



23 May 2024

Company Announcements Office  
ASX Limited

Dear Sir / Madam

**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 annual general meeting held on 23 May 2024.

This announcement was authorised by the Company Secretary

Yours faithfully

Daniel Murnane  
Company Secretary

## **ASX RELEASE**

23 May 2024 | ASX: KAR

### **2024 Annual General Meeting**

#### **Chair's Address**

##### **Slide 4: TY 23 Results**

In July 2023, the Board decided to change Karoon's year end from 1 July – 30 June, to 1 January – 31 December. This was done to streamline the preparation of statutory annual financial statements and annual tax returns, as well as align Karoon's financial year end with other industry peers. As a result, Karoon reported a six-month Transitional Financial Year beginning on 1 July 2023 and ending on 31 December 2023, which we refer to as TY23.

This six month period was transformational for Karoon. The highest production and sales volumes for a half year in the Company's history resulted in underlying net profit after tax of US\$144.7 million, a record six months for Karoon.

A key achievement in TY23 was also our entry into the US Gulf of Mexico, with the US\$720 million acquisition of interests in the producing Who Dat oil and gas fields, associated infrastructure and adjacent exploration acreage. The acquisition was in line with Karoon's major strategic objective to diversify our asset base and reduce our dependence on one asset, in one country, by purchasing a value-accretive, long term production asset with development and exploration upside. We completed the transaction on 21 December 2023. This acquisition has fundamentally changed the risk profile and maturity of Karoon and builds a platform of sustainable returns that can now be appropriately shared with our shareholders.

Maintaining safe and reliable operations remains our foremost priority. We believe all incidents are preventable, and that this must be the first thing we consider every day. It is pleasing to note the continued good safety performance across all our operations. This stems from an ongoing focus by our people and our contractors on processes and procedures that drive safety leadership from top to bottom, in production, exploration and office environments. However, it is vital not to become complacent, and we continue to seek opportunities for continuous improvements.

##### **Slide 5: Operations**

While Julian will go into Karoon's operational and financial performance in more detail later, I want to acknowledge the short term operational issues experienced in late 2023 and early 2024. This has led to two production guidance downgrades, which is especially disappointing. The issues at Baúna are largely related to the FPSO topsides. Julian and his team are working closely with the FPSO operator, Altera&Ocyan, to improve the reliability and continually improve the safety performance of the facility. We are also in dialogue with LLOG, the operator of Who Dat and our joint venture partner, Westlawn, about how to optimise both the near and long term Who Dat production and value. We are working through these issues at both Baúna and Who Dat with the aim of improved performance in the second half of calendar 2024.

I would like to stress that we remain very comfortable with the decision to invest in the Who Dat assets and are confident that they will add material short, medium and long term value to shareholders. We take on the challenge of demonstrating this value to you, our shareholders.

### Slide 6: Operating environment

While recent production has been lower than anticipated, Karoon is currently benefiting from the strength in crude oil prices, which are driving improved revenues. While off its peak of US\$96/bbl reached in September 2023, the Brent crude price is trading at approximately US\$82/bbl, while the marker crude for our US oil sales, West Texas Intermediate, or WTI, is at US\$77/bbl. However, oil prices remain volatile, reflecting ongoing tensions in the Middle East, and a mixed outlook for the global economy and the pace of oil supply growth. The impact of higher oil prices is being partially offset by historically low US gas prices and, while there are signs that inflationary cost pressures are easing, the cost of many services to the oil and gas industry remain elevated. All these factors show why it is crucial for Karoon to continue to maintain strong financial discipline.

### Slide 7: Strategy delivery adding value – Reserves and Resources

Since our 2021 Strategy Refresh, Karoon has been steadily delivering its stated objectives (Julian will talk to this in more detail shortly). As a result, we have seen improvements in almost all the key metrics by which international oil and gas companies are judged. Over the past 3.5 years, 2P Reserves have nearly doubled, reflecting the successful delivery of the Baúna intervention program and Patola development as well as the Who Dat acquisition. 2C Contingent Resources are up some 3% despite the movement of nearly 15 million barrels into 2P Reserves, while our unrisked 2U Prospective Resource inventory is nearly 107 MMboe.

### Slide 8: Strategy delivery adding value – EPS and ROA

On a 12 month rolling average basis, EPS has grown eight fold since we acquired the Baúna assets in November 2020, while the return on assets has moved from negative into positive territory over the same period. Since the acquisition of Baúna in late 2020, our share price has generally outperformed other oil and gas companies in Australia and the Brent oil price. While recent performance has been soft, we remain confident that this will improve once production has stabilised and various capital management initiatives are endorsed.

We believe that our current strategy, which is focused on building a long term sustainable, cost-effective production profile, will ultimately drive superior total shareholder returns in the form of share price appreciation and direct capital returns to shareholders. Following extensive engagement with our shareholders, we believe our strategy is strongly aligned with the interests of the majority of Karoon's shareholders, particularly those who have a long-term perspective and an interest in Karoon remaining a competitive and stable participant in the international oil and gas sector. The Board favours a balanced approach to capital management, where predictable, sustainable dividends can be paid using a business model and set formula, while continuing to build value in the Company through judicious development, exploration and disciplined acquisitions. We do not believe the liquidation of the Company through the payment of unsustainably high dividends over a 3-4 year period is supported by a majority of shareholders.

While acquisitions have been deprioritised until we have integrated the Who Dat assets fully and production from Baúna has been restored to its full potential, Karoon intends to continue to screen both internal and external potential growth opportunities in development, exploration and new ventures. The Board mandate for organic and inorganic growth alike is that any investment opportunity must be assessed using strict criteria that ensure that it is materially value accretive. Acquisitions must compete on economic merit with other forms of capital returns, to ensure we deliver the most value for our shareholders.

A key element in our long term growth strategy is ensuring we have access to a competitive long term source of debt capital. Karoon recently accessed the bond market for the first time with an inaugural issue of US\$350 million. We consider this a highly strategic step in the Company's evolution.

The timing of the issue was driven by the strategic imperative to broaden and deepen our sources of funding at the optimal time. This was dictated by our current strong credit rating and a desire not to be raising capital during the US elections in the second half of the year, which is the next available window of opportunity. The bond issue has enabled us to start developing long term relationships with bond investors, who will likely be a significant future source of non-equity funding, given the ongoing decline of bank debt for upstream oil and gas. It was not, as some have suggested, to fund an imminent acquisition.

The bond will give Karoon greater flexibility to free up latent capital on the balance sheet provide shareholder returns and pursue growth, where it meets our investment criteria.

### Slide 9: Capital Allocation

As was announced in October 2021 after our Strategic Refresh and many times since, it has long been our intention to consider capital returns to shareholders once we had achieved a stable and diversified production base. Following the successful Baúna interventions, Patola development and Who Dat acquisition, we are now in this position.

Our capital allocation framework is unchanged. Our priority is to support safe and reliable operations and maintain liquidity and balance sheet strength. Surplus cash will then be applied to value accretive organic and inorganic growth and capital returns to shareholders, based on what generates the greatest shareholder value.

The Board recognises the importance shareholders place on capital returns, including dividends, in adding value to your shareholding. It also recognises the discipline that paying a reasonable, sustainable dividend brings to an appropriate capital management and investment strategy.

As highlighted in my letter to shareholders last week, we are well advanced in developing a robust, sustainable shareholder returns policy. We have already completed work that will allow the distribution of Brazilian profits to shareholders with minimal tax leakage. Scenario planning based on different production reliability, oil price and cost outcomes is underway. In addition, a detailed review of other factors, such as the availability of franking credits, our Petrobras contingent payments and restoration provision obligations are being considered. We intend to announce our framework for shareholder returns to the market in July 2024. This framework will include what measures we intend to use going forward in determining capital returns and the options available, including dividends and any other initiatives that are appropriate. We intend to apply this capital management framework from the 2024 half year results onwards.

### Slide 10: Environmental, Social and Governance

Finally turning to ESG matters. Firstly, on governance. We believe good corporate governance which builds trust is the backbone of any well-functioning company and is fundamental to its long term success.

#### Governance

The purpose of Karoon's Corporate Governance Framework (shown on this slide) is to delegate tasks while maintaining accountability for outcomes. We believe this is the optimal approach to allow the Board to focus on higher level strategic decision making while empowering our

management and employees to take ownership and expedite projects by leveraging the diverse talents and capabilities of our staff. The Board is responsible for setting and monitoring the strategic direction of the Company and setting the remuneration structure.

The Board firmly believes that the approach Karoon took to remuneration and incentives in TY23, covering the period from June to December 2023, was appropriate. The acquisition of a suitable, value-accretive, second producing asset, to diversify Karoon's operations from its single asset, one country exposure, has been crucial to Karoon's long term de-risking objectives and strategy to create long-term value for shareholders. With this having been largely satisfied with the acquisition of Who Dat, the 2024 STI incentives are fundamentally different from TY23, reflecting a significant change in emphasis for the Company. Management in 2024 are incentivised, through their STIs, to focus primarily on the delivery of production targets, budget costs and capex, safety targets and various measures of operational excellence. More than 77% of their potential reward is attributed to these factors. The balance of 22.5% relates to superior project execution, debt and capital management, culture development and only 5% is provided for screening and maturation of accretive growth opportunities, which must meet stringent investment criteria.

I would note that Karoon's approach to Long Term Incentives is similar to other peer companies and market norms.

Since assuming the role of Chair in November 2023, the composition and renewal of the Board has been a key focus area for me. The proposals being voted on today form part of a carefully considered program that takes into account the Board's current and emerging skills matrix requirements, Board renewal and turnover dynamics, diversity balance and committee leadership responsibilities. The appointment of Joanne and Melissa brings substantial audit, commercial, legal and governance experience to the Board, and will allow a smooth transition of Board Committee responsibilities in the second half of 2024 and during 2025. As part of this renewal, Clark Davey has indicated that he will stand down from our Board and as Chair of our Audit Committee in October, following completion of the 2024 Half Year accounts. Joanne will take his place as Chair of this committee. We also expect to appoint an additional Director over this period, with experience and knowledge of the US oil and gas sector, which was a key reason for requesting a modest increase in our Director fee pool this year.

#### Social

Karoon believes that a successful business should not only add value for shareholders but also help improve the lives of people in our local communities. During TY23, Karoon supported 22 social and community projects in Brazil. We will continue supporting these projects, which are having visible positive impacts on our local communities.

#### Environmental

As an oil and gas producer we recognise the need to take responsibility for our greenhouse gas emissions. We achieved carbon neutrality on our Scope 1 and 2 emissions from Baúna for FY23 and we are on track to be carbon neutral for TY23. While the acquisition of Who Dat increases our absolute emissions, our ambitions for being Net Zero for Scope 1 and 2 emissions by 2035 remain unchanged.

#### **Conclusion**

I would like to take this opportunity to thank our shareholders for their support during TY23 and since. Your Board has heard your sensitivities and we are committed to drive and deliver value to you in the second half of the year.

I would also like commend the entire Karoon team for their hard work and commitment to Karoon during our Transition Year.

In closing I thank you for your time and attention so far and I look forward to answering your questions shortly. I will now ask our CEO, Julian Fowles, to address the meeting and speak further about the Company's operational performance.

Thank you.

## MD and CEO's Address

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

### Slide 12: Opening

As you have heard from Peter, TY23 was a transformational period for Karoon. As well as delivering record production and profitability, the key achievement in TY23 was the acquisition of the Who Dat assets in the US Gulf of Mexico. The US\$720 million purchase was funded by a combination of a new debt facility, cash and an equity raise. At the end of 2023, our gearing (defined as net debt over net debt plus equity) remained modest, at 10%.

