



24 November 2022

ASX: KAR

Company Announcements Office
ASX Limited

Dear Sir / Madam

Karoon Energy Ltd

2022 Annual General Meeting – Address by Chairman and Presentation by CEO

In accordance with ASX Listing Rule 3.13.3, enclosed is the Chairman's address and CEO Presentation to be delivered at the Karoon Energy Ltd 2022 annual general meeting.

This announcement was authorised by the board of Karoon Energy Ltd.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Metcalfe', with a long horizontal flourish extending to the right.

Andrew Metcalfe
Company Secretary

ASX RELEASE

24 November 2022 | ASX: KAR

2022 Annual General Meeting

Chairman's Address

The 2022 financial year (FY22) represented Karoon's first full year as an oil producer and operator. Over the past 18 months, Karoon has built a reputation as a safe, reliable and responsible operator, and has made solid progress on delivering our core strategic objectives, which I will talk more on later.

Macro Environment

Firstly, I'd like to say a few words about the macro environment in which we are operating. From an oil price perspective, FY22 was one of considerable volatility. It began with the world emerging from the COVID-19 pandemic. As global economic activity started to recover, demand for oil began to outstrip supply, reducing inventories and putting upward pressure on oil prices. This trend was magnified when Russia invaded Ukraine, leading to the imposition of western sanctions and the withdrawal of most major western oil & gas companies from Russia. The Brent oil price rose from approximately US\$75 per barrel in July 2021, peaking at more than US\$130 per barrel in March 2022. Oil prices have since moderated to the US\$90 – 100 per barrel range, due to concerns about slowing global economic growth resulting from rising interest rates and China's zero-COVID policy.

Current global energy shortages have renewed the world's focus on the importance of security of energy supply. They have also highlighted the significant underinvestment in the oil and gas industry since 2015, which remains the underlying cause of the current global energy crisis.

The world is transitioning away from fossil fuels towards renewable energy, and we at Karoon support this move. However, the energy shortfalls we are experiencing have emphasised the importance of ensuring that this transition takes place in an orderly manner, and that sufficient secure, reliable, low-cost energy remains available for the world's growing population. In our view, even as the transition to renewables accelerates, oil and gas will be required to support global economies for decades to come. We believe Karoon can play a role in supplying energy responsibly, safely and reliably in a lower carbon world.

Brazil, where all our operating assets are located, has recently undergone a keenly contested national election, with President-elect Lula narrowly defeating incumbent President Bolsonaro. We believe Brazil remains a highly attractive location in which to invest. The oil and gas industry, which represents approximately 15% of the country's GDP, is well established, with a stable

regulator, a long tradition of respecting contracts, and a genuine desire to encourage responsible investment, as evidenced by the recent reduction in our royalty rates for incremental production at Baúna. We look forward to working closely with the new Government to achieve mutually beneficial outcomes for the people of Brazil and for Karoon shareholders.

FY2022 Results

As a pure oil producer, Karoon benefitted significantly from the rise in oil prices in FY22. Together with the first full year of Baúna production, this resulted in underlying net profit after tax of just under US\$90 million, compared to US\$21 million in FY21. The FY22 statutory net loss after tax of US\$64 million reflected several significant items, including a US\$227 million increase in the assessed fair value of the Petrobras contingent consideration, which was taken through the Profit & Loss Statement.

Delivery of Strategic Objectives

At last year's AGM, I spoke in some detail about the Strategic Refresh that was completed in October 2021, to update our corporate strategy and key strategic objectives for the next five years. I'm pleased to report that good progress was made on all elements of the strategy during FY22.

Safe, reliable and responsible operations and maximising the value of Baúna

Karoon's highest strategic priority for FY22 was to ensure we remained a safe, reliable and responsible oil producer. We achieved that aim, with an excellent 99% facilities uptime at the Baúna FPSO, with no major safety or environmental incidents in our operations, whilst also supporting the communities in which we operate.

Our target to more than double oil production from the Baúna asset, through the intervention campaign and Patola development, is also well on the way to being realised. The intervention campaign, which commenced in May 2022 has been very successful, with the results exceeding expectations. Assuming the Patola development project remains on schedule and comes onstream in the first quarter of calendar 2023, we expect total production to increase from approximately 12,500 bopd to between 30,000 and 35,000 bopd, prior to natural decline resuming.

Organic and inorganic growth

Our second key strategic objective is to diversify our production base by securing additional organic and/or inorganic, value accretive, growth assets.

During the year, we committed to drilling up to two wells in our 100% owned Neon oil field, which are designed to de-risk the field development. If the wells are successful, we will move towards the next stage of the Neon development process.

As well as the ongoing evaluation of Neon, we are continuing to explore potential acquisition and farm-in opportunities. Most of the assets being reviewed are located in Brazil, but we are also actively screening other oil-dominated assets, primarily in the Americas. We are being highly disciplined in the way we approach inorganic opportunities and have stringent criteria for progressing with any acquisition. As well as being a good fit strategically, any investment needs to be robust at materially lower oil prices than currently prevailing. This methodical approach was used when we decided not to proceed with the potential purchase of an interest in the Atlanta field in Brazil earlier this year.

Creating a sustainable business

As part of the October 2021 strategic review, a five-pillar approach to sustainability was developed, covering:

- Health, safety and security, which are our highest priorities;
- Climate;
- People and Culture;
- Community; and
- Environment.

As a relatively new oil producer, much of our focus this year was on how we can reduce and mitigate the carbon footprint of our operations, and ensure that our growth aspirations are aligned with the transition to a low carbon future. We achieved carbon neutrality on our Scope 1 and 2 GHG emissions for FY21, and are well advanced with our target to remain carbon neutral for FY22 onwards for our Baúna and Patola. We remain committed to our target of being Net Zero by 2035 for Scope 1 and 2 greenhouse gas emissions.

The Board and management of Karoon believe that a successful business should not only add value for shareholders, employees, contractors and governments, but also contribute to improving the quality of life for the people in our local communities. As a result, we committed to four new voluntary social and environmental projects in Brazil during the year. I was fortunate to see some of these projects first-hand when the Board visited Brazil in July, and it was very pleasing to see the positive impacts they are having.

In August 2022, we issued our first standalone Sustainability Report. This reflects the importance we place on operating in a sustainable manner, and if you have not already done so, I encourage you to read it, to get a better sense of Karoon's purpose, vision and mission, and of course, our culture.

Capital management

Your company is currently in a strong financial position. We are generating substantial cash flows from operations, assisted by buoyant oil prices and strong cost control, with a breakeven on production of less than US\$40/barrel. At the end of September 2022, we had liquidity of more than US\$360 million.

Our top three priorities for the future allocation of capital are unchanged from last year:

- Firstly, ensuring sufficient capital is invested in the Baúna operations to ensure safe and reliable production;
- Secondly, funding debt repayments and satisfying the covenants on our debt facilities, as well as the Petrobras oil price-contingent payment instalments, with the first payment expected to be made in January 2023; and
- Thirdly, funding the remainder of expenditure required to complete the Baúna intervention campaign and Patola development.

