

10 March 2022

Company Announcements Office  
ASX Limited

Dear Sir / Madam

**Investor Presentation**

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

This announcement was authorised by the CEO and Managing Director.

Yours faithfully



**Nick Kennedy**  
Company Secretary

# Karooon Energy Ltd

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**ASX listed pure oil play with high  
quality producing asset in Brazil**

March 2022



# Disclaimer / Definitions



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## Definitions

<b>1H</b>	Financial period from 1 July to 31 December	<b>FY2022</b>	Financial year ending 30 June 2022
<b>2H</b>	Financial period from 1 January to 30 June	<b>Karoon</b>	Karoon Energy Ltd and its subsidiaries
<b>API</b>	American Petroleum Institute's Inverted scale for denoting the "lightness" or "heaviness" of crude oils and other liquid hydrocarbons	<b>LTi</b>	Lost time incident
<b>bbl or barrel</b>	Barrel of oil = 42 United States gallons; equivalent to approximately 159 litres	<b>MMbbl</b>	Million barrels of oil
<b>bn</b>	billion	<b>m/million</b>	Million
<b>bopd</b>	Barrels of oil per day	<b>NPAT</b>	Net profit after tax
<b>CY</b>	Calendar year		
<b>FPSO</b>	Floating, production, storage and offloading vessel		
<b>FY</b>	Financial year ending 30 June		

# Overview of Karoon Energy

Focus on oil in Santos Basin, Brazil



## Oil producer with exposure to exciting Brazilian oil industry

- One of the few companies with pure oil exposure listed on the ASX
- Brazil focused, 100% owner/operator of a high-quality asset

## Building reputation as safe and reliable operator

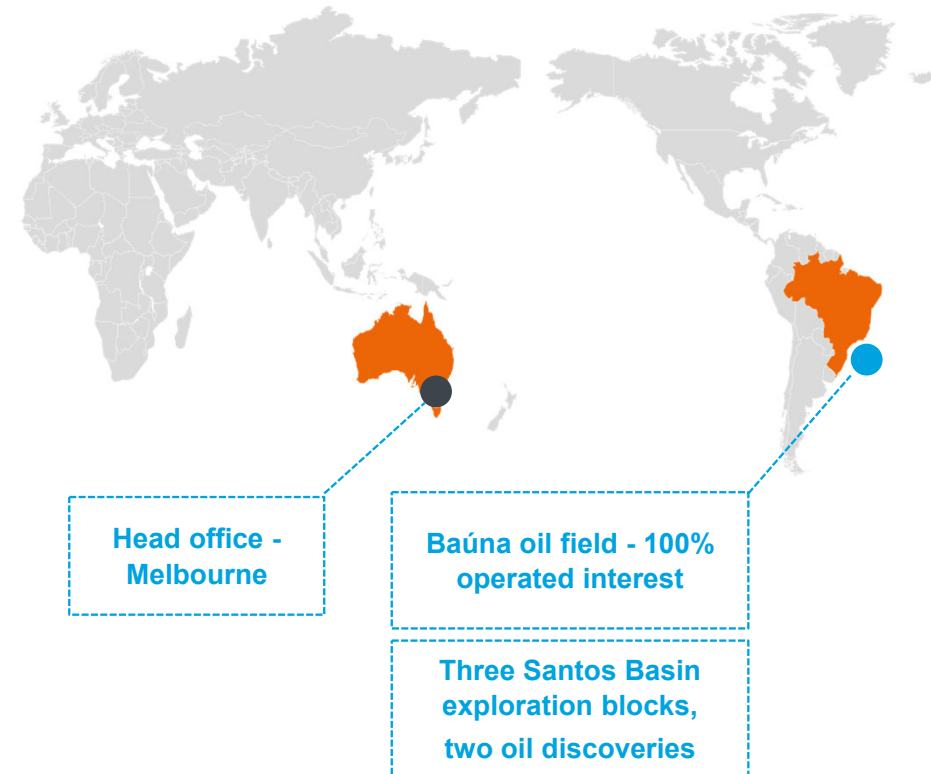
- Experienced Board and management, knowledgeable and experienced operations and development teams
- Proactive maintenance program combined with financial discipline, aimed at maximising life of asset
- Integrating sustainability, including carbon neutrality and, longer term, net zero into strategic decision framework

## Clear growth path

- Sanctioned near term growth projects targeted to more than double production and almost halve unit production costs from early CY2023
- Potential for further growth through organic and inorganic opportunities