### Slide 13: Delivery on strategy

As you can see on this slide, with the acquisition of the Who Dat assets, we have delivered on almost all the strategic goals we set ourselves in October 2021 as part of the Strategy Refresh:

- We have delivered successive improvements in our safety performance and embedded a strong safety culture throughout the organisation.
- We approved, contracted and delivered the Baúna intervention program and Patola development, on time and under budget, resulting in a material increase in production and profitability, as seen in our TY23 results.
- The acquisition of the Who Dat assets has diversified our production base and reduced risk, while adding a substantial additional low cost, long term production stream with substantial infill and near-field exploration upside.
- Through emissions reductions and the acquisition of offsets, we have achieved our Scope 1 & 2 carbon neutrality ambitions.
- Following the equity raise and debt facility refinancing in November 2023 and the recent bond issue, we have a robust and flexible balance sheet that will provide us with long term access to debt funding.

The final objective in the 2021 Strategy Refresh was to commence capital returns. Now that we have a stable production and revenue stream from two assets, we are in a position to satisfy that objective. As Peter has already mentioned, we are making good progress with finalising a capital returns policy, which will be announced in July, for implementation from the 2024 half year results.

### Slide 14: Financial Highlights

Over the last three years, you can see the transformation of Karoon reflected in our production and financial results. Our investment in the Baúna intervention and Patola development has resulted in production increasing from around 2 million barrels of oil in the six months to June 2022 to just under 5.5 million barrels in the last six month period. As Karoon's cost base is largely fixed, Karoon's unit production cost has fallen from US\$26 per barrel to just over US\$11 in the six months ended December 2023. While not evident from these charts, the Who Dat acquisition is expected to result in another upwards step change in production, revenues and cash flows.

### Slide 15: 1Q24 Trading Update

In the March quarter, both our assets were impacted by short term operational issues. However, despite this, we maintained an excellent safety performance, with no Lost Time or Recordable incidents in either Brazil or in the United States. And the operational issues we have been experiencing both at Baúna and Who Dat are being progressively addressed – I'll talk more about that later.

Our growth opportunities are progressing well, with the Who Dat East and South exploration/appraisal wells both JV-approved and the Who Dat East well drilling ahead. We've also moved into the next stage of the Neon development evaluation process.

I'd now like to talk about our producing assets.

### Slide 16: Baúna Project

This slide summarises Baúna production over the last two years. As you can see, production increased following the successful Baúna intervention programme and the drilling and hookup of the Patola wells. However, the six week production outage in 2Q 2023 meant the benefit of these two projects was not reflected in production until the September quarter, when production averaged more than 30,000<sup>1</sup> barrels of oil per day.

Topside problems on the FPSO and mechanical issues in SPS-88, have since impacted Baúna production. Issues at the gas dehydration unit, compressor reliability and natural decline saw Baúna production average ~24,000 barrels of oil per day in the 2024 March quarter. We have had further problems caused by pinhole leaks in production pipework during April. These issues have been factored into the latest guidance provided to the market for CY24. It is important to emphasise that recent production does not reflect reservoir performance which remains as predicted.

We commenced our planned three week maintenance and integrity shutdown on 20 May Brazil time, and are working closely with Altera&Ocyan, the FPSO operator, to address and improve facility reliability and efficiency.

It is important to note that, as a result of the ongoing maintenance issues at the Baúna FPSO and the three week shutdown, Baúna production in Q2 is forecast to be lower than Q1, in the range 1.2 to 1.4 MMbbl. Our Q2 results will be reported in July, but this range is already built into our Baúna production guidance for CY2024, which remains unchanged at 7.5 -9.0 MMbbl.

---

<sup>1</sup> ASX Release 26.10.23 "September 2023 quarterly report"

### Slide 17: Who Dat Operating Performance

Turning to the US, production from the Who Dat asset for the 2024 March quarter was below our expectations. Ongoing JV technical workshops have highlighted that production has been impacted by several operational factors, including delays in bringing new wells on stream and bottlenecks at the G Manifold, partly related to the handling of the high pressure new zone encountered in the G2 well, and a higher watercut than anticipated in the recently-sidetracked E2 well. In addition, for commercial reasons, the operator further curtailed high-rate gas wells in response to the very weak gas price environment, with the Henry Hub gas price sinking to a 25 year low in the March quarter, although it has recently recovered to above US\$2.50/MMBtu<sup>2</sup>.

Together with JV Partner Westlawn, we are closely engaged with LLOG to identify and execute the most efficient lifting and optimisation of production to ensure we maximise near term value from Who Dat. As we indicated at the time of the acquisition late last year, we are also working with the operator to bring forward the best infield infill opportunities, to ensure we are able to sustain higher production through the medium term. Optimisation efforts are ongoing and earlier this month demonstrated that gross production through the Floating Production and Storage facility, or FPS, above 40,000 boepd is achievable.

While the short term impacts to production have been disappointing, it is important to recognise that the largest part of the Who Dat CY24 production downgrade, from 4 -4.5 MMboe to 3 – 3.5 MMboe on a net revenue basis, is related to gas production, which represents just over 8% of Who Dat Revenue at current spot prices.

Who Dat is adding substantial low cost, higher margin, long term production to Karoon, as well as nearby exploration and appraisal opportunities. In addition, Who Dat has brought major strategic benefits to Karoon, such as the reduction in risk and improved access to less expensive and more flexible forms of finance. We believe that the value in Who Dat we saw when we made the acquisition remains unchanged.

### Slide 18: Organic Growth US

As shown in the map, there are several exploration/appraisal opportunities in close proximity to the Who Dat FPS. We commenced drilling Who Dat East on 27 April. This well is located approximately 27 kilometres east of the FPS, in a water depth of approximately 1,300 metres. It is appraising a gas/condensate discovery made in 2001, testing a number of potential reservoir targets, in the Middle Miocene section. The well is expected to take approximately 55 - 60 days to drill and evaluate.

Who Dat East is currently setting casing at around 4,500 metres measured depth and is expected to reach the first target in the next two weeks or so. Subject to the results, the well may be suspended as a potential future producer.

We expect to commence drilling Who Dat South around the middle of the year and are currently going through the JV review process for drilling Who Dat West later in the year.

The total resource volumes targeted by these three wells on a gross basis are in the order of 17 million boe of 2C and 143 million boe at the 2U level, with chances of success of 62% at Who Dat East, 52% in Who Dat South and 36% in Who Dat West. In a combined success case, these opportunities have the potential to more than double the discovered resource base in the vicinity of Who Dat.

---

<sup>2</sup> From EIA - <https://www.eia.gov/dnav/ng/hist/rngwhhdm.htm>

In the event of success at one or more of these prospects, further appraisal may be required. Field development plans would then be created based on subsea tiebacks to the FPS, with the specifics of timing and cost dependent on what is encountered.

#### Slide 19: Neon

In March, the Board approved the Neon Project to enter Concept Select following the identification of two viable development concepts. Further studies are underway to address the two major challenges for the project, which are firstly, a sub-economic return in the low side resource volume case and secondly, the negative impact of increasing market contractor rates and development costs. Resolving both of these key issues satisfactorily will be important to ensure the Neon project continues to progress.

To address the first challenge, the team is working to assess all aspects of the development concept to better mitigate against low case reservoir outcomes. Furthermore, the team is working on ways to reduce development costs to mitigate the impact of capex inflation.

The next major milestone will be in early CY25, when we will decide whether the project should progress into the next phase, the 'Define' phase.

#### Slide 20: Funding Strategy

As Peter mentioned, we have just successfully accessed the US 144A bond market with our inaugural issue of US\$350 million. This will supplement our RBL debt facility which was refinanced in November 2023 and supported by increased commitments from all of our lenders, Macquarie, Deutsche, ING, and Shell. Bond funds have now been received and were largely used to pay off the RBL facility, with the remainder strengthening our balance sheet.

The RBL is in the process of being expanded to incorporate the Who Dat assets, which will increase the borrowing base to US\$340m, although these funds remain undrawn.

The bond gives Karoon greater flexibility to free up capital available from the balance sheet to pursue growth at the appropriate time, as well as shareholder returns. Equally importantly, it opens up a long term strategic funding source, which is vital in the current environment of banks progressively reducing the funding available to upstream oil and gas.

#### Slide 21: Summary

In summary, Karoon remains committed to safe and reliable operations as our first priority. We are in an enviable position as a mid-cap oil and gas producer with well over 35,000 boepd of net working interest production, once Baúna production returns after the planned shutdown, in two of the most prolific and prospective hydrocarbon basins in the world and a demonstrated capacity to access funding despite significant headwinds related to the energy transition.

We have a robust balance sheet with gearing at 10% at 31 December 2023. We are primarily focused on delivering value from Baúna and Who Dat and ensuring production is optimised and reliable in each project. As that production is delivered, the strong cashflows it will generate, along with the recent bond issuance, should allow Karoon greater capacity to provide both capital returns to shareholders and drive long term, value-accretive growth.

I would like to reiterate Peter's thanks to our Karoon team for the hard work put in during the 2023 transitional year and also to thank you, our shareholders, for your continued support and commitment to Karoon.

Thank you, and I will now hand back to Peter.

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

#### **FOR FURTHER INFORMATION ON THIS RELEASE, PLEASE CONTACT**

##### INVESTORS

Ann Diamant - SVP Investor Relations  
& Communications  
M: +61 407 483 128  
E: [Ann.diamant@karoonenergy.com](mailto:Ann.diamant@karoonenergy.com)

Joseph Wong - Investor Relations &  
Communications Advisor  
M: +61 427 351 470  
E: [joseph.wong@karoonenergy.com](mailto:joseph.wong@karoonenergy.com)

##### SHAREHOLDING ENQUIRIES:

Computershare  
Tel: 1300 850 505

##### MEDIA - AUSTRALIA

P&L Corporate  
Communications

Ian Pemberton  
M: + 61 402 256 576  
E: [ian.pemberton@plcorporate.com.au](mailto:ian.pemberton@plcorporate.com.au)

##### MEDIA - BRAZIL

InPress Porter  
Novelli

Andrea Blum  
M: + 55 21 98105-9338

Daniela Melina  
M:+ 55 21 99101-0248

Jacqueline Breitingner  
M: +55 21 99465 9633  
E: [karoon@inpresspni.com.br](mailto:karoon@inpresspni.com.br)

#### **NOTES ON CALCULATION OF RESERVES AND RESOURCES**

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), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

All statements are net to Karoon's interests as of 31 December 2023 and use a combination of deterministic and probabilistic methods. For Reserves and Resources associated with assets in Brazil, Karoon's reported net share is based on the Working Interest for each license. For Reserves and Resources associated with assets in the USA, Karoon's reported net share is based on the Net Revenue Interest for each license, well or reservoir.

Resource volumetric estimates in MMboe have been rounded to one decimal place. Gas volumes are converted to barrels of oil equivalent (boe) on the basis of 6,000 scf = 1 boe.

The reference point for Reserves calculation is at the fiscal meter situated on the respective production facility.

Undeveloped Reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

#### **FORWARD LOOKING STATEMENTS**

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

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

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

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

#### **ABOUT KAROON ENERGY LTD**

Karoon Energy Ltd. is an international oil and gas exploration and production company with assets in Brazil, the United States of America and Australia and is an ASX listed company.

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

# Karoon Energy Annual General Meeting

23 May 2024



# Disclaimer



This presentation has been prepared by Karoon Energy Ltd. The information contained in this presentation is for information purposes only and does not constitute an offer to issue, or arrange to issue, securities or other financial products. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. The presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Karoon Energy Ltd, its directors, employees or agents, nor any other person accepts liability, including without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies.

Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

The distribution of this document in jurisdictions outside Australia may be restricted by law. Any recipient of this document outside Australia must seek advice on and observe any such restrictions.

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 31 December 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 TY23 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. 31 December 2023) of the Reserves and Resources Statement included in Karoon's TY23 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.

Resource volumetric estimates in MMboe have been rounded to one decimal place. Gas volumes are converted to barrels of oil equivalent (boe) on the basis of 6,000 scf = 1 boe

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 Board of Karoon Energy Ltd.