Beyond these priorities, surplus capital will be allocated to value-accretive growth opportunities, subject to the strict economic assessment and financial discipline already described. In addition, once the major investments in Baúna and Patola have been completed, we intend to make returns to shareholders a priority. The Company is currently investigating the mechanics and relative merits of various forms of shareholder returns, with any returns presently anticipated to commence in the second half of CY23.

Development of Karoon's Board and management team

As Karoon transitions into a material oil producer and operator, we are undergoing an ongoing process of renewal of both our Board and management teams.

With respect to the Board, we recently appointed Mr Tadeu Fraga as a Non-Executive Director. Tadeu is one of the most renowned oil and gas executives in Brazil, with some 40 years of experience in the sector, including 23 years as an executive at Petrobras. When we were seeking candidates, we were cognisant of both our requirement for someone with specific technical and Brazilian expertise, and our commitment to greater gender diversity. Consequently, four females were on our short-list for this position. However, Tadeu stood out, with his broad knowledge of the E&P sector in the Americas, and his deep knowledge of Brazil's oil and gas sector along with its political and economic environment. He is already making very strong contributions to Board deliberations, and we are seeking your support for his election later in the meeting.

We remain committed to reaching our target to have 30% females on the Board by 2025, with further Board changes anticipated in the coming years.

On the management side, our technical, operational, commercial and regulatory management teams continued to be bolstered during the year, both in Australia and in Brazil, with a focus on ensuring Karoon has the talent and capabilities to drive the next phase of our growth.

FY2022 Remuneration Outcomes

Turning now to remuneration. As already highlighted, many of the Company's strategic and operational milestones were achieved during FY22. In addition, shareholders experienced a 31% increase in the Company's share price. As a result, 67.5% of the possible Short-Term Incentive (STI) outcome vested to our Key Management Personnel.

In addition, 100% of the Long-Term Incentive (LTI) also vested, based on an absolute three-year total shareholder return of 32% pa, and Karoon's relative shareholder return position in the 100th percentile.

Given the seamless transition from an exploration company to a material oil producer in FY21 and the strong operational performance in FY22, the Board believes these remuneration outcomes are well deserved. Pleasingly, the major proxy advisory firms share the Board's view and all have recommended voting in favour of our FY22 Remuneration Report.

Conclusion

In summary, the macro-oil price environment is presently very supportive, and we believe there will be an ongoing need for secure supplies of responsibly produced oil into the future. We have a high-quality production base, which is generating strong cash flows, providing a platform for growth and enhanced shareholder returns. We are committed to our desire for capital returns to shareholders within the next 12 months.

We are also committed to our philosophy of carbon neutrality and will continue to identify and invest in opportunities to reduce our GHG emissions, and for potential direct investments in high quality carbon offset projects. There will also continue to be a focus on our social projects in Brazil, to ensure the communities in which we operate benefit from our presence. As shareholders, you can be proud of the contribution Karoon is making in these areas.

On behalf of shareholders, I would like to commend the entire Karoon team for their hard work and dedication in delivering the strong FY22 results, and particularly the highly successful Baúna intervention campaign.

Last, but certainly not least, I also thank you, our shareholders, for your continued loyalty and support.

I will now hand over to Julian, who will speak further about the Company's operational performance.

Thank you.

MD and CEO's address

(Please refer to presentation)

Strategy Delivery

Thank you, Chairman, and good morning to everyone joining us here in the auditorium and to everyone on the call.

I'd like to talk this morning about the journey Karoon has been on in 2022, providing a little more detail around the strategic themes that the Chairman already touched on in his address.

Disclaimer

Please read our usual disclaimer at your leisure.

Karoon interests in Santos Basin, Brazil

In this slide we show the location of our assets in Brazil. Following the exit from Peru and more recently the relinquishment of our last license in Australia, this is now our key area of operational focus.

Delivering on Strategic Objectives

This slide summarises the progress we have made in executing our key strategic themes in 2022. Building our reputation as a safe and reliable operator is imperative and provides the foundation to allow Karoon to grow through new organic and inorganic opportunities. We have not only captured material value through stable and increasing production this year but have also set the Company up for further growth and increased shareholder value.

Execution of the strategy presented to the market last October has been and continues to be the major focus of our team as we continue the transformation from an explorer to the oil production and development company that we are today.

Brazil: Attractive location to invest

The Brazil environment continues to be relatively favourable on a global stage for upstream oil and gas investment. If published plans are realised, they will see Brazil become the 5th largest oil producer in the world by the end of this decade as the potential of the Pre-Salt province is progressively developed by Petrobras and the international major oil companies. I recently attended the Rio Oil and Gas convention in Rio de Janeiro organised by the Brazilian Petroleum Institute, at which almost every major company involved in our industry was present with some 60,000 attendees over three days. Brazil's upstream sector is diverse, with a vibrant service industry and is seen as a sector of choice for many graduates.

Brazil's recent election will result in a new President in 2023 and we look forward to working with President-elect Lula's incoming administration to maximise the value of our activities in Brazil for all of our stakeholders.

Baúna Operating Performance

We have now been an oil producer for more than two years. We delivered on our objective of safe and reliable operation of the Baúna Field in FY2022, with no significant safety incidents and production reliability at 99%. Safety will always remain our top priority, but I would like to flag that reliability will become more challenging in 2023. This is due to more production coming into the FPSO, which will utilise close to 100% of the fluid (oil and water) handling capacity of our processing plant, up from approximately 40-45% during the first 18 months of our operations. This will reduce the redundancy in our equipment and elevate the pressures on our maintenance, spares and crews as they work to maintain high levels of uptime. With the higher facilities utilisation, we expect uptimes (excluding scheduled maintenance) to lie in the 92-97% range.

We continue to invest in proactive maintenance and risk management. We have previously mentioned our FPSO pipe replacement work, with over 100 tonnes of pipework replaced during 2022, and this campaign continues to proactively assess risks to safe operations. Another example is the replacement of our two floating hoses. These hoses are large diameter flexible pipes through which our oil is transported from the FPSO to the shuttle tankers, and are one of the most critical components of ensuring our oil gets to market efficiently and safely. These programs involve capital investments of several millions of dollars, they are essential to the long term integrity of our operations and have been instrumental in achieving the high uptimes seen to date. We have also carefully managed our wells and facilities in order to optimise decline rates in the Baúna concession. Since we purchased Baúna in November 2020 and until the start of our intervention work, our oil production decline rate has been less than 10% per annum, significantly better than initial expectations of a 10 to 15% decline per annum.

Baúna Intervention Program

Of course, the current increase in utilisation is due to the outstanding performance of the interventions work which has delivered production outcomes above the top end of our expectations. We started the first intervention in May and carried out three interventions in total, finishing the campaign in September, with the planned fourth workover on BAN-1 deferred. Each of the three wells performed at or above the high end of expectations, and we reached production rates above 25,000 bopd during September, before stabilising at rates around 24,000 bopd during October, which reflects an outstanding performance by all the teams involved. It is worth noting that the accelerated production will also accelerate decline rates which are anticipated to rise to more than 15% per annum for the next 12 months before gradually falling back to previous levels. Baúna intervention costs are expected to be in the revised range of US\$135 – 145 million.