## Strong financial position with a robust balance sheet

- Strong cash flows and liquidity of US\$334m at 31 December 2021
- Demonstrated ability to access debt financing - additional US\$50m accordion facility available
- Current strong oil price outlook

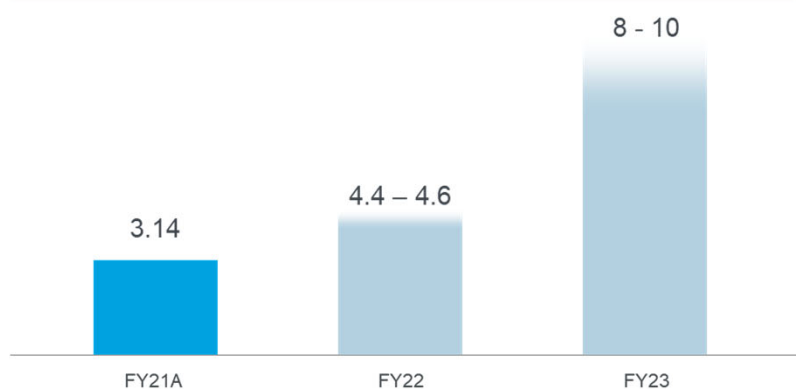


# Production rates targeted to double by early CY2023

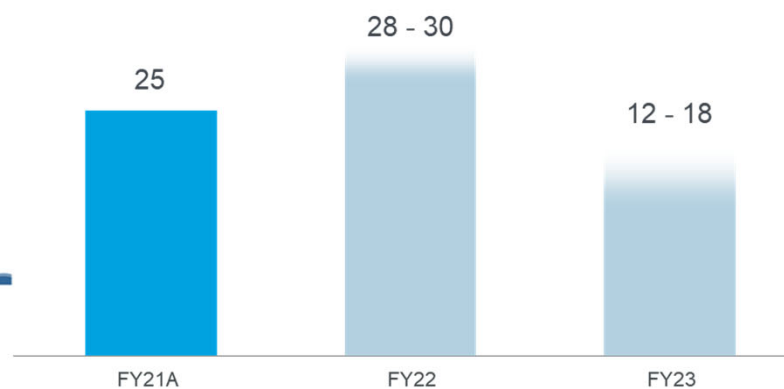
Supported by robust balance sheet, liquidity



Indicative production profile (MMbbl)\*



Indicative unit operating cost outlook (US\$/bbl)\*



Cash at 31 Dec 2021  
US\$204 million



Liquidity at 31 Dec 2021  
US\$334 million, plus potential  
US\$50 million accordion facility

\* Production profile and cost outlook in FY2022 and FY2023 indicative only and assume Baúna intervention and Patola projects are delivered within target timeframes. See slide 13 for further assumptions underpinning production profile and cost outlook.

# Strong, independent Board

Diversified skill-base, focus on governance and performance



## Independent, Non-executive Directors



**Bruce Phillips**  
Chairman



**Peter Turnbull**



**Clark Davey**



**Luciana Rachid**



**Peter Botten**

## Managing Director



**Julian Fowles**



# Refreshed management team

Deep industry experience, capabilities and networks



**Julian Fowles**

**Managing Director  
and CEO**

**(appointed Nov 2020)**



**Ray Church**

**Executive Vice  
President and CFO**

**(appointed Aug 2021)**



**Antonio Guimarães**

**Executive Vice President  
and President Brazil**

**(appointed Aug 2021)**

# 1H FY2022 – Key Highlights

Excellent performance from Baúna as Karoon completes its first year as an oil producer

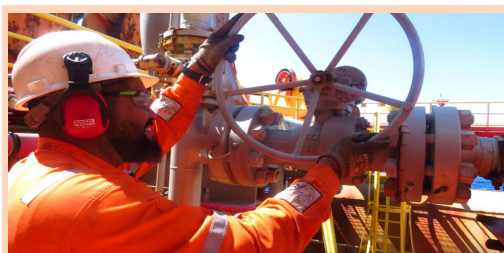


## Safe and Reliable Operating Performance



- Safety remains top priority - Lost time injury rate: 0.47 per 200,000 hours
- One LTI (slip in FPSO galley)
- Oil production: 2.50 MMbbl
- Oil sales: 2.57 MMbbl
- Average realised oil price: US\$72.43/bbl
- 99% operational uptime
- No incidents of COVID on FPSO in CY2021