**Peter Botten**

Chair, Karoon Energy

# Chair's Address

# TY23 Results



5.5 MMboe  
Production in TY23



0  
Lost Time or Recordable  
Incident



US\$81.51/boe  
Weighted average realised  
oil and gas price



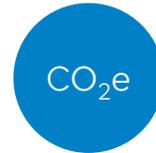
US\$144.7m  
Underlying Net Profit After  
Tax



US\$284.2m  
Cashflow Generated<sup>1</sup>



10%  
Gearing at 31 Dec 23<sup>2</sup>



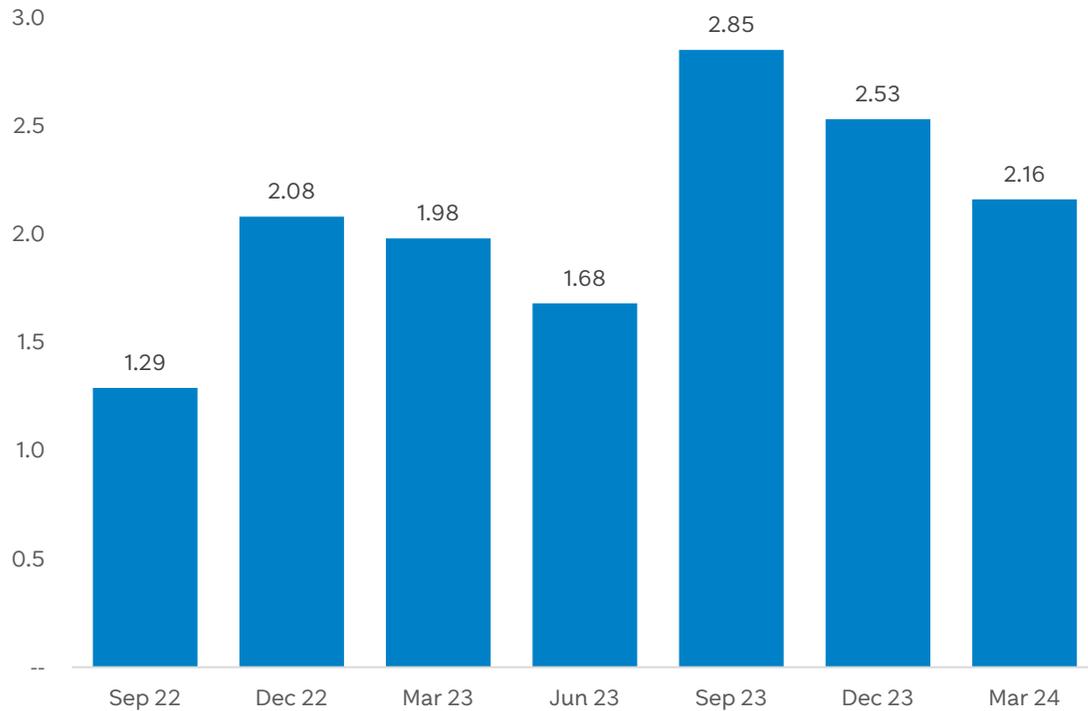
10.9kgCO<sub>2</sub>e/boe  
Emissions intensity  
(Scope 1 & 2)



2  
Community projects  
commenced in TY23

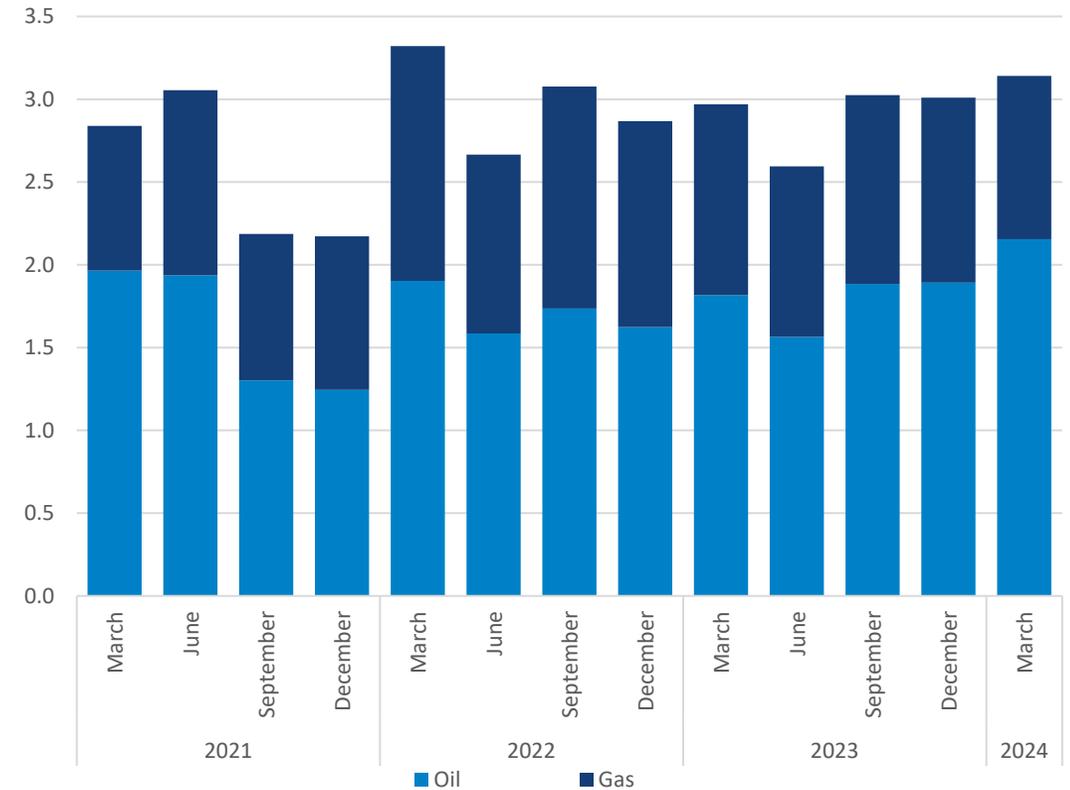
1. Cashflow generated reflects net cashflow from operations and includes principal elements of lease payments.  
2. Refer to glossary on slide 22 for definitions

## Baúna Project Quarterly Production (MMbbl)



Source: Company data released in ASX release dated 9.5.24 “Macquarie Australia Conference Presentation”

## Who Dat gross quarterly production (MMboe)



Source: Company data released in ASX release dated 9.5.24 “Macquarie Australia Conference Presentation”

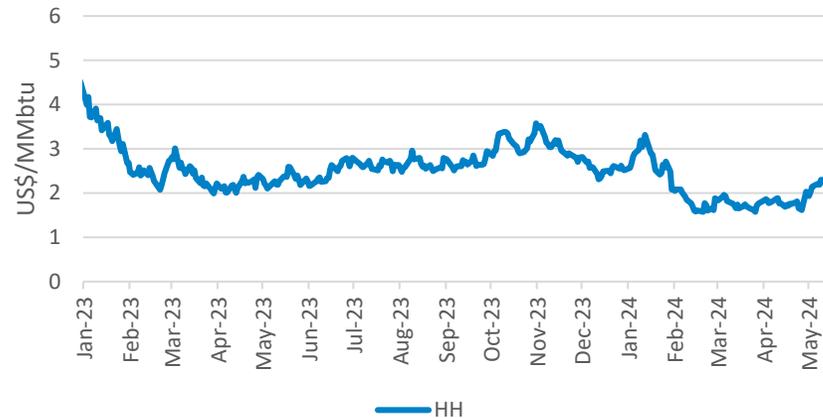
# Operating Environment

## Oil prices have remained volatile



Source: Bloomberg

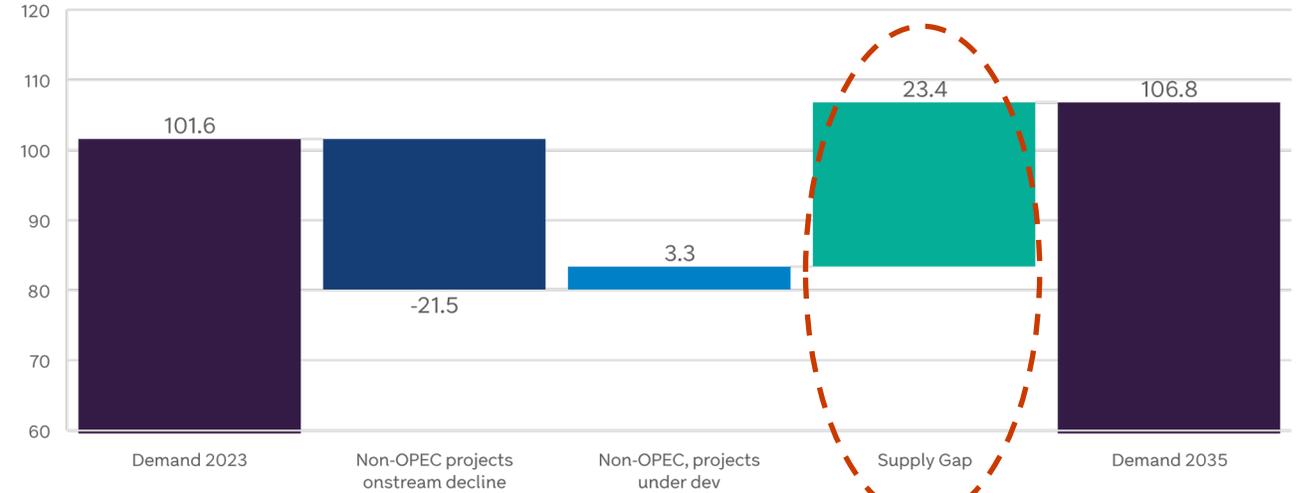
## Henry Hub gas price recovering



Source: Bloomberg

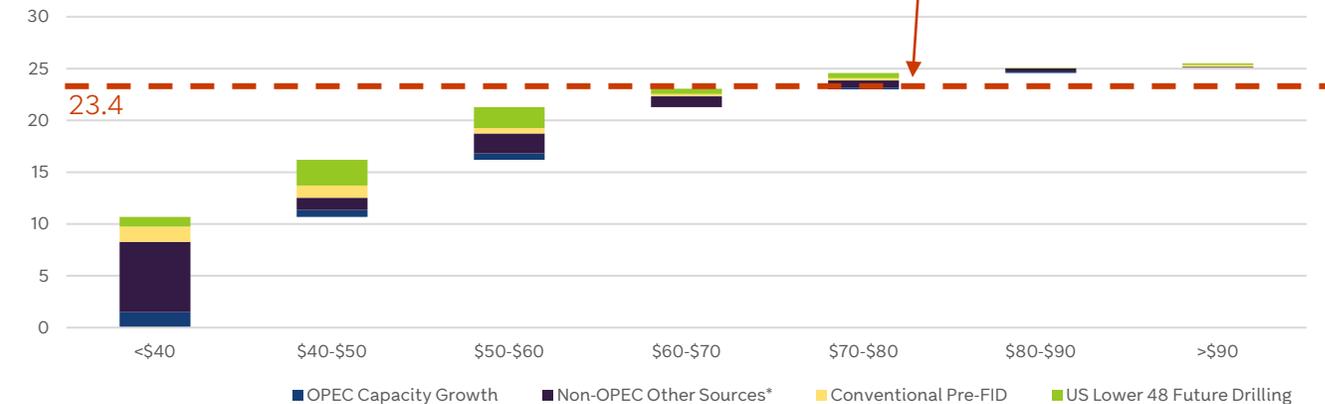
## Prices expected to remain elevated to meet emerging supply gap

### Liquids Supply Gap by 2035 (MMbld)



Source: Wood Mackenzie; Macro Oils Investment Horizon Outlook (2H 2023), Oil Supply Tool

