PAT-2 of 12,000 - 14,000 bopd<sup>2</sup>, PAT-1 >12,000 bopd<sup>2</sup>. Production from BM-S-40 reached >40,000 bopd prior to shut in on 28 March 2023
- ▶ Both Baúna intervention campaign and Patola development delivered below budget, final total capex of US\$302m
- ▶ Reserves and Contingent Resources upgraded during FY23<sup>3</sup>

|                                   | Reserves <sup>3</sup> |            |            |
|-----------------------------------|-----------------------|------------|------------|
|                                   | 1P (MMbbl)            | 2P (MMbbl) | 3P (MMbbl) |
| Baúna                             | 39.8                  | 51.8       | 61.3       |
| Contingent Resources <sup>3</sup> |                       |            |            |
|                                   | 1C (MMbbl)            | 2C (MMbbl) | 3C (MMbbl) |
| Baúna                             | 10.5                  | 11.1       | 14.9       |

1. See ASX Release, Dec 22 Quarterly activities Report dated 24.01.23

2. See ASX Release dated 29.3.2023 “Second Patola Well onstream”

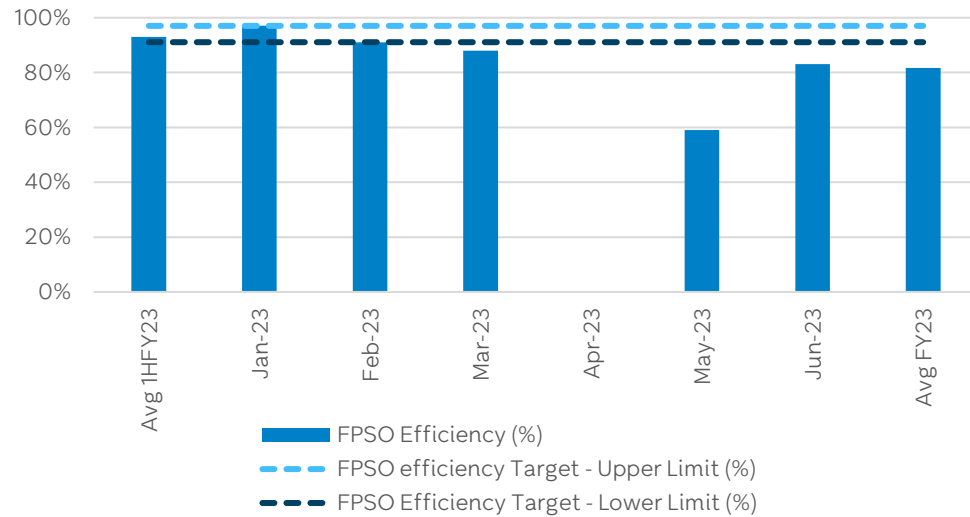
3. Reserves and Resources as at 30 June 2023 (see page 32 of the 2023 Annual Report ). Karoon is not aware of any new information or data that materially affects these resource estimates, and all material assumptions and parameters are unchanged.

# Baúna operating performance

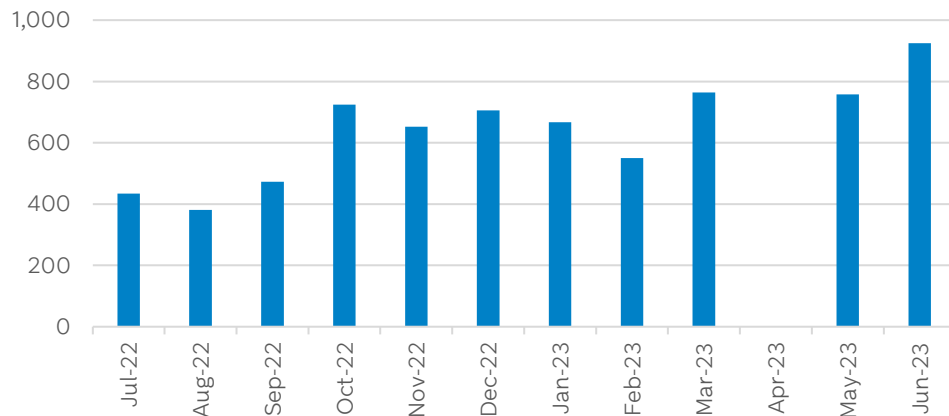


## Focus on maintaining facilities uptime and active well management

FPSO efficiency in FY23



Production ('000 bbl)