## Strong Financials



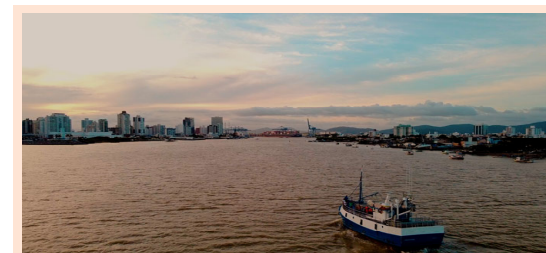
- Underlying NPAT<sup>1,2</sup>: US\$21.1m
- Underlying EBITDA<sup>2</sup>: US\$89.5m
- Statutory net loss after tax: US\$97.7m
- Unit production costs: US\$23.50/bbl
- Unit DD&A: US\$11.80/bbl
- Cash at 31/12/21: US\$204.1m
- Liquidity at 31/12/21: US\$334.1m

## Growth Projects Advancing



- Preparations for Baúna intervention and Patola development progressing
- Maersk Developer rig arrival scheduled for 15 April – 15 May
- Production target of >30,000 bopd in early CY2023
- Assessing potential Neon development and value-accretive acquisition opportunities

## Sustainable Business



- Completion of LP flare and mooring buoy projects to reduce emissions
- Entry into carbon credit agreements to result in carbon neutral Scope 1 & 2 Baúna emissions in FY2021<sup>3</sup>
- Goal to be Net Zero<sup>4</sup> by 2035 on Scope 1 & 2 emissions through operational reductions, and offset projects and credits that provide climate and social benefits

<sup>1</sup> Adjustments to derive underlying NPAT are detailed on slide 17.

<sup>2</sup> EBITDA (earnings before interest, tax, depreciation, depletion, and amortisation), underlying EBITDA and underlying net profit after tax (NPAT) are non-IFRS measures that are unaudited but are derived from financial statements, which have been subject to review by the Company's auditor. These measures are presented to provide further insight into Karoon's performance. See notes on page 4 of Karoon's Interim Financial Report for the half year to 31 December 2021 to derive EBITDA, underlying EBITDA and underlying NPAT.

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

<sup>4</sup> 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.



# HSSE performance

Safe and reliable operations core priority for Karoon



- One LTI in November 2021 (slip in FPSO galley). Slips and trips education program underway throughout Karoon
- No material environmental incidents
- Strict COVID-19 protocols successful in reducing COVID risks for workforce, ensuring operating continuity during 1H FY2022
- No COVID cases on board FPSO in CY2021. Early CY2022, experienced first outbreak of COVID on FPSO since December 2020. Quarantine/screening efforts redoubled, operational continuity plans in place. No impact on production to date
- >10 socio/environmental licence projects underway related to Baúna operations



Six months to Dec 2021	Actual	Target
TRIR	0.47	<2.0
LTI	1	0
HiPos	2	1
Safety Cards	70/mth	70/mth
Safety Observations	17/mth	≥15/mth
'Permits to Work' Audited	24%	≥20%

# Karoon's key strategic objectives

Deliver safe and reliable operations and sanctioned projects to create foundation for growth



## Delivering our Transformation

### Safely execute Baúna base business

- Deliver targeted production, safely and reliably
- Build reputation for operational excellence
- Optimise and enhance operations with financial discipline to grow margins

### Deliver sanctioned development projects

- Aim to double production by early CY2023 through Baúna interventions and Patola development
- Materially reduce unit operating costs by increased production utilising existing infrastructure
- Deliver projects safely, on schedule and within budget

### Re-evaluate and de-risk Neon-Goiá with new perspectives

- Potential standalone development or tie-back to Baúna
- Must be value-accretive and compete with alternative investment opportunities

### Develop and/or acquire second producing asset

- High-quality experienced team in place in Brazil
- World class petroleum systems, running room, mature industry and growing economy

### Balance capital allocation between high value growth and returns to shareholders

*Baúna FPSO, Cidade de Itajai*





# Enablers to deliver strategy

Deliver operations and sanctioned projects to create foundation for growth



## Delivering our Transformation

### Organisation and capabilities

- Management and Board revitalised
- New systems and processes
- Subsurface focus pivoted from greenfields exploration to production, exploitation and near-field opportunities

### Funding growth

- Cash flow from operations and expanded debt capacity with strict capital discipline
- 'Ready to go' debt plan to fund growth options
- Growth opportunities to be balanced against capital returns to shareholders

### Sustainability Credentials

- Target of carbon neutral on Baúna-Patola Scope 1 and 2 GHG emissions by FY2022 ahead of schedule
- Invest in high quality carbon offset initiatives with positive social impact to achieve Net Zero by 2035