Baúna Intervention on SPS-56

The intervention work comprised the installation of gas lift at SPS-56 and the replacement of electric submersible pumps in wells PRA-2 and SPS-92. Some of that equipment is illustrated on this slide. There's also a picture of the wet Christmas tree from the well.

Patola Development

The rig moved to Patola in late September to drill two development wells. Patola-1 reached TD on 18 October with depth and reservoir thickness as expected and reservoir quality at the high end of our predicted range. We spudded Patola-2 in late October and, as recently reported, we saw similar results to Patola-1 – reservoir on depth and thickness as expected, with a slightly higher

reservoir quality than predicted. The Noble Developer drilling rig has now started completion operations on the wells. Once the wells are completed, we shall mobilise the Pipe Laying Vessel to install flowlines and umbilicals and tie the wells back to the FPSO. The new wells will then be commissioned and production brought in to the processing plant. As you might expect, this is an incredibly busy time for our operations teams and maintaining safe and reliable production during this work remains our priority at all times. We are expecting first oil to flow from Patola in the next quarter and are hopeful we shall see rates of more than 10,000 bopd from the two wells, potentially taking our total production to between 30,000 and 35,000 bopd. Expected Patola development costs remain in the range of US\$180-\$205 million.

FY2023 Indicative Production and Cost Profile¹

This slide illustrates our historical and forecast 2023 production and operating costs. With the anticipated increase in production and our cost base largely fixed, although still subject to CPI as I mentioned previously, we expect our unit opex to come down significantly to between US\$15 and \$20/bbl. As mentioned in the Chairman's address, Karoon was recently granted a very welcome reduction in the royalties payable on our increased production, reflecting the regulatory authority's encouragement of companies pursuing value-adding activities on mid to late life fields. However, as our Chairman Bruce Phillips once reminded me, "the Lord giveth but the Lord taketh away", and our higher production levels start attracting additional levies on gross revenue once our total production at Baúna is above approximately 21,000 boepd.

Potential Neon Development

After the Patola completions, the rig will move to drill our main organic growth opportunity at the Neon field, some 60km to the northwest of Baúna, with the first of hopefully two wells likely to spud in January or February 2023, depending on receipt of the final regulatory approvals. The Neon drilling is aiming to address the uncertainty in subsurface parameters and thereby reduce the range of potentially recoverable volumes at Neon. These new data and analyses will assist in decisions on how the field may be developed economically, with a number of different concepts being investigated. If the first well, which will be drilled some 2km southwest of the Echidna-1 discovery well, is sufficiently encouraging, then we plan to drill a second well. As shown on the map, this well will be drilled to the northeast and will also target untested potential upside volumes lying deeper than the discovered reservoirs. If we have success at Neon, it should help to partly derisk the Goia discovery and will also provide additional calibration points for assessing upside exploration potential in the vicinity of the existing discoveries.

Assessing Inorganic Growth Options

We continue to actively evaluate potential M&A opportunities that will allow us to deliver enhanced value to shareholders. Our focus is on oil producing assets, or those at or post-FID. These evaluations are largely focussed in Brazil, but as already mentioned, we also have an active program looking elsewhere in the Americas for suitable opportunities. We have a number of key criteria that we apply to determine if we should proceed and to ensure risk and exposure can be appropriately managed in the case of an acquisition.

Climate strategy

2022 has also been a year when we focussed not only on safe and reliable operations but also on operating responsibly with a drive to further developing and progressing Karoon's sustainability goals. Carbon management is a key area for Karoon as the world embraces the energy transition,

but it is also essential that we strive to make meaningful contributions to, and improve the lives of, the people in the communities where we operate.

Through the implementation of a number of carbon emission reduction projects within our operations and the purchase of high quality verified emissions reductions, or offsets, we achieved carbon neutrality on Scope 1 and 2 emissions for our FY2021 Baúna operations. We plan to do the same for FY2022 and future years under our carbon management plan. We have also significantly strengthened our Rio-based sustainability team and are actively seeking nature-based carbon capture projects in Brazil in which we can take direct interests, to enable us to continue to achieve our longer-term carbon management objectives, with a Net Zero target for Scope 1 and 2 emissions, by 2035.

GHG mitigation

These are some of the projects we have implemented during 2022 to directly reduce our carbon footprint and the offset agreements we put in place to achieve our carbon neutral goals. We continue to seek further ways to reduce the direct carbon emissions associated with our operations.

Social Projects

We have developed and invested in a number of voluntary social and environmental projects in the area of our operational footprint in Brazil, focussed in Santa Catarina and Rio de Janeiro states. Our focus areas are in Education, Economic Development and Biodiversity. We are co-sponsors in many of these projects and it is inspiring to see the positive impact which Karoon can have on families and in communities where there are few opportunities to develop a steady income or for child and youth education.

Karoon's five pillar sustainability plan

I am proud to say we published our first Sustainability Report alongside our Annual Report this year and I steer you to that document to learn more about what we are doing in this area. We also issued our first Modern Slavery Statement in December last year and we are continuing to be very diligent to ensure we have no exposure through our own operations or in our supply chain. Cyber security is very topical at the moment and we have undertaken significant upgrades in our corporate IT systems this year to ensure our systems have integrity and our data, from the most remote connection points to our core systems, are kept secure behind best-in-class firewalls. The transformation from an exploration to a production company has required a significant review of our systems and we shall still be implementing the upgrades and improvements during 2023.

We are fortunate in having a very diverse workforce in Brazil and are working to achieve diversity goals across the Company as we expand our business.

Cash and Available Liquidity

Our production during 2022 and the high oil price environment helped to strengthen our balance sheet significantly, with over US\$180 million in cash and cash equivalents at the end of September, despite our ongoing capital intensive programs. Our debt facility of US\$210 million remains largely undrawn with US\$180 million still available. We expect the remaining elements of our capex program to be largely funded from existing cash and ongoing cashflows. As a result of

our strong cash position and safe and reliable production record, our lenders have agreed to defer our next tranche of hedges. We will continue to engage with our lenders to ensure we maintain exposure to current oil prices and seek to defer further hedges, if appropriate. The Chairman has already outlined our capital allocation priorities. As we deliver higher production from the Baúna intervention and Patola programs over the next few months, the constraints on cash should lessen and the Board has committed to making returns to shareholders when our free cash allows it.

Summary: Well Positioned to Deliver Shareholder Value

In summary, Karoon is well positioned to take advantage of prevailing high oil prices with our increasing production and relatively low operating cost per barrel. We have executed the intervention program as promised, with better results than expected. We are now executing the Patola program with reservoir results looking promising, but execution of the completions and tie-in still to come. Our expectation remains that Patola should add 10,000 bopd or more when it comes onstream in the first quarter of calendar 2023, taking total production to between 30,000 and 35,000 bopd, prior to natural decline resuming. We are aiming to minimise that decline through careful reservoir and facilities management, though with more modest levels of uptime expected due to the higher levels of throughput and consequent lower levels of equipment redundancy.