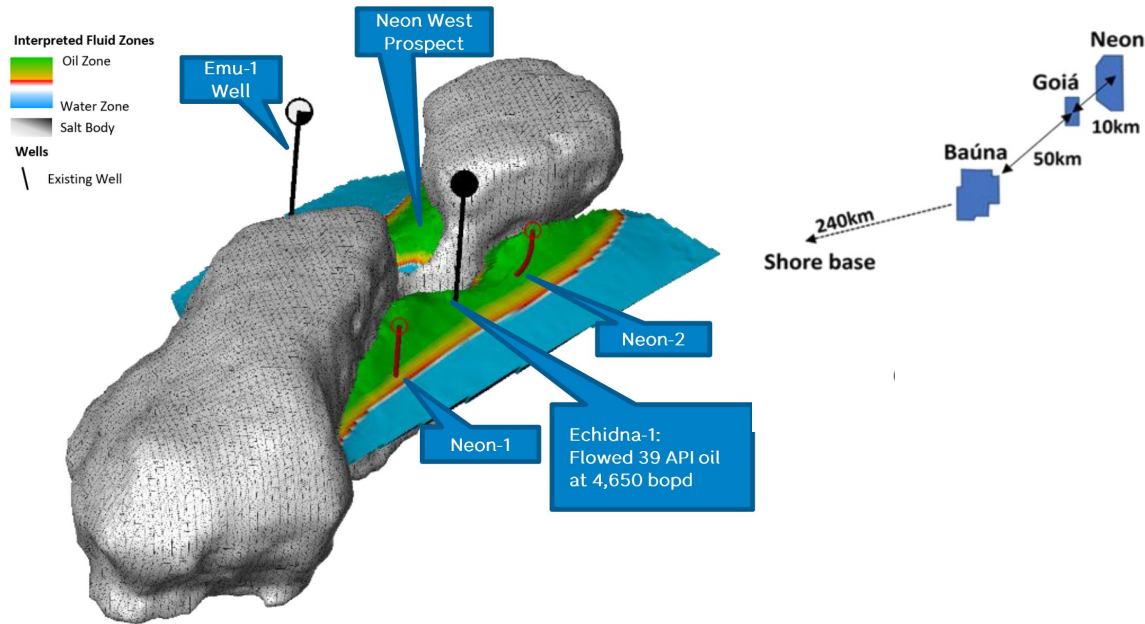


- Karoon’s highest priority is maintaining safe and healthy work environment, and minimising environmental impact
- Due to gas release from HP flare system, FPSO production shut-in on 28 March 2023
- Production from BM-S-40 resumed in May 2023 after extensive inspections of FPSO processing pipework and, where necessary, replacement/repairs
- Given higher fluids production rates (oil, water and gas), now using both processing trains = lower equipment redundancy
- Anticipate future FPSO efficiency to be 90-95%<sup>1</sup>
- Next planned maintenance shutdown currently scheduled for March 2024, including valves, tanks and hull inspections, subject to FPSO performance
- Natural decline rate over next twelve months expected to be ~15% influenced by increased evacuation rate of fluids from Baúna/Piracaba following intervention campaign and pressure stabilisation with aquifer through Patola reservoir

1. FPSO efficiency is defined as the reliability and availability of the FPSO. This compares to facility uptime data provided previously, which relates to the % of time the facility was available to produce (excluding planned shutdowns).

# Potential Neon development

Control wells drilled safely and below budget; feasibility studies underway



- › Both Neon control wells successful, achieved pre-drill objectives:
  - › Neon-1 confirmed 39 API oil and oil-water contacts closely aligned to seismic predictions
  - › Neon-2 confirmed 33 API oil and thickened reservoir sections in cross-fault and northwestern regions
  - › Control well results bring calibration to subsurface models
  - › Improved subsurface definition incorporated into resources reassessment, resulting in 14% increase in 2C Contingent Resources to 60.1 MMbbl<sup>1</sup>
  - › Final total CAPEX for two Neon wells was US\$45m, 36% below mid-point of budget (US\$65-75m)
  - › Technical and commercial feasibility studies underway including:
    - › Detailed subsurface modelling, integrating seismic reprocessing, core and fluid sample analyses
    - › Preliminary analysis of development concepts including tie back to Baúna, standalone FPSO at Neon and standalone FPSO at Neon with Baúna tie back
  - › Subject to viability, aiming to make decision whether to progress into Concept Select in early CY24

### Contingent Resources<sup>1</sup>

|      | 1C (MMbbl) | 2C (MMbbl) | 3C (MMbbl) |
|------|------------|------------|------------|
| Neon | 38         | 60         | 90         |
| Goiá | 16         | 27         | 46         |