### Supply gas analysis: Cost of supply (MMbld)

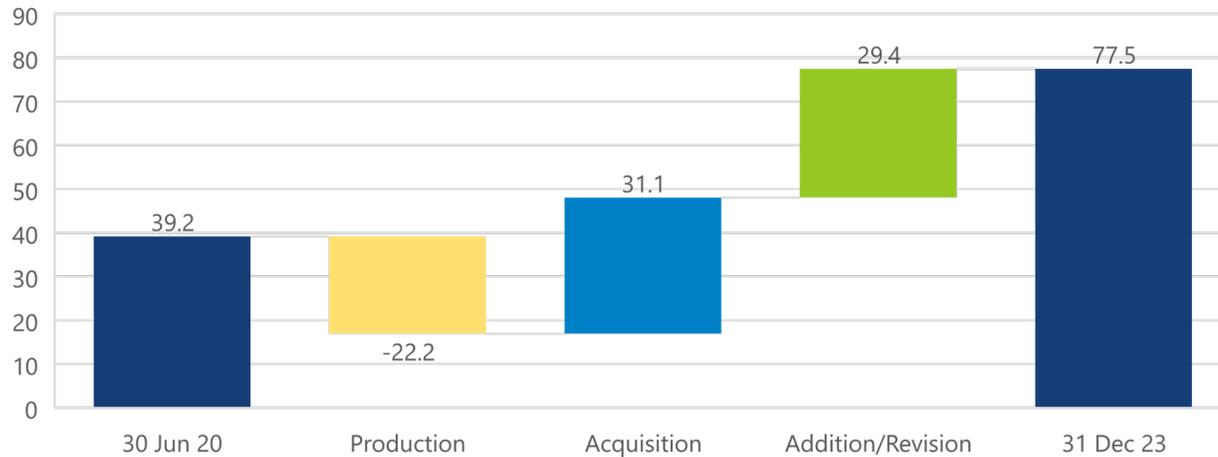


Source: Wood Mackenzie; Macro Oils Investment Horizon Outlook (2H 2023), Oil Supply Tool; Brent breakeven at a 15% discount rate  
\* Non-OPEC Other Sources: Biofuels, CTL, GTL, Oil Shale, Reserves growth, Yet-to-Find, and Other Technical discoveries

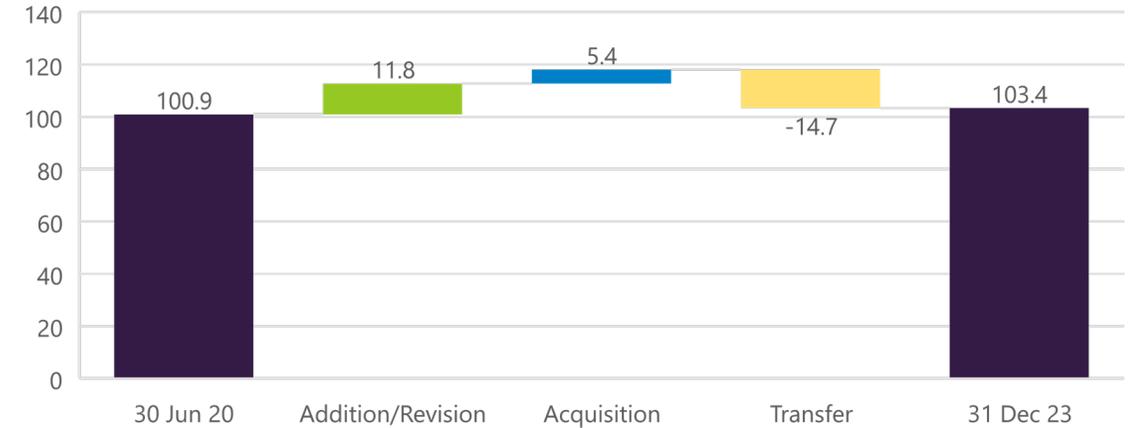
# Strategy delivery adding value



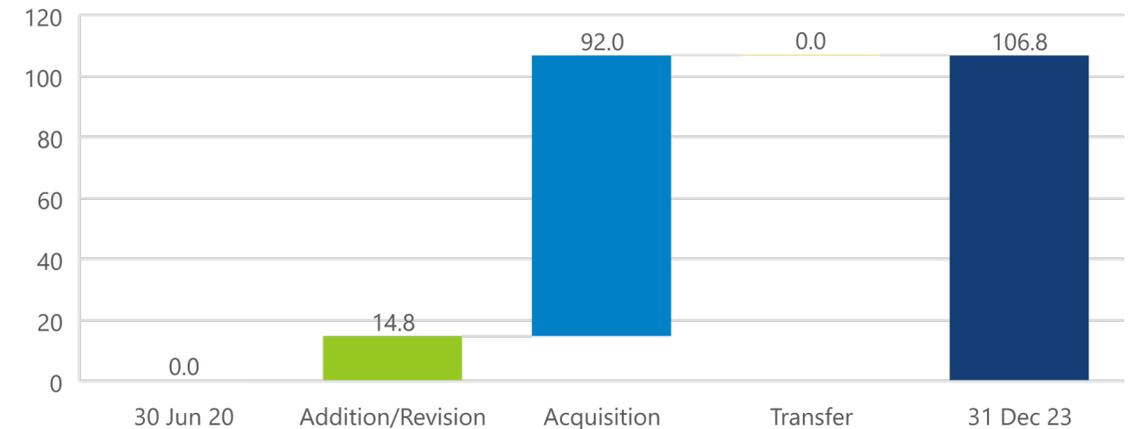
## 2P Reserves<sup>1</sup> (MMboe)



## 2C Contingent Resources<sup>1</sup> (MMboe)



## 2U Prospective Resources<sup>1</sup> (MMboe)



1. See pages 16 – 19 of TY23 Annual Report for full details, including the basis of calculation of Reserves and Resources and Governance and Competent Persons Statement. 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

# Strategy delivery adding value – EPS and ROA



## Underlying EPS<sup>1</sup>



\*TY23 on a 12 month rolling basis (1 Jan 23 to 31 Dec 23) which is derived from auditor reviewed financial information

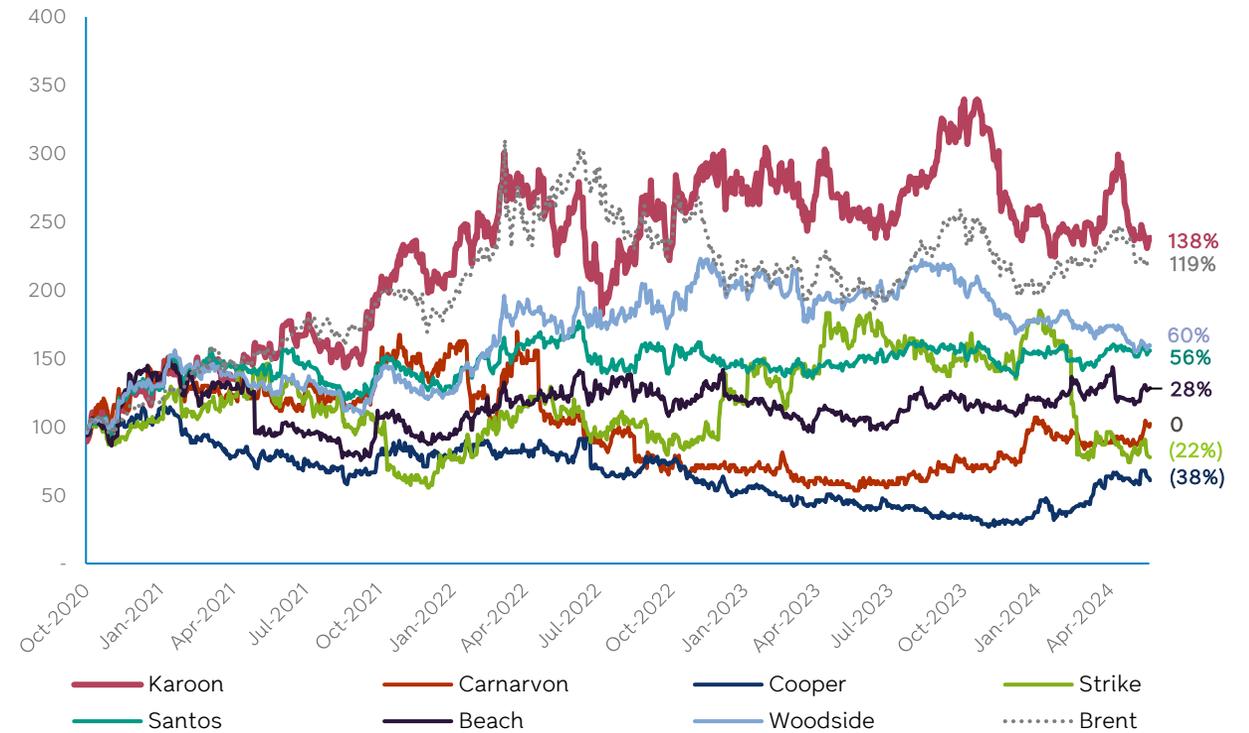
## Return on Assets (ROA)<sup>2</sup>



\*TY23 Return on Assets based on Group underlying profit on rolling 12 month basis (1 Jan 23 to 31 Dec 23) which is derived from auditor reviewed financial information

- Underlying EPS is derived from underlying Net Profit After tax underlying net profit before tax, a non-IFRS measures that are unaudited but are derived from figures within the audited financial statements. These measures are presented to provide further insight into Karoon's performance.
- Return on Assets is based on underlying Net Profit After Tax / Total Assets

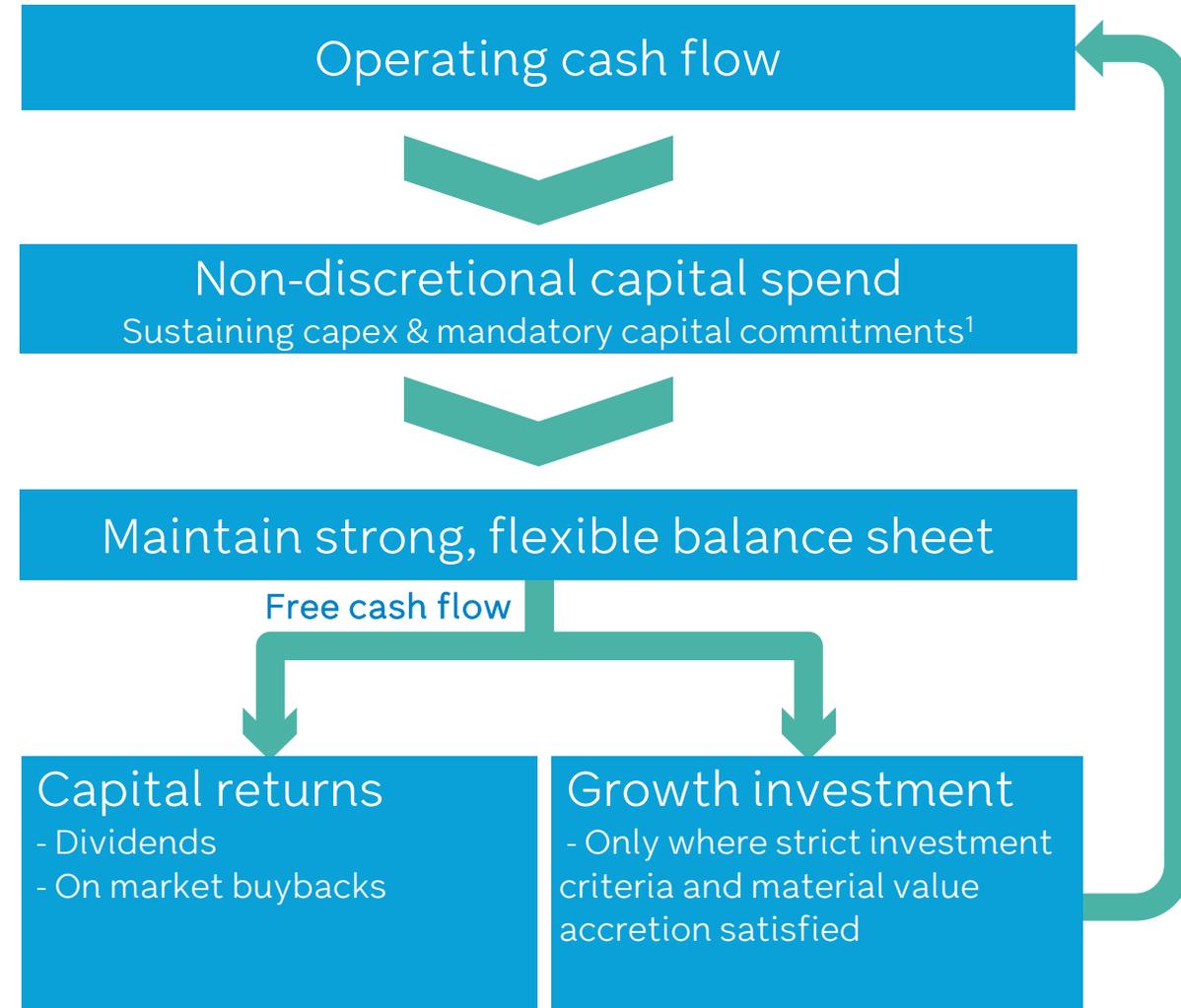
## Relative performance of Karoon vs Australian peers