We are looking forward to commencing Neon drilling following Patola and being able to evaluate the potential of that project with more data. In the success case we hope to be in a position to make a decision on the development concept in 12 or 15 months' time. Potentially attractive M&A opportunities are also being sought, to provide the Company with a robust value-adding growth profile. These opportunities are being evaluated with a strict set of economic and operating criteria before we are prepared to enter a new asset.

Karoon is in a solid financial position, enjoying strong cashflows from our enhanced production and current high oil prices. We are executing our sustainability program with a focus on not only managing our carbon footprint but also ensuring we give back to and provide opportunities to the communities in the areas where we operate. We feel very strongly that this is a key element of being a responsible operator alongside our overarching belief in safe and reliable operations. Lastly, the Board is considering the appropriate timing and method of returning surplus cash to shareholders and will continue to evaluate potential growth opportunities against that backdrop.

We have strengthened our team in key areas and are determined to maintain strict capital discipline as we grow and expand our producing asset base.

I'd like to commend the hard work of all our staff and contractors during the year. The results we are seeing are testament to the hard work, dedication and professionalism of our teams in Australia and Brazil, both onshore and offshore.

Finally, I'd like to acknowledge all our stakeholders, especially in Brazil where we work closely with governments and regulators and of course the communities within which we operate and whose encouragement and support is enormously appreciated.

Thank you for your attention and I'll now hand you back to our Chairman.

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

FOR FURTHER INFORMATION ON THIS RELEASE, PLEASE CONTACT

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ABOUT KAROON ENERGY LTD

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

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

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 Karooon'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 Karooon and certain plans and objectives of the management of Karooon. 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 Karooon. Such statements may cause the actual results or performance of Karooon 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. Karooon 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 Annual General Meeting

24 November 2022





➤ Strategy Delivery

Julian Fowles, MD and CEO

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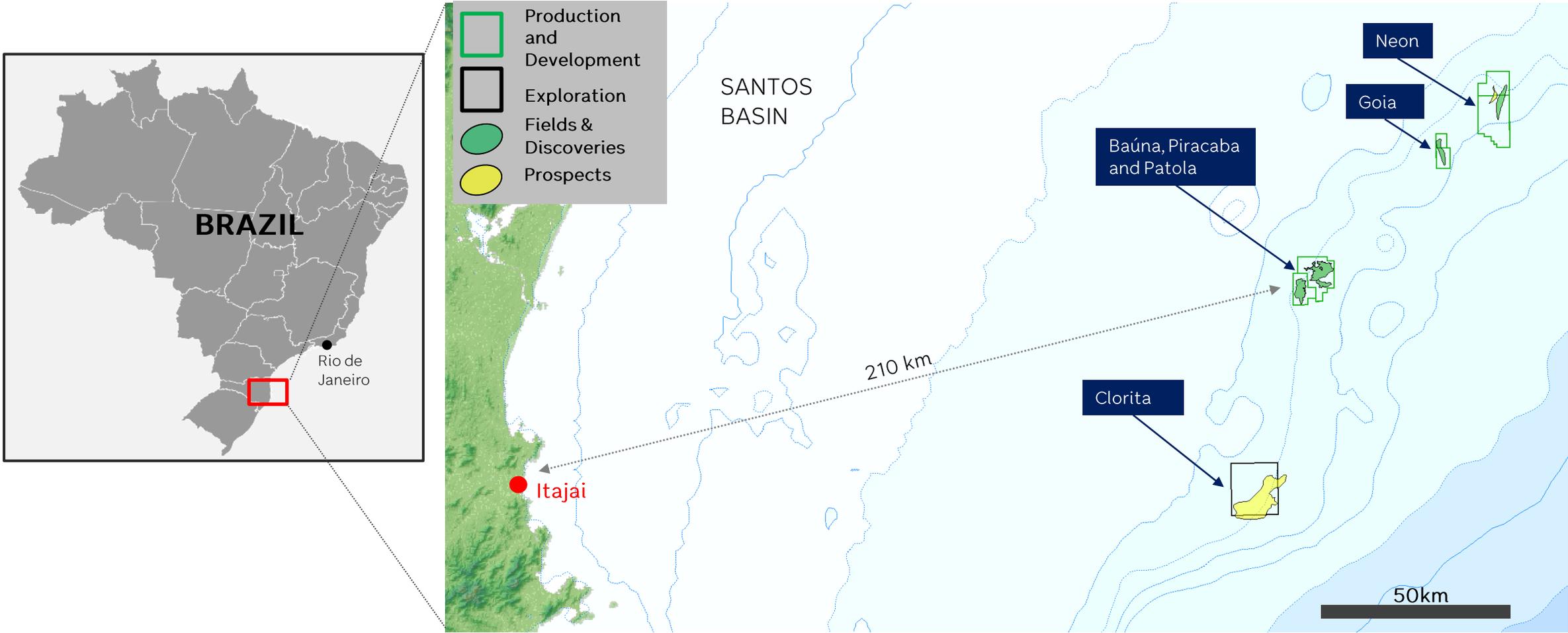
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Karoon interests in Santos Basin, Brazil



Delivering on Strategic Objectives

Creating a strong foundation for growth

- ▶ Performance above expectations from Baúna base business, with focus on safety, reliability and strict capital controls
- ▶ On track to more than double production through delivery of Baúna intervention and Patola development projects
- ▶ Pursuing organic and inorganic growth opportunities, subject to strict investment criteria:
 - ▶ Re-evaluating Neon with control well(s)
 - ▶ Assessing value-accretive producing or development M&A opportunities, leveraging existing capabilities
- ▶ Focus on sustainability, ambitious climate targets and new voluntary social projects in Brazil
- ▶ Balance sheet strengthened by cash flow from operations and expanded debt capacity
- ▶ Shareholder returns strategy being developed by management and Board



Brazil: Attractive location to invest

Prospectivity and favourable fiscal terms

- ▶ Brazil is world's 9th largest oil producer, set to become 5th by 2030 through continued development of highly productive upstream assets
- ▶ Oil and gas industry well established with stable regulator
- ▶ Long tradition of respecting contracts already in place
- ▶ Favourable tax royalty contract terms for post salt licenses
- ▶ Seeking to attract more investment in upstream sector and to diversify mix of companies
- ▶ Large petroleum sector with most major IOCs and service sector companies present
- ▶ New government in 2023 brings some uncertainty around policy direction, but upstream Industry worked very effectively with Lula Government previously