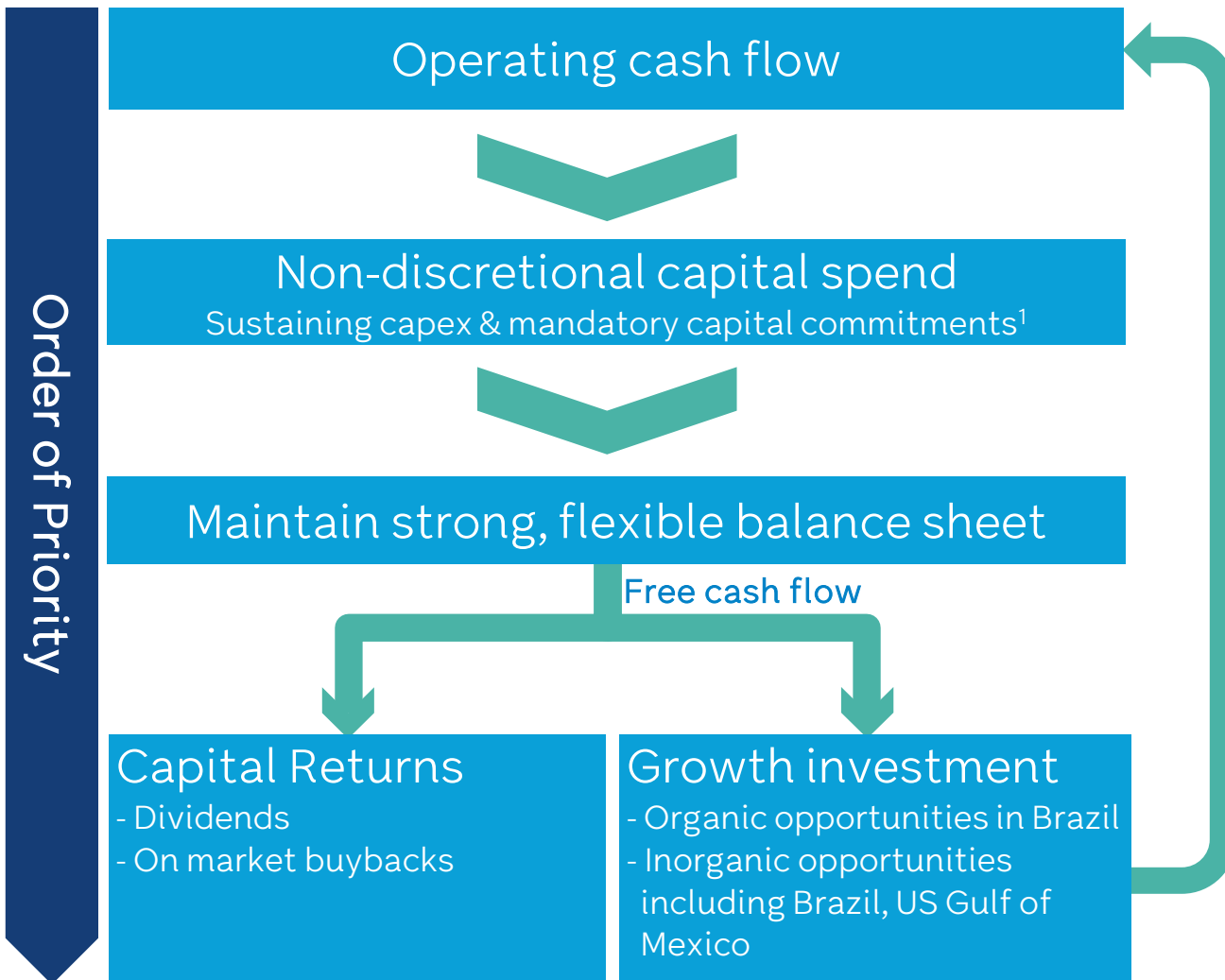
### Prospective Resources<sup>1</sup>

|           |   |    |    |
|-----------|---|----|----|
| Neon West | 6 | 15 | 33 |
|-----------|---|----|----|

1. Contingent Resource volume estimates presented for Neon and Goiá and Prospective Resources for Neon West are as disclosed in the 2023 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 continue to apply and have not materially changed