Source: Morgan Stanley

# Capital allocation framework

- › Framework aimed at supporting safe and reliable operations, maintaining liquidity and balance sheet strength, while supporting both value accretive organic and inorganic growth, as well as capital returns to shareholders.
- › Strong free cash flow from Baúna and Who Dat enhances capacity to pursue both value accretive growth and provide shareholder returns
- › Board well advanced in developing a shareholder returns approach in line with stated strategy and Company's capital allocation framework
- › Board intends to announce framework for shareholder returns in July 2024, for implementation in August 2024 at half year results



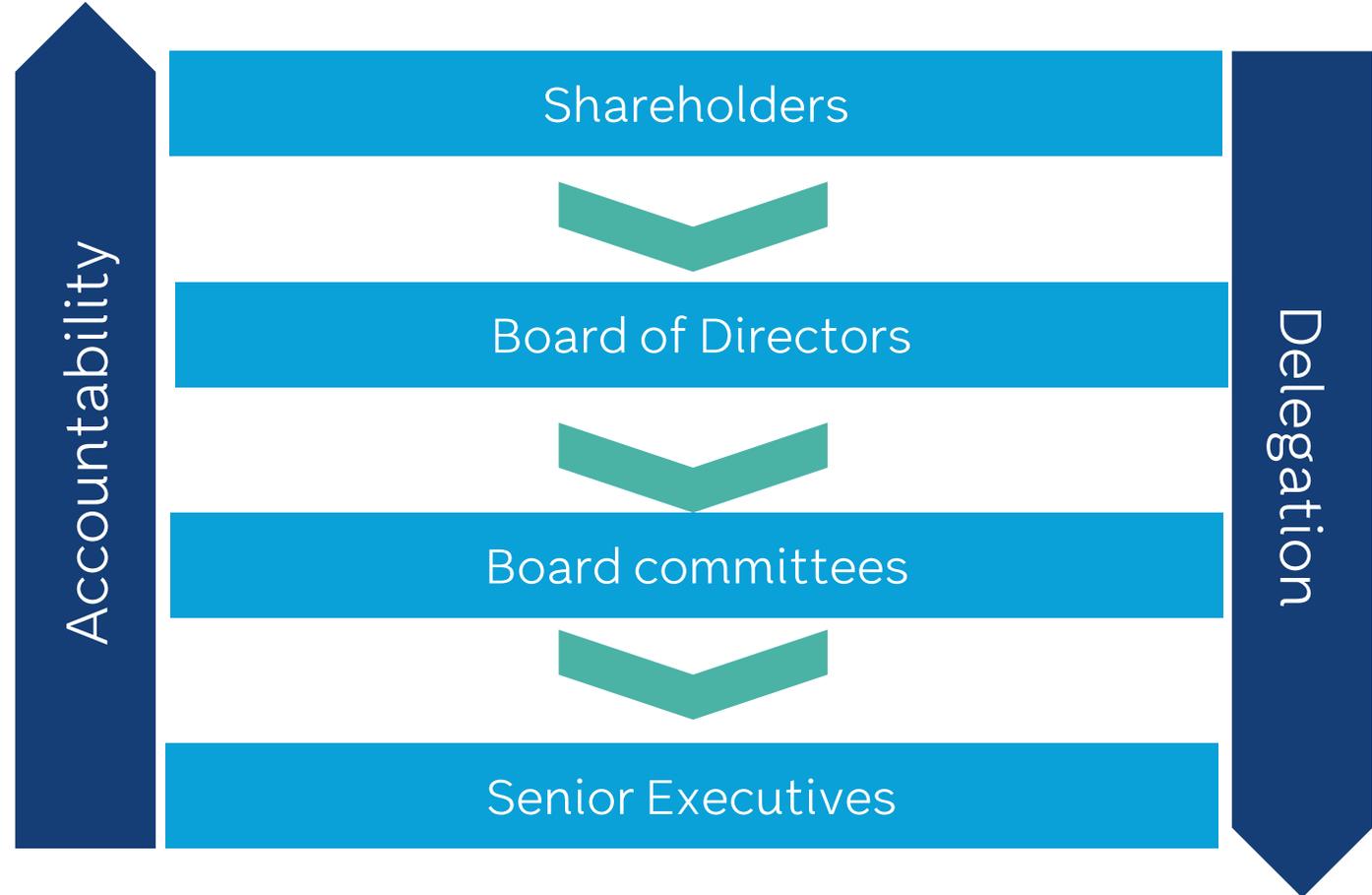
1. Capital commitments include Contingent Payments to Petrobras

# Corporate Governance Framework

Framework is building trust and driving growth to unlock value



- › Appointment of two non-executive directors to deepen Board skills and for succession planning
- › Aim (at an appropriate time) to appoint a further non-executive director with deep experience in US Gulf of Mexico
- › Committed to aligning executive remuneration to shareholders/value creation and corporate strategy
- › Framework empowers management to take ownership of their work to allow Board to focus on strategic direction
- › Board remains accountable to shareholders to ensure strategic direction of Karoon delivers value





**Julian Fowles**

CEO and Managing Director

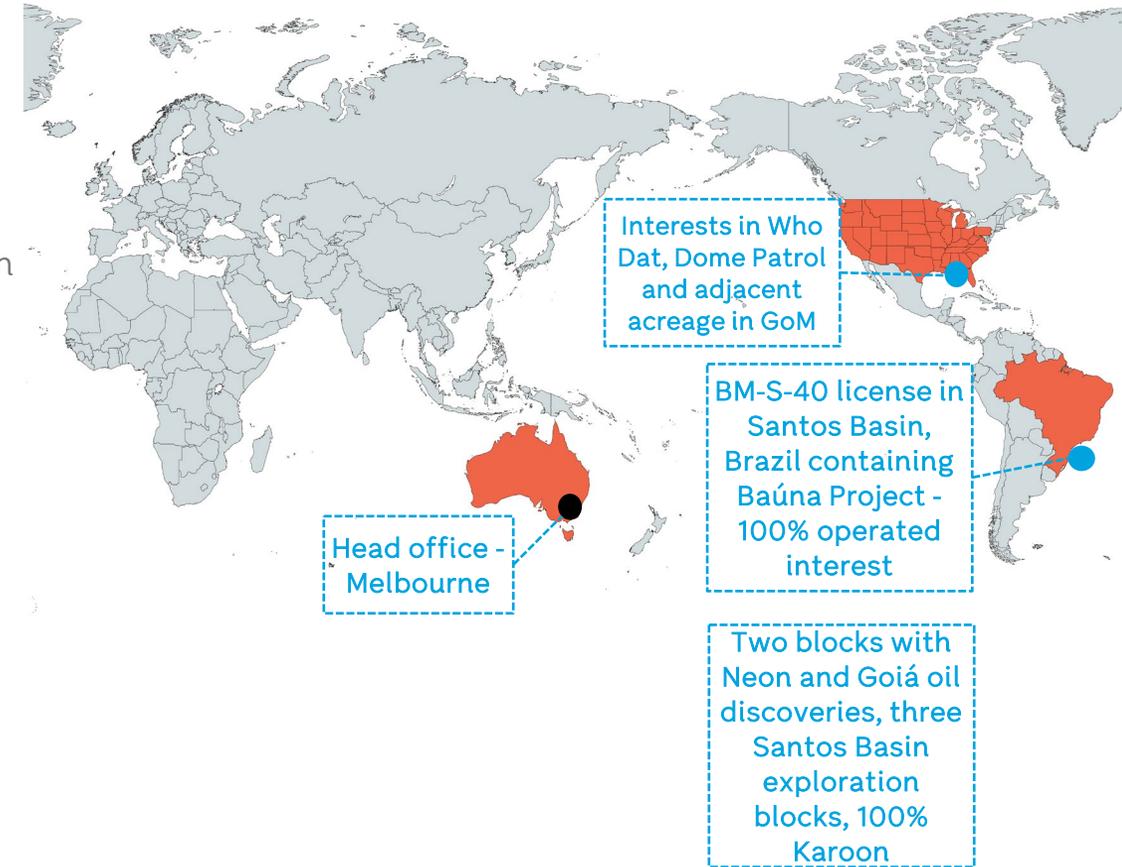
# CEO and MD's Address

# Overview

Oil and gas producer with strong cash flows from high quality assets



- › Interests in two world class oil and gas basins:
  - › Baúna Project in BM-S-40 offshore Brazil
  - › Who Dat/Dome Patrol in US GoM
- › Focus is to maximise performance and value of existing asset base through strong operating discipline, demonstrate value of Who Dat
- › Organic growth opportunities in Brazil and US GoM
- › Inorganic growth opportunities evaluated subject to strict investment criteria, deprioritised during Who Dat integration and development/appraisal phase
- › Robust balance sheet with gearing of 10%<sup>1</sup> at 31 Dec 23, bond issue diversifies long term funding sources
- › Emissions targets – Carbon Neutral on existing operations since FY21, targeting to remain Carbon Neutral, aiming for Net Zero by 2035<sup>2</sup>



1. Refer ASX release dated 19.4.24 "March 2024 Quarterly Report"

2. Refer to glossary on slide 22 for definitions

# Delivering our strategy

Successfully executed strategy set in October 2021 to transform Karoon



## Strategic objectives

Safe and reliable production



*“Safety is our first priority. It is also the first of our five pillars of sustainability at Karoon.”*

Material developments sanctioned and delivered



*“Any opportunity we consider will need to be value accretive to our existing business and meet our strict return thresholds to deliver short and long term value to our Company.”*

Value accretive growth to deliver scale and reduce risk



Sustainability credentials



*“Karoon is committing to making our existing operations Carbon Neutral on Scope 1 and 2 emissions now and becoming Net Zero by 2035.”*

Strong and flexible balance sheet



*“We will need to build and diversify our production portfolio and strengthen our balance sheet.”*

Capital Management



*“The Board is committed to making returns to shareholders when supported by sustainable free cashflows.”*

## What we achieved

TRIR of 0 over last 12 months

Baúna interventions and Patola development delivered safely, on time, below budget, 29 MMbbl added to 2P reserves

Who Dat acquisition diversifies portfolio, adds material reserves and resources, production, development and exploration opportunities. Neon Project advancing

Carbon Neutral in FY23 and ambition to be Net Zero for Scope 1&2 emissions by 2035 unchanged, investing in carbon offset initiatives