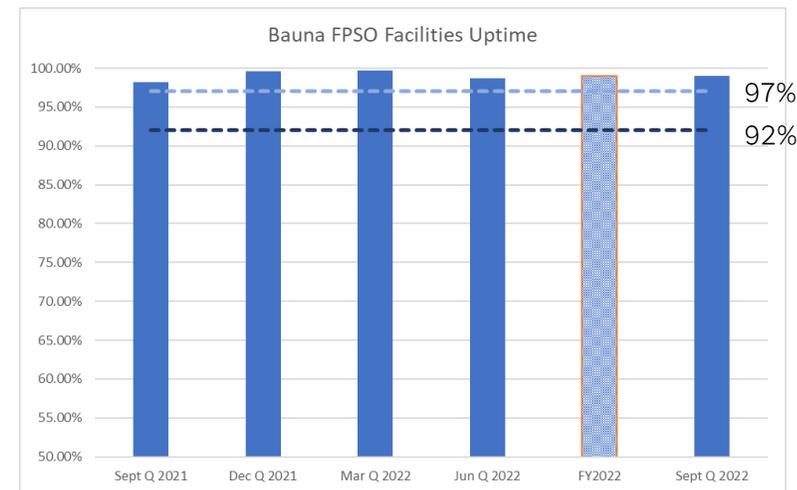
Baúna Operating Performance

High facilities uptime and active well management

- ▶ Core focus is on maintaining safe and reliable operations:
 - ▶ TRIR of 0.77 per 200,000 hours worked in FY2022
- ▶ High operational uptime in FY2022 of 99%¹ maintained through 1Q23, despite intervention activity ongoing
- ▶ Reflects past work undertaken on the FPSO and ongoing improved proactive maintenance plan:
 - ▶ Main gas compressor overhaul underway
 - ▶ Aft offloading hose replacement completed in mid-November
- ▶ With higher throughput post interventions and Patola development and more demand on facilities, anticipate future uptime to be within 92 – 97% band, typical of similar FPSOs

.....

1. Excluding scheduled shutdowns for maintenance

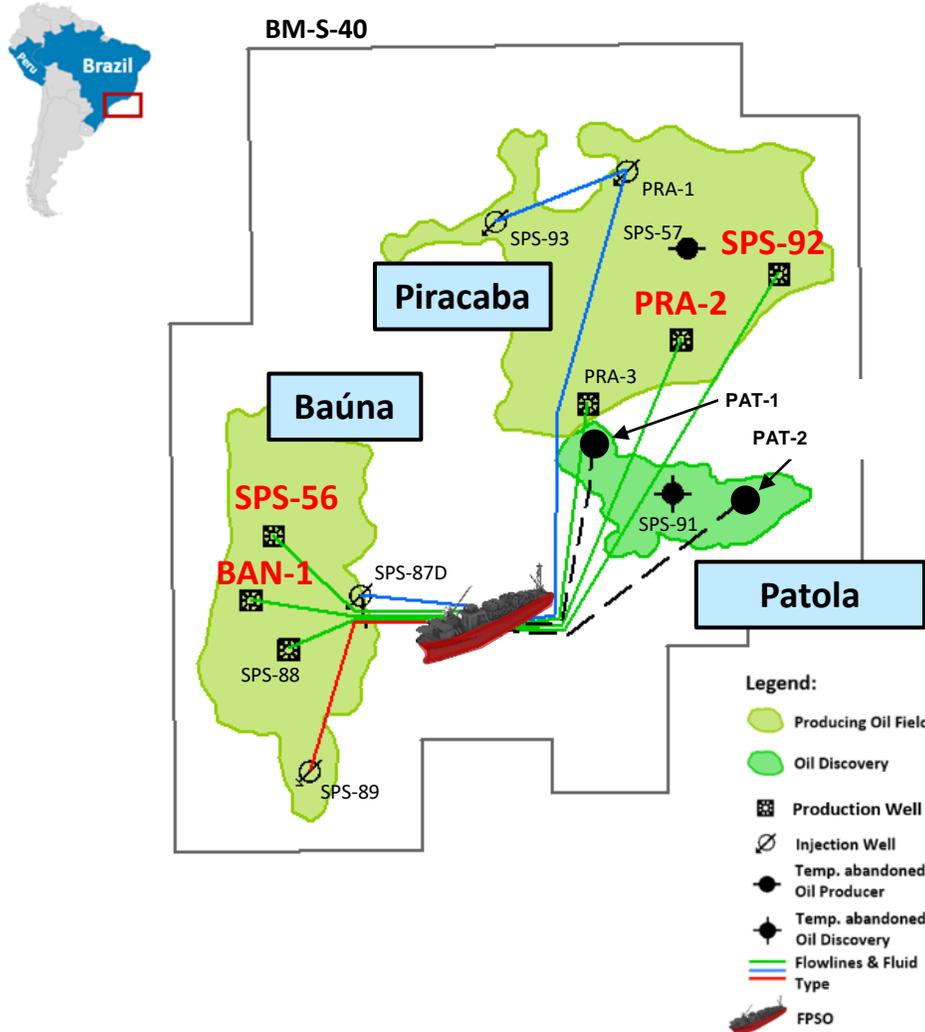


Baúna Production Unit: FPSO Cidade de Itajaí – chartered and operated by Altera & Ocyan joint venture (A&O)



Baúna Intervention Program

Results exceeding expectations

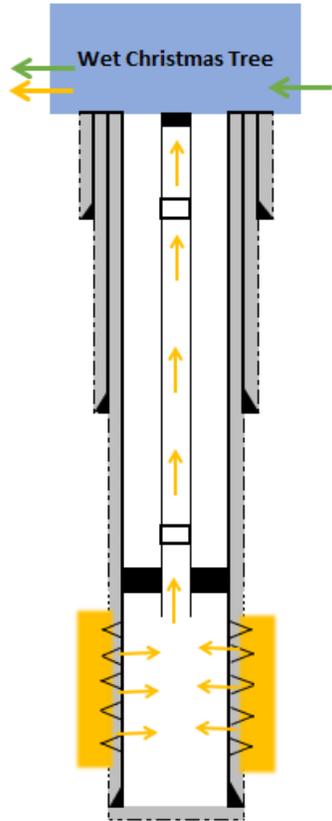


- Baúna intervention program commenced in May 2022
- Installed Electric Submersible Pumps (ESP) in PRA-2 and SPS-92 and gas lift in SPS-56
- Incremental production of >11,000 bopd (vs targeted 5,000 – 10,000 bopd) achieved from first three interventions
- Given greater than anticipated production and relative value of Patola production, have deferred final intervention (opening up oil zone in BAN-1). Potential to undertake after Patola drilling or at later stage
- Peak production of >25,000 bopd achieved in early October, stabilised at ~24,000 bopd prior to resumption of natural decline
- Baúna intervention cost still expected to be in revised range of US\$135 – 145 million