# Capital Allocation Framework

Building scale to achieve long term sustainable cashflow and shareholder returns



- › Priority is to support safe and reliable operations at Baúna and meeting capital commitments including debt repayments
- › Capital allocation framework ranks growth opportunities with shareholder returns
- › Growth opportunities can support Karoon unlocking value by:
  - › Diversifying asset base, geography/ geopolitical risk and operating cashflows
  - › Improving access to capital
  - › Providing long term free cash flow generation

1. Capital commitments include Contingent Payments to Petrobras

# Assessing Inorganic Growth Options

## Evaluation ongoing

- › Continuing to actively assess inorganic growth opportunities
- › Rigorous and disciplined screening process used, with key criteria including:
  - › Value accretive, with acceptable risk profile
  - › Fundable
  - › Producing, or 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
- › Focused on oil assets in Brazil and US Gulf of Mexico, where existing technical and commercials teams have significant experience and knowledge

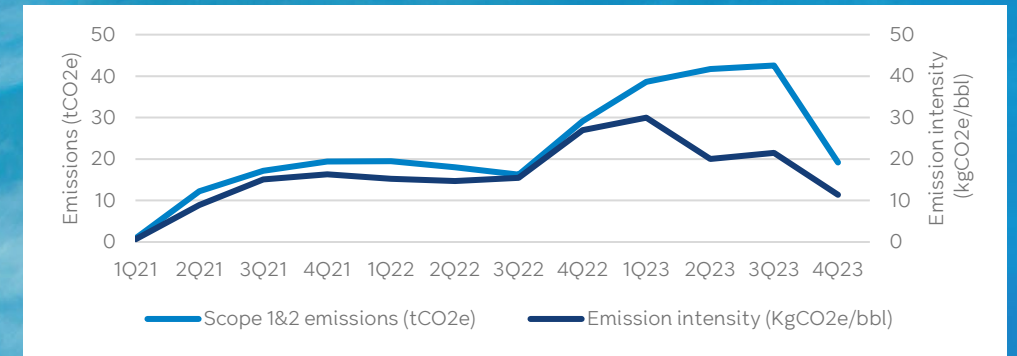


# Sustainability

## Focus on carbon emissions, social projects

- ▶ Progress with Baúna FPSO Scope 1 emissions reduction achieved via installation of mooring buoy in FY22 and optimising vessel scheduling
- ▶ Expert consultant appointed to assist with Baúna facility monitoring and modelling, to identify further opportunities to reduce emissions
- ▶ Scope 1 and 2 GHG emissions for FY22<sup>1</sup> fully offset by VER Agreement with Shell Western Supply and Trading. Anticipate being Carbon Neutral<sup>1</sup> for FY23, aiming for Net Zero<sup>2</sup> by 2035
- ▶ Karoon's approach to managing climate risks and targets reviewed and supported by external consultant, based on Karoon's current size and scale
- ▶ 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
  - ▶ Term sheet to acquire equity directly in a REDD+ project in Brazil executed in June 2023
- ▶ Contributed ~US\$150m to Brazilian and Australian economies in FY23. Includes US\$1.9m spent on social and environmental projects in Brazil, focused on education and employment
- ▶ See 2023 Sustainability Report for full details on climate, social and other key ESG priorities

<sup>1</sup> Carbon Neutral refers to firstly, reducing or avoiding operational Scope 1 and 2 greenhouse gas (GHG) emissions and, secondly, acquiring carbon offsets to balance the remaining Scope 1 and Scope 2 emissions.  
<sup>2</sup> Net Zero refers to reducing Scope 1 and 2 GHG emissions as far as practical and balancing the residual GHG emissions produced with GHG emissions removed from the atmosphere.



# Summary

## Focus on creating shareholder value

- › Significant progress on delivering strategic objectives in FY23, with production increase from 12,600 bopd to ~34,000 bopd at year end, unit cash cost reduced to US\$15.75/bbl
- › Production expected to increase to 9 – 11 MMbbl in NTM, with lower unit production costs and material decline in capex
- › Focus on maintaining safe, reliable and sustainable operations, with integrity of FPSO a high priority
- › Encouraging results from Neon control well program and resource reassessment being incorporated into technical and commercial studies, targeting Concept Select decision in early CY24
- › Ongoing evaluation of value-adding, material inorganic growth opportunities
- › Solid financial position with strong cash flows, robust balance sheet, modest sustaining capex going forward. US\$30m debt drawn, liquidity of US\$255m and refinancing discussions progressing well
- › Returns to shareholders to be reassessed over the next six months<sup>1</sup>

1. Dependent on satisfaction of lending covenants, capital priorities and subject to Board approval