Robust balance sheet with gearing at 10% at 31 Dec 23, expanded debt capacity

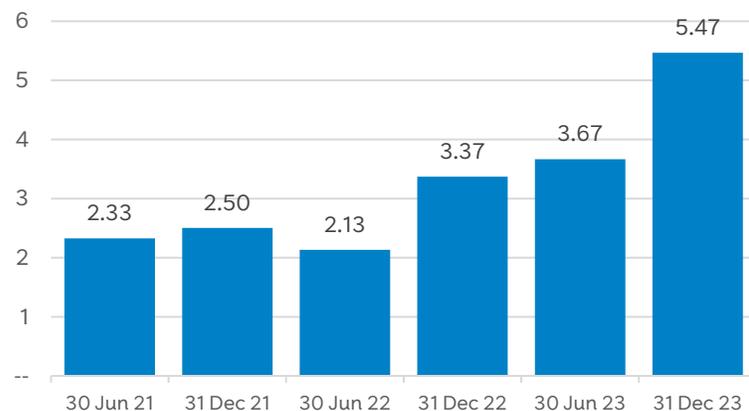
Framework for shareholder returns to be announced in July 2024, application to be announced at 2024 1H results

# Six Month Financial Highlights<sup>1</sup>

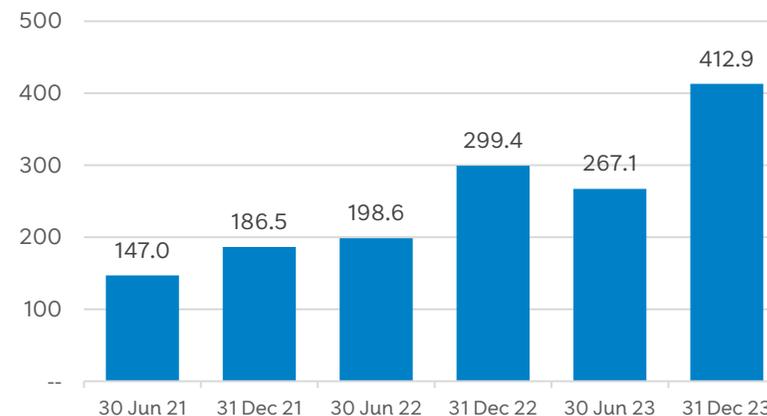
Production growth with largely fixed cost base, supported by robust balance sheet



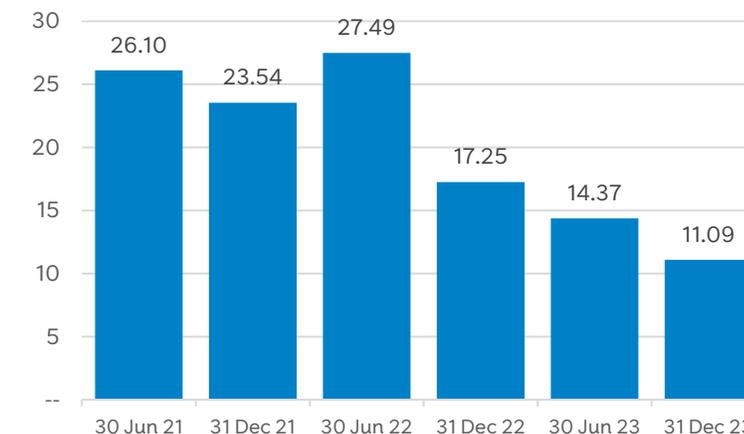
**Production (MMboe)**



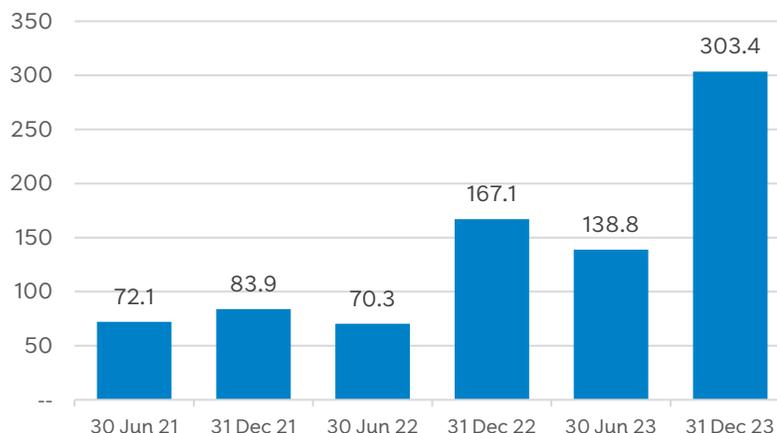
**Sales revenue (US\$m)**



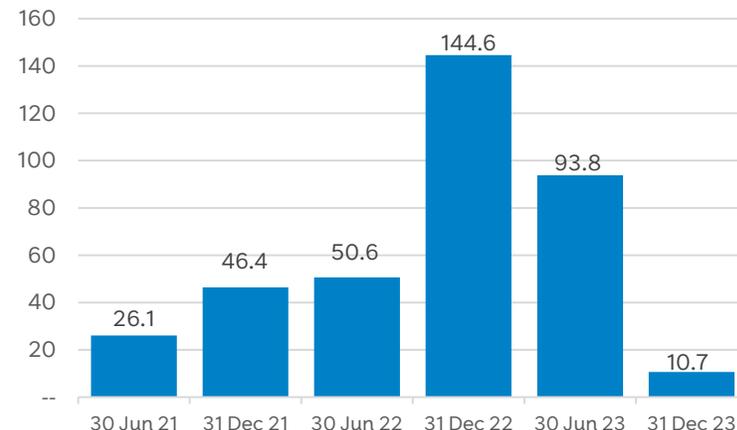
**Unit Production Cost (US\$/boe)**



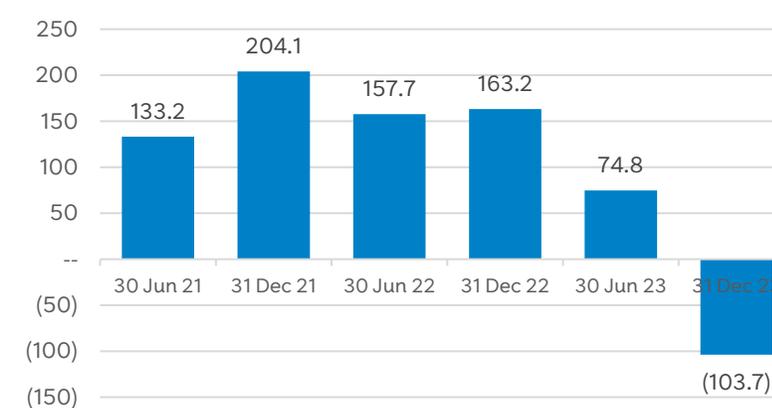
**Operating Cashflow (US\$m)**



**Capital Expenditure (US\$m)**



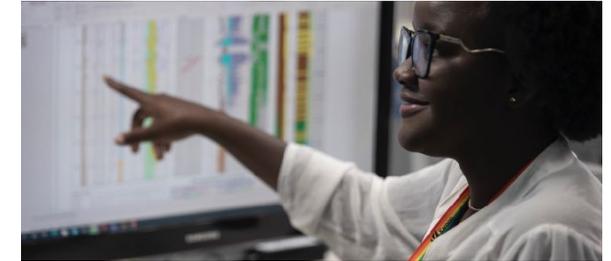
**Net cash/(debt) (US\$m)**



1. The financial information for the six month periods ending 31 December are audited reviewed information. The financial information for the six month periods ending 30 June are not audited but derived from audited and reviewed financial information.

# 1Q24 Trading Update

No Lost Time or Recordable incidents in 1Q24 in either Brazil or US



## Baúna Project

- ▶ 1Q24 production of 2.16 MMbbl, 15% lower than December 2023 quarter
- ▶ Production impacted by issues on FPSO topside (gas dehydration) and the shut-in of well SPS-88
- ▶ Working with FPSO operator to improve facility reliability
- ▶ Annual maintenance shutdown scheduled to start late May 2024
- ▶ SPS-88 expected back online 3Q24<sup>1</sup>
- ▶ Commencing facility life extension planning



## Who Dat Assets

- ▶ 1Q24 production of 0.78 MMboe on a NRI<sup>2</sup> basis
- ▶ Production impacted by delays in bringing G2 and G4 wells online, lower well productivity than anticipated and bottlenecks in G-manifold subsea production system, as well as gas production deferral due to low gas price
- ▶ Integration continuing, with JV Technical committee meetings underway to optimise production and maximise long term value of Who Dat



## Growth & exploration

- ▶ Who Dat East appraisal/exploration well spudded on 27 April<sup>2</sup>.
- ▶ Expected duration ~55-60 days. Who Dat South expected to spud in 2Q24
- ▶ Neon Foundation Project now in Concept Select phase
- ▶ Neon Project Team addressing economic and technical challenges ahead of next decision gate targeted for early CY25
- ▶ Formal award of two deepwater blocks offshore Brazil expected mid-2024



## Robust balance sheet

- ▶ At 31 March 2024, net debt of US\$129.5m:
  - ▶ Cash and cash equivalents of US\$119.5m
  - ▶ Drawn debt of US\$249.0m
- ▶ Karoon assigned credit rating of “B” with stable outlook by both S&P Global and Fitch<sup>3</sup>
- ▶ US\$350 million bond issue diversifies long term funding sources and offers flexibility<sup>4</sup>

1. Subject to finalising contracts and receiving regulatory approvals

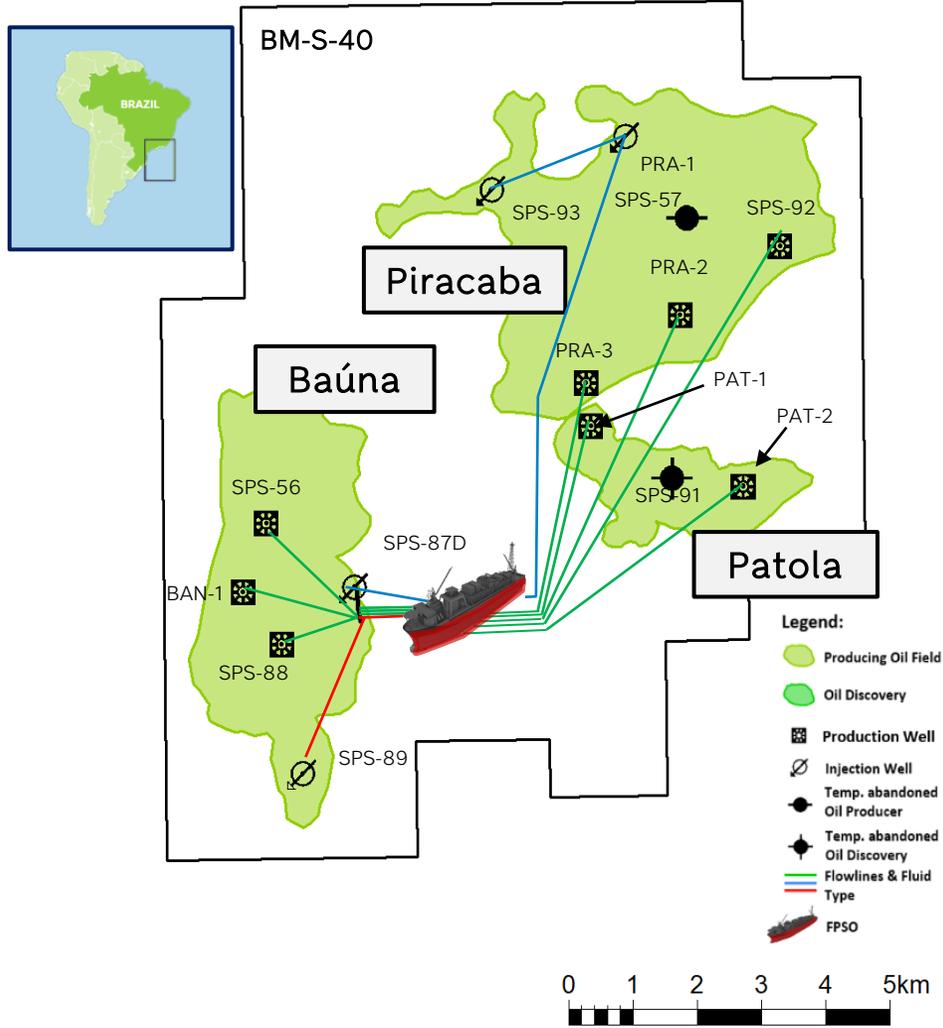
2. Refer to Glossary in slide 22 for definition