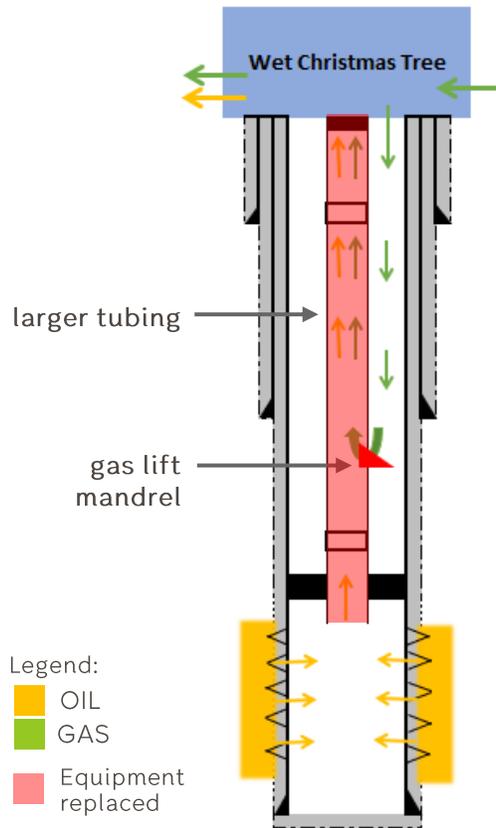
Baúna Intervention on SPS-56

Utilising Maersk Developer rig

SPS-56 WELL BEFORE INTERVENTION



SPS-56 WELL AFTER INTERVENTION



Tubing
Hanger



Wet Christmas
Tree

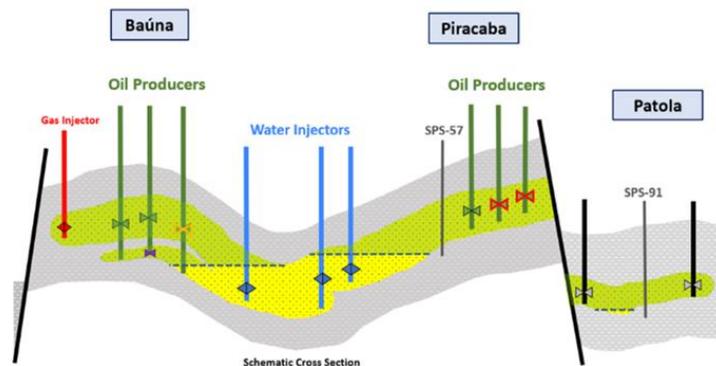
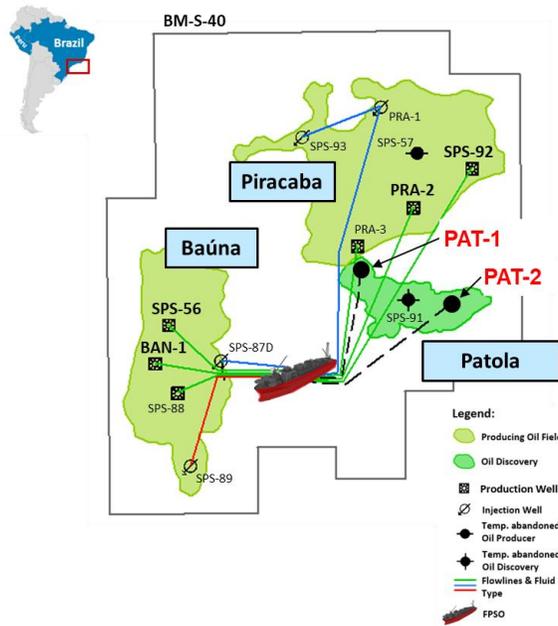


Electrical Submersible Pump
(ESP)

Patola Development

Targeting >10,000 bopd, increasing total production to >30,000 bopd

- ▶ Patola development drilling complete
- ▶ Preliminary analysis of PAT-1 results indicates top reservoir depth and reservoir thickness within expected range, reservoir quality better than anticipated
- ▶ Similar results from PAT-2, with better than anticipated reservoir quality and top reservoir and thickness as expected
- ▶ Remaining activities:
 - ▶ Completion of wells
 - ▶ Installation of subsea pipeline and umbilical from Patola to Cidade de Itajaí 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 in 1Q CY2023, with forecast short plateau production rate >10,000 bopd, prior to natural decline
- ▶ Estimated cost of Patola development remains in revised range of US\$180 – 205 million

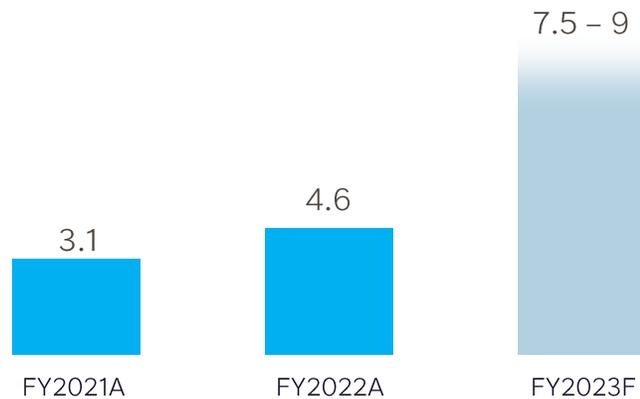


FY2023 Indicative Production and Cost Profile¹



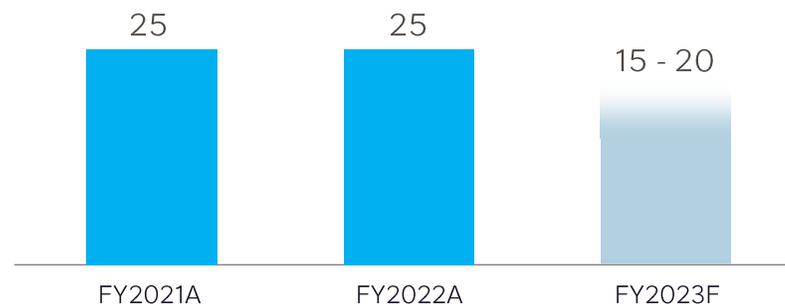
Material production growth and cost reductions expected

INDICATIVE PRODUCTION PROFILE (MMBBL)



- › Interventions and Patola targeting increase in total production to >30,000 bopd
- › With operating costs largely fixed, increased production following interventions and Patola expected to reduce operating cost per barrel materially in FY2023
- › Tiered royalty reduction on incremental production recently agreed with Government:
 - › 10% on base production profile
 - › 7.5% on incremental production up to 50% higher than base production profile
 - › 5% for incremental production more than 50% above base production profile
- › Special Participation levy of 10% on net income from production above ~21,000 boepd and 1% Research & Development levy on gross revenue will be incurred