*Maersk Developer drill rig*



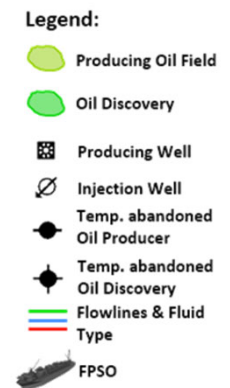
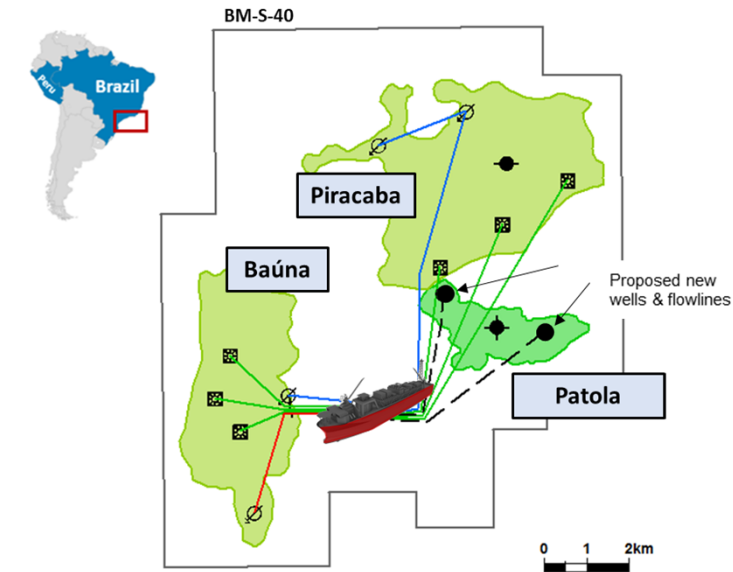
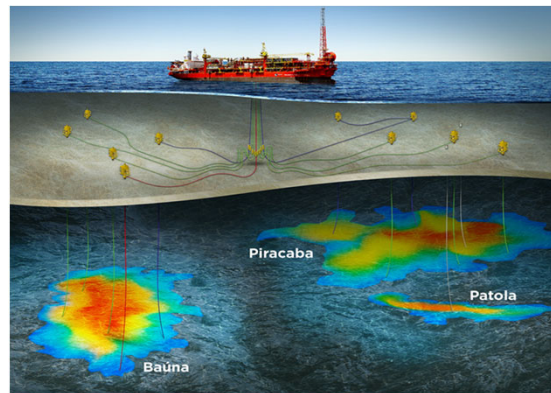
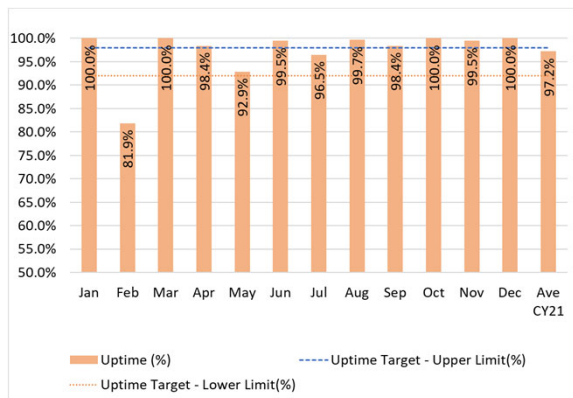
# Strong production performance from Baúna field

High facilities availability and active well management



## Delivering high operational uptime through focus on process safety, facility integrity and preventive maintenance

- Achieved outstanding operational uptime of 99% in 1HFY22, with few unplanned shutdowns and no scheduled maintenance
- Reflects work undertaken during CY2021 (audits, proactive maintenance etc) to establish reliable platform
- Together with active well management, annual decline rate has been mitigated to ~10% vs 15% when KAR took over operatorship
- Production anticipated to be lower in 2HFY22 due to 11 days scheduled maintenance in March 2022 and commencement of Baúna intervention campaign in April/May 2022. Included in FY2022 production forecasts



# Baúna interventions and Patola development on track

Targeting increase in production to >30,000 bopd in early CY2023



## Baúna well intervention project

- Targeting 5,000 – 10,000 bopd incremental production from four interventions - 2 downhole pump replacements, 1x gas lift and 1x oil zone re-opening
- Expected to commence 15 April - 15 May 2022, subject to Maersk rig arrival
- Estimated cost US\$110 – 130 million unchanged