3. Refer ASX dated 23.4.24 “Karoon assigned credit rating by S&P Global and Fitch”

4. Refer ASX dated 8.5.24 “Karoon prices US\$350m Second-Priority Senior Secured Notes”

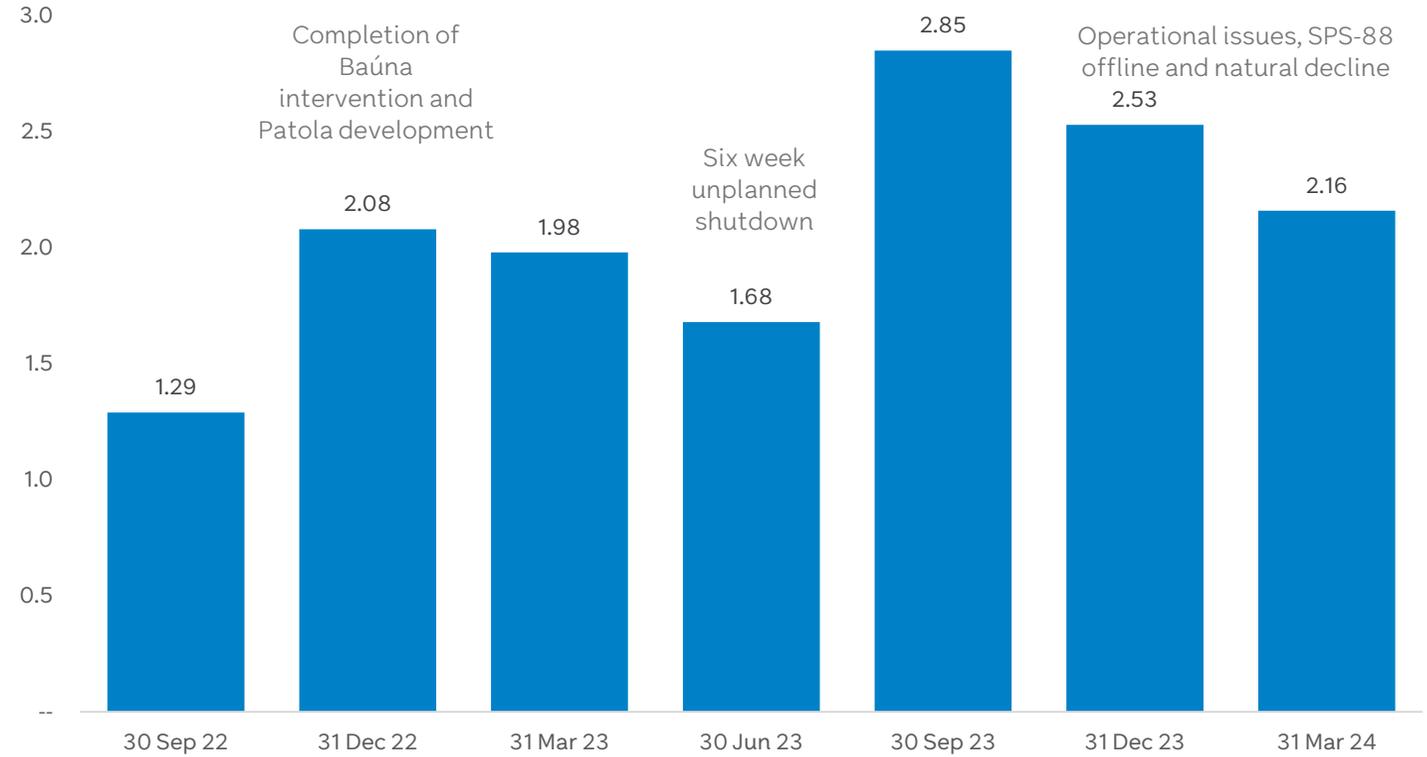
# Brazil: Baúna, Patola and Piracaba

Facilities uptime remains key focus to optimise production



- ▶ Average BM-S-40 (Baúna Project) production ~24,000 bopd for 1QCY24. Production impacted by SPS-88 offline (since Nov 2023), gas dehydration unit and compression reliability issues<sup>1</sup> and natural decline
- ▶ Annual planned maintenance shutdown scheduled for May-June (three weeks) to include broad range of work-scopes to improve reliability

## Baúna Project Quarterly Production (MMbbl)

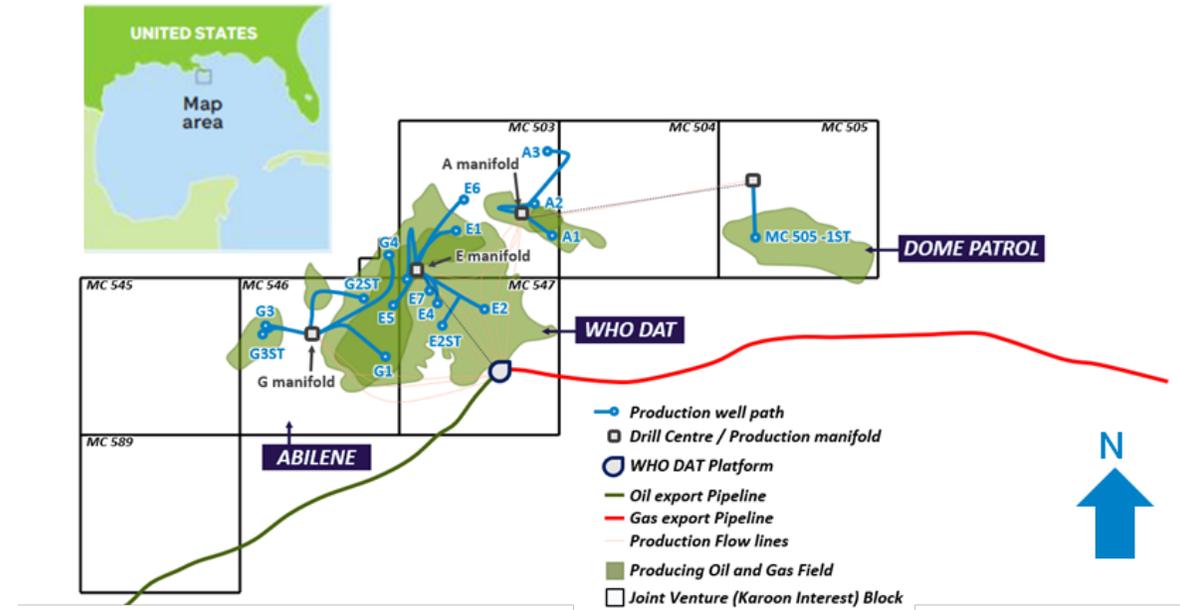


1. Refer ASX release dated 19.4.24 "March 2024 Quarterly Report"

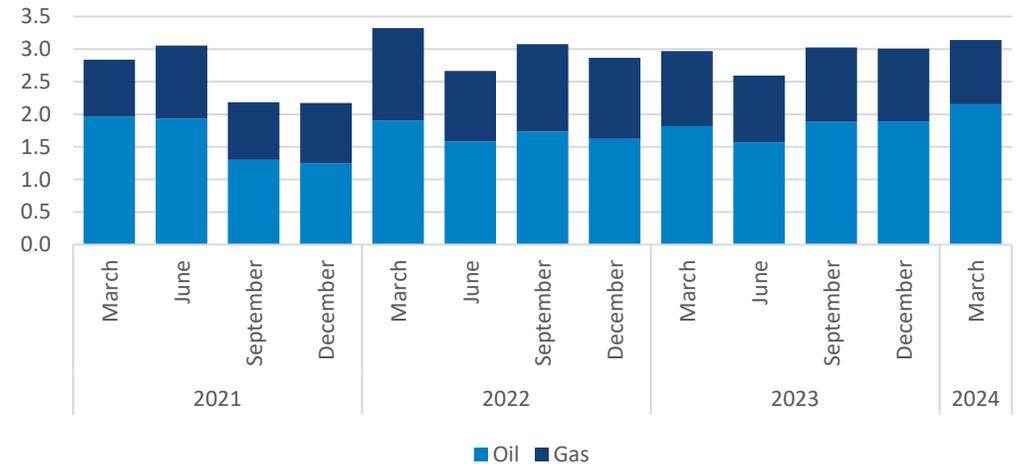
# US: Who Dat operating performance

## Optimisation of production ongoing<sup>1</sup>

- ▶ G2 & G4 wells brought online in February 2024. Challenges experienced handling high pressures from new wells, including upper G2 reservoir
- ▶ Comingled flow from upper and lower zones in G2 well started on 1 May, with progressive equalisation of zonal pressures
- ▶ 1Q24 production also impacted by bottlenecks and back-pressure through G manifold lines/pipes
- ▶ Production from high-rate gas wells curtailed in Q1 to prioritise oil production in low gas price environment
- ▶ Despite challenges, March 2024 quarter delivered highest oil production for three years from Who Dat
- ▶ Karoon technical team now in place in Houston, focused on working closely with Operator LLOG, and JV Partner Westlawn to optimise Who Dat production and value, with workshops underway
- ▶ Reservoirs generally performing in line with expectations, view on Who Dat reserves unchanged
- ▶ Potential resource upside associated with ongoing exploration unchanged



### Who Dat gross quarterly production (MMboe)



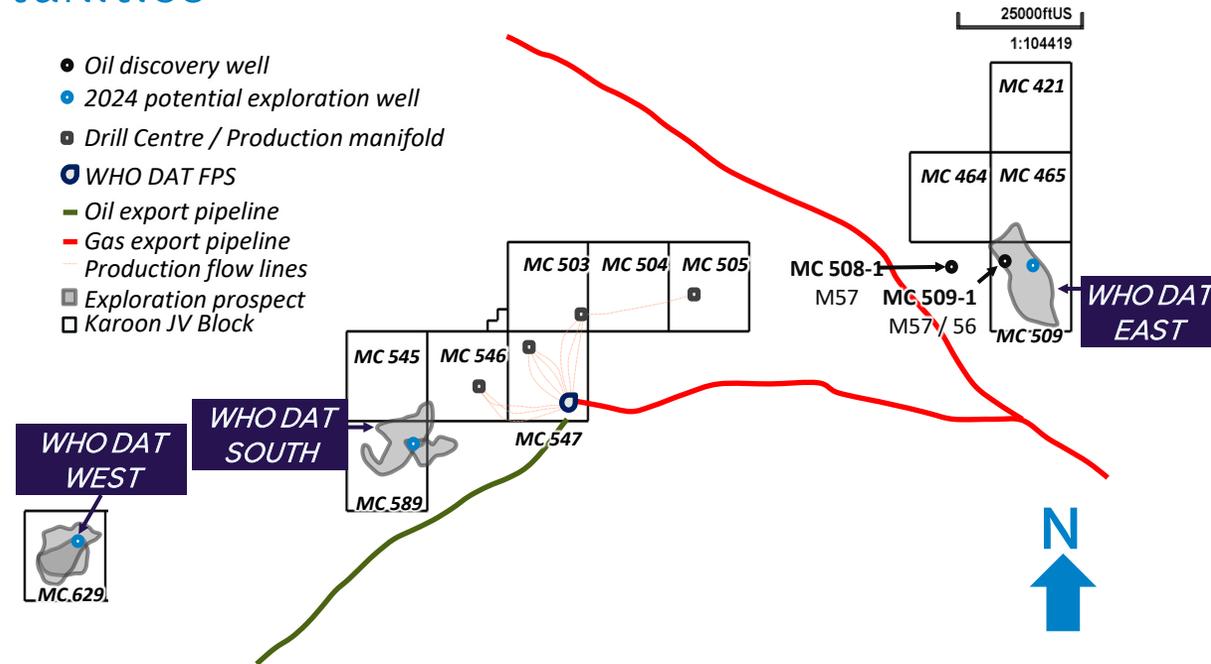
1. Refer ASX release 29.2.24 "TY23 Results Presentation" & ASX release dated 19.4.24 "March 2024 Quarterly Report".