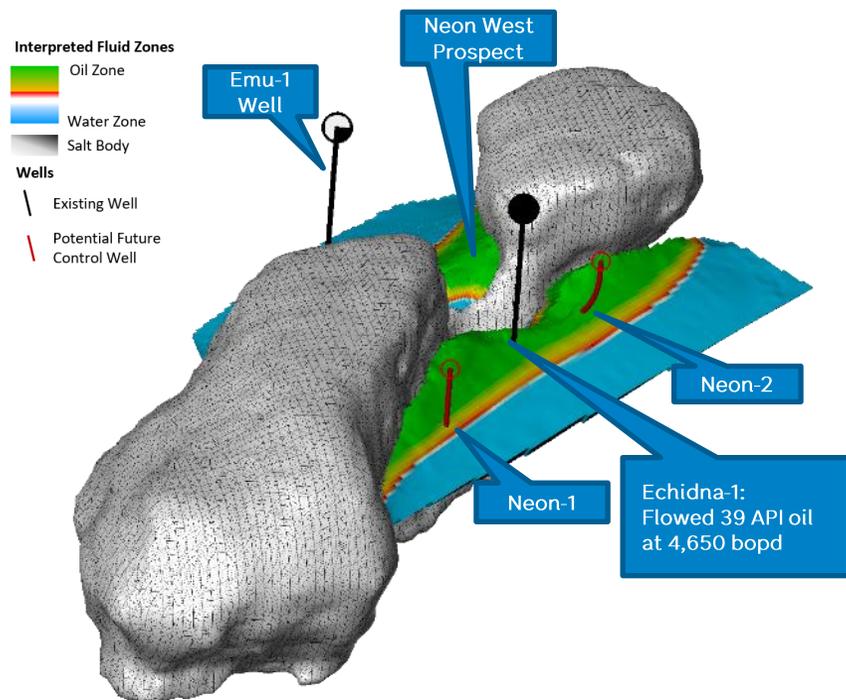
INDICATIVE UNIT OPERATING COST (US\$/BBL)



1. Production profile and cost outlook in FY2023 indicative only and assume Patola development is delivered within updated target timeframe.

Potential Neon Development

Control well drilling aimed at de-risking development



- Neon, Goiás light oil discoveries 50-60km NE of Baúna
- One, potentially two, control wells, Neon-1 and Neon-2, to be drilled after Patola development drilling²
- Well(s) designed to address subsurface uncertainty (OWC, reservoir quality and distribution) and better constrain resource estimates
- If successful, will move to next phase in gated decision process
- Potential development concepts include subsea wells tied into a standalone FPSO, or tieback to existing Baúna FPSO or a new Neon-optimised FPSO at Baúna. Engineering studies ongoing to expedite timeline in success scenario
- Potential initial oil plateau flow rates >30,000 bopd
- Neon success will partly de-risk Goiás and Neon West

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

1. Contingent resource volume estimates presented for Neon and Goiás 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.

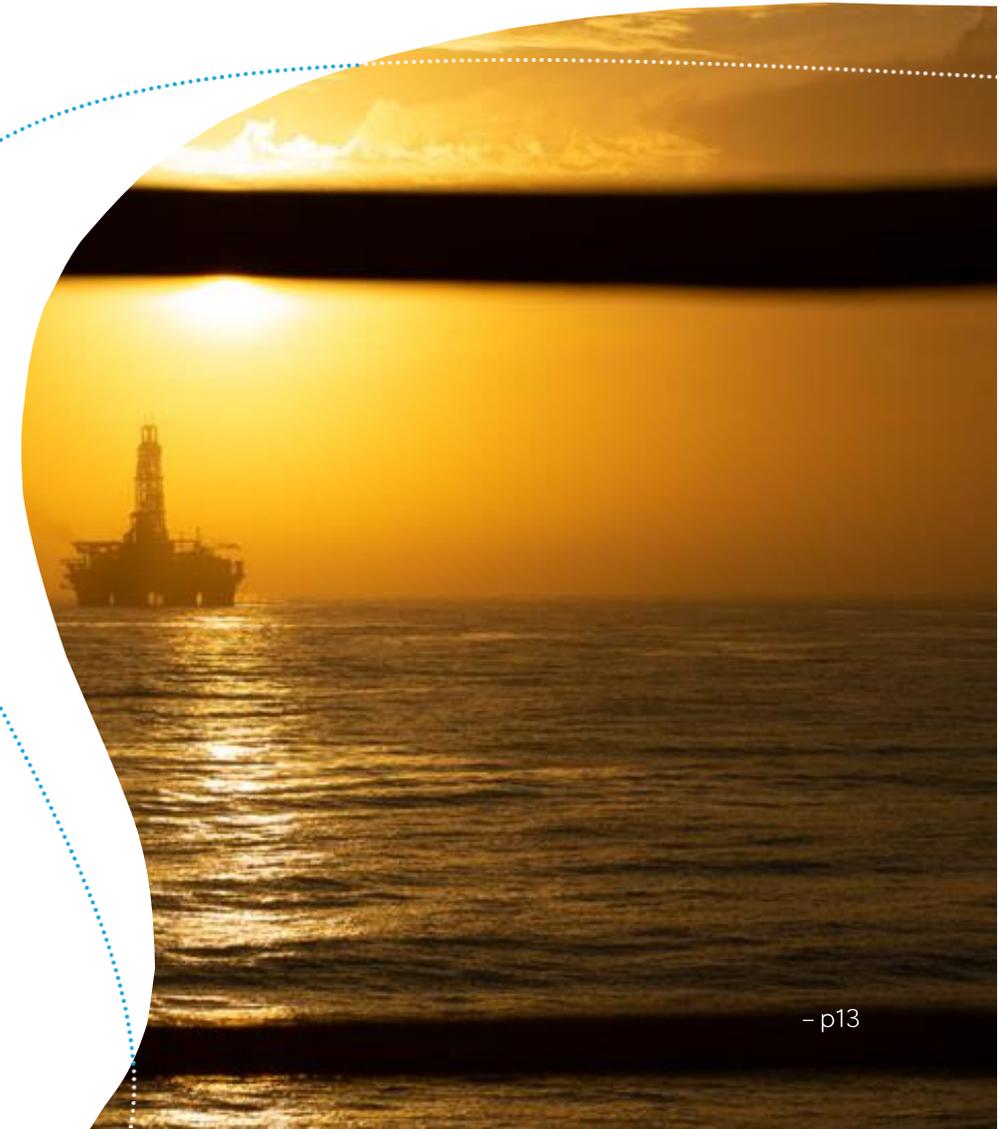
2. Subject to receiving necessary approvals

Assessing Inorganic Growth Options

Disciplined process to identify value-accretive growth opportunities



- ▶ Continuing to actively screen inorganic growth opportunities
 - ▶ Focus on oil assets located in Brazil and the Americas
- ▶ Rigorous and disciplined screening process used, with key criteria including:
 - ▶ Value accretive, with acceptable risk profile
 - ▶ Fundable
 - ▶ Producing, post FID or close to FID
 - ▶ Complementary to Karoon's footprint and/or capabilities
 - ▶ Can be accommodated within Karoon's GHG management strategy
- ▶ Any acquisition to enhance returns to shareholders



Climate strategy

Carbon neutral¹ in FY2021, targeting Net Zero² by 2035



- › Climate targets:
 - › Carbon neutral¹ on Baúna operations from FY2021 - achieved for FY2021 and planned to be achieved for FY2022, with Net Zero by 2035²
 - › Scope 1 and 2 emissions in FY2022 of 82,870 tCO₂e (82,805 tCO₂e Scope 1, 65 tCO₂e Scope 2), reflecting first full year of production and onset of intervention operations
 - › Emissions intensity of 18.3 kgCO₂e/bbl in FY2022, expected to decline to <12 kgCO₂e/bbl by end CY2023

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.

GHG mitigation

Implementing our Carbon Management Action Plan

- ▶ Priority to reduce emissions where possible. Emissions reduction projects implemented:
 - ▶ Optimisation of support vessel movements avoided ~1,000 tCO₂e Scope 1 emissions
 - ▶ Mooring buoy project, allowing vessels to anchor safely while at FPSO, reduced emissions by ~1,850 tCO₂e
 - ▶ Reduced diesel usage through investment in process improvements eg restart processing facility with gas instead of diesel
- ▶ 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 in 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 Projects

Aiming to generate lasting benefits for communities

- › In addition to regulatory social projects, committed to four voluntary social projects in Brazil, focused on Education, Sustainable Economic Development and Biodiversity:
 - › Pro-CREP – comprises container production warehouse and waste recycling centre, allowing waste to be repurposed/recycled. Provides work for socially vulnerable families and reduces landfill solid waste by ~25 tonnes per month
 - › Atelie Tabuleiro project – raises awareness of local indigenous culture and traditions by providing educational tours of Serra do Tabuleiro State Park
 - › Preá-de-moleques-do-sul – environmental education program for conservation of Santa Catarina's native guinea pig, Cavia Intermedia, which is critically endangered
 - › Music and Citizenship project – sponsorship of network of music schools within disadvantaged communities



Karoon's five pillar sustainability plan

Other achievements in FY2022

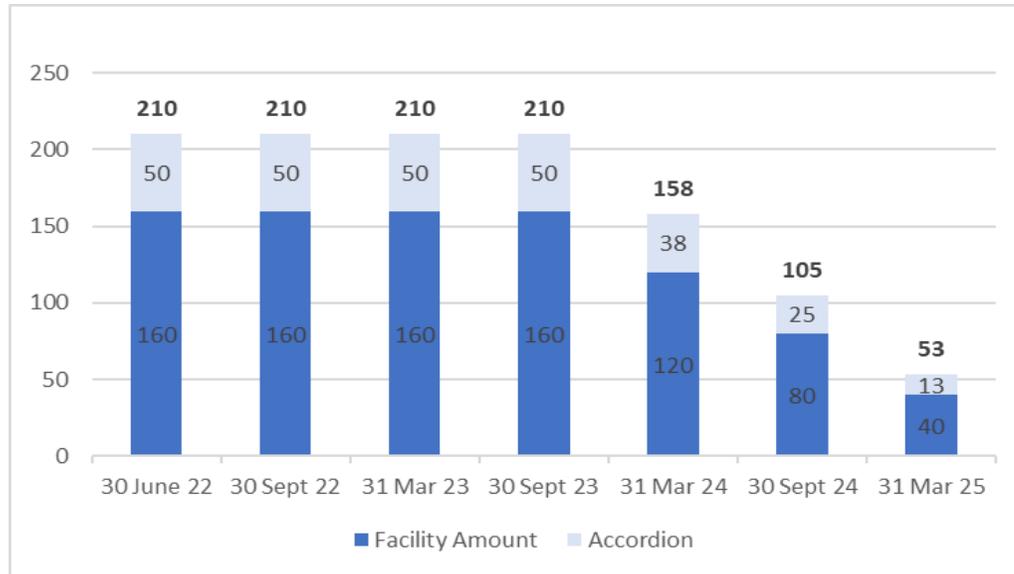
- › First standalone Sustainability Report released in August 2022
- › First Modern Slavery Statement submitted in December 2021
- › Major investment in cyber security upgrades
- › Scope 3 emissions reported for first time
- › 46% female employees across Karoon at 30 June 2022, target of 30% female participation across Board, senior management and Karoon Group by 2025
- › Brazil sustainability team expanded
- › Sun Coral research project ongoing, aiming to protect biodiversity in waters around Baúna
- › No significant environmental incidents recorded, with <2% associated gas flaring



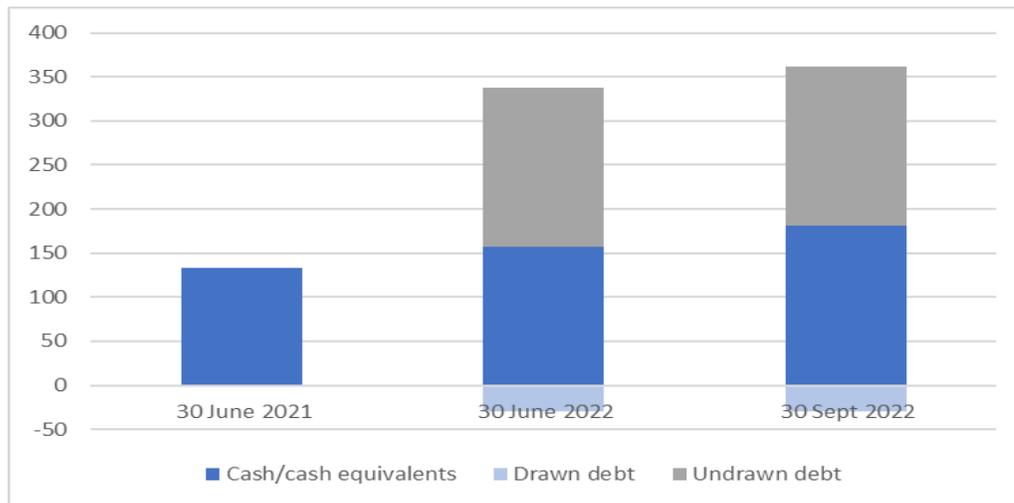
Cash and Available Liquidity



FACILITY TENURE (US\$ MILLION)



LIQUIDITY (US\$ MILLION)



- At 30 September 2022, total liquidity of US\$361.8 million, comprising US\$181.8 million cash/cash equivalents and US\$180 million in undrawn available debt
- Debt facility comprises US\$160m reserve-based, non-recourse loan facility, 425bps margin over SOFR, of which US\$30m drawn, plus US\$50m accordion facility
- Oil hedging through to March 2024 in line with debt facility requirements, providing liquidity support against lower oil prices
- Strong cash flows from operations. Capex on Baúna interventions and Patola largely being funded from cash flows and existing cash
- US\$63.5 million placed into escrow account in Sept Q for Petrobras contingent payment, with US\$85 - 86 million expected to be payable in January 2023 based on Karoon's CY2022 oil price expectations

Summary: Well Positioned to Deliver Shareholder Value

Strong base business with organic and inorganic growth potential



- › One of the few ASX listed companies with pure oil exposure
- › Three-well Baúna intervention program has added ~11,000 bopd to production, stabilised at ~24,000 bopd prior to natural decline of ~15% pa resuming
- › With Patola development, expect production to reach >30,000 bopd by early CY2023, with material reduction in unit operating costs, prior to natural decline resuming
- › 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
- › Focus on being a responsible and sustainable operator
- › Returns to shareholders expected to be available following completion of investment in Baúna interventions and Patola development, subject to Board approval at the time