# Organic Growth US: Infill and exploration at Who Dat

## Attractive near-field exploration/appraisal opportunities



- Who Dat East well spudded on 27 April. Who Dat South well to spud in mid-24
- Subject to JV approval, Who Dat West exploration well scheduled to be drilled in late 3QCY24/early 4QCY24
- All three prospects located within tie-back distance of Who Dat manifolds/FPS
- Additional prospect (Who Dat East Deep) to be matured
- Future infill/sidetrack opportunities within Who Dat field to be assessed on newly reprocessed seismic



### Indicative timeline for drilling campaign

	2024			
	1Q	2Q	3Q	4Q
Who Dat East		█		
Who Dat South			█	
Who Dat West				█

### Key prospect information

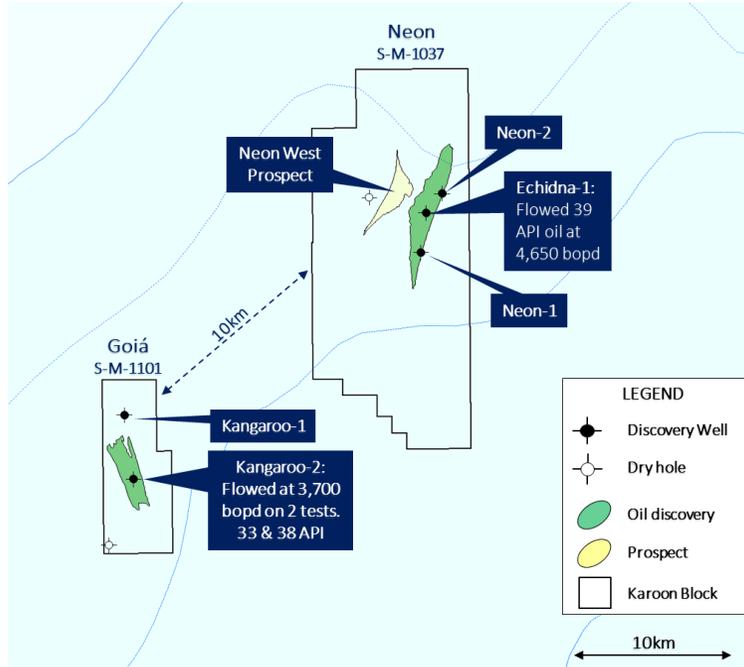
Prospect	Net working interest	Gross Resource <sup>1</sup>		Chance of success <sup>2</sup>	Target
		2C (MMboe)	2U (MMboe)		
Who Dat East	40%	17	35	62%	Mid Miocene
Who Dat South	30%	-	31	52%	Miocene
Who Dat West	35%	-	77	36%	Upper Miocene
<b>Total</b>		<b>17</b>	<b>143</b>		

1. Gross Contingent and Prospective Resource volume estimates presented are based on the Net Revenue Interest volumes as disclosed in the TY23 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.

2. As assessed by independent expert Netherland Sewell and Associates, Inc (NSAI).

# Organic Growth Brazil: Potential Neon development

Further analysis over next 12 months to narrow range of uncertainties



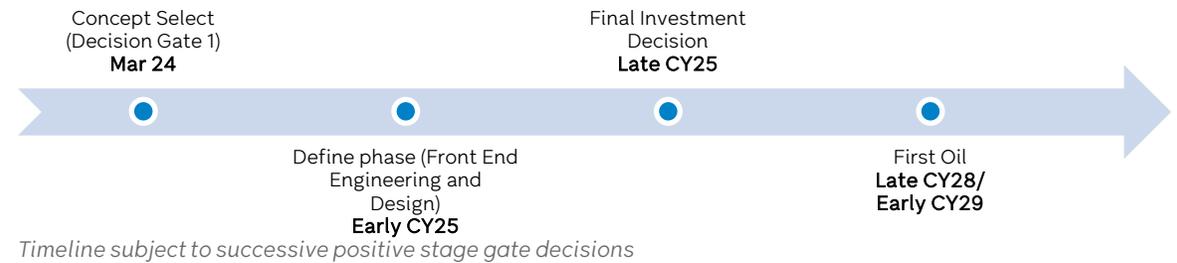
Contingent Resources<sup>1</sup>

	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Neon	37.7	60.1	89.5
Goiá	16.0	27.0	46.0

Prospective Resources<sup>1</sup>

	1U (MMbbl)	2U (MMbbl)	3U (MMbbl)
Neon West	6.1	14.8	32.9

- Board approved Neon Project to enter Concept Select (Decision Gate DG-1)<sup>2</sup>
- During Concept Select, will focus on addressing key economic and technical challenges ahead of DG-2 in early CY25, whether to enter ‘Define’ phase
- Evaluation underway of potential exploration well in Neon West prospect in late CY25<sup>2</sup> as well as work on development optimisation, risk mitigation and development cost reduction to address downside case
- Subject to potential development continuing to meet stringent internal commercial/technical hurdles and supportive market conditions, potential timing as below:



1. Contingent Resource volume estimates presented for Neon and Goiá and Prospective Resources for Neon West are as disclosed in the TY23 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.

2. Refer ASX release dated 19.4.24 “March 2024 Quarterly Report”

# Funding strategy – bond issue diversifies funding sources

## Strategy for growth underpinned by strong balance sheet



- › Karoon Energy Ltd assigned credit rating of “B” with stable outlook by both S&P Global and Fitch<sup>1</sup>
- › Inaugural US\$350 million US 144A high yield issue priced at 10.5%<sup>2</sup>
  - › Timed to align with Baúna and Who Dat high production year, strong credit position, avoiding US political volatility
  - › Accessing deepest global pool of debt capital available to mid-cap energy companies, as commercial banking capacity declines
  - › All-in cost of bond lower than all-in cost of RBL when drawn (hedging not required by bond, fixed tenor and size defray up-front costs), with better terms than alternatives
  - › Lengthens Karoon’s debt maturity profile and improved legal terms and covenants
  - › Proceeds to be used to prepay drawn RBL facility amount, balance held in cash. RBL capacity reinstated

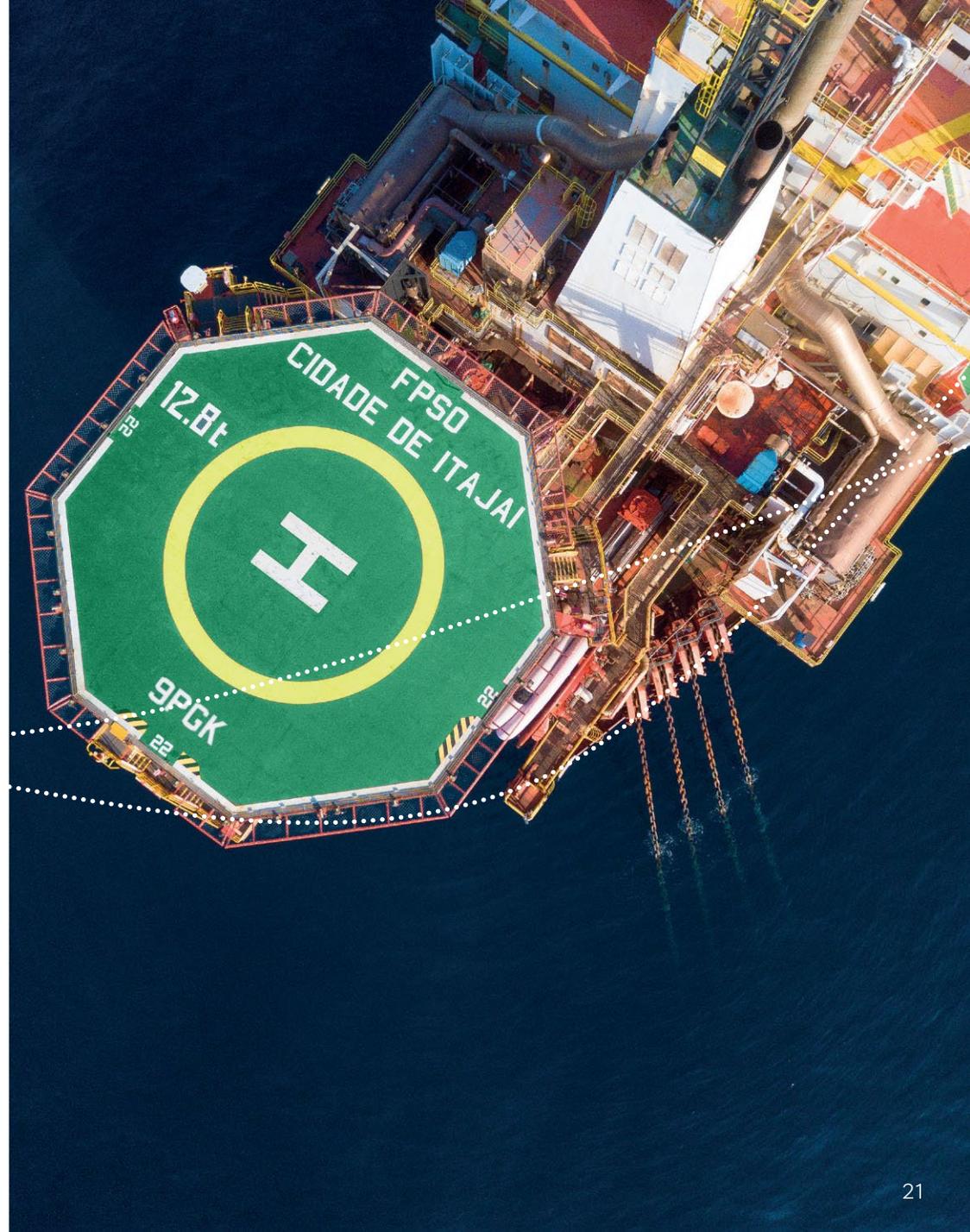
1. Refer ASX dated 23.4.24 “Karoon assigned credit rating by S&P Global and Fitch”

2. Refer ASX dated 8.5.24 “Karoon prices US\$350m Second-Priority Senior Secured Notes”

# Summary

## Focus on creating long term shareholder value

- › Highest priority remains delivering safe and reliable operations while maximising production and value
- › Two high quality, low unit operating cost, producing assets in prolific hydrocarbon basins, with organic growth opportunities
- › Near term catalysts include:
  - › SPS-88 well returning to production at Baúna
  - › Drilling results from Who Dat East & Who Dat South wells
- › Solid financial position with robust balance sheet:
  - › Gearing of 10% as at 31 December 2023
- › Strong cash flows at current oil prices
- › Bond issuance diversifies long term funding sources
- › Board actively considering capital management in line with capital allocation framework



# Glossary



Term	Definition
1QCY24	Quarter ended 31 March 2024
Bcf	billion cubic feet
Boe	Barrels of oil equivalent
<b>Carbon Neutral</b>	Carbon Neutral refers to having a balance between emitting and offsetting greenhouse gas emissions, achieved through acquiring carbon offsets in respect to Scope 1 and 2 GHG emissions.
CY	Calendar Year refers to the 12 month period to 31 December
EBITDA	Earnings before interest, tax, depreciation and amortisation
Financial Year, FY	Financial Year relates to the 12 month period to 30 June
Gearing	Net debt / (net debt + book value of equity)
GoM	Gulf of Mexico
Karoon	Karoon Energy Ltd and its subsidiaries
LTM	Last 12 months
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalent. Gas converted to oil on basis of 6,000 scf gas = 1 barrel of oil equivalent
Net Debt	Total borrowings less cash and cash equivalents (excluding transaction costs)
<b>Net Zero</b>	Net Zero refers to reduction of Scope 1 and 2 GHG emissions as far as possible with the residual balanced using carbon removals projects and if required carbon offsets.
NGL	Natural gas liquids
NRI	Net Revenue Interest (after government and third-party royalties)
RBL	Reserves Based Lending
scf	Standard cubic feet
US	The United States of America