	2020		2021				2022				2023			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project Sanctions	Intervention				Patola									
P&C, manufacture, approvals			Numerous common activities											
Intervention campaign											Progressive delivery			
Patola execution														
Potential Neon Control drilling														

## Patola Development

- Drilling of two new development wells scheduled to commence immediately following completion of Baúna campaign in late CY2022
- Targeting first Patola production in early CY2023
- Expected peak production rate >10,000 bopd, short plateau prior to onset of decline
- Estimated cost US\$175 – 195 million unchanged

## Current Status

- Maersk has confirmed 30-day window for operational commencement of Maersk Developer rig, between 15 April to 15 May 2022
- As at February 2022, suppliers have been selected for >95% of contracts with >92% by value executed and majority of outstanding contracts to be signed in 1Q CY2022
- No material changes in costs experienced to date

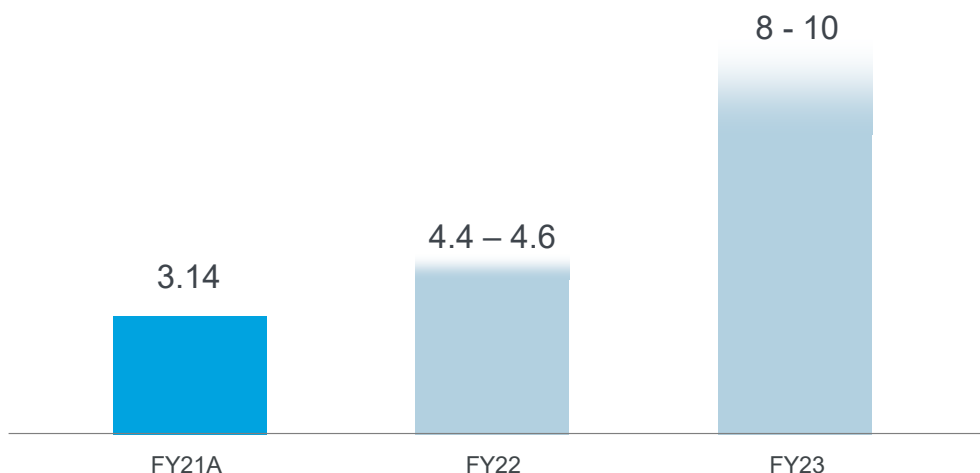


# Indicative production and cost profile\*

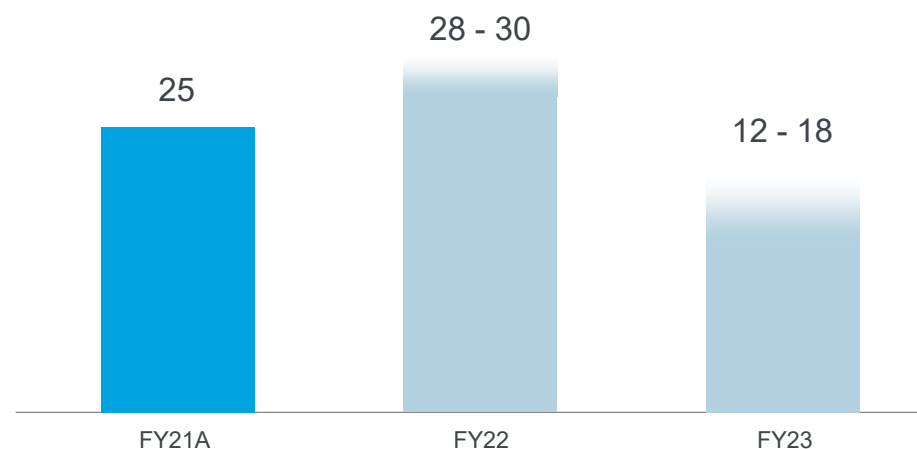
Sanctioned projects targeting material production increase and opex/bbl reduction



## Indicative production profile (MMbbl)\*



## Indicative unit operating cost outlook (US\$/bbl)\*



## Production from BM-S-40 base business

- Multidisciplinary focus on optimising reservoir management, well operations, cost structure and facilities integrity, to maximise value from Baúna asset
- Production outcomes driven by operating reliability and uptime as well as Baúna interventions and Patola

## Production cost outlook

- Intervention and Patola projects will utilise existing infrastructure
- With ~90% of operating costs fixed, increased production expected to reduce operating cost per barrel materially in CY2023
- Charter, operations and maintenance (O&M) contract cost to reduce to 85% of current rate from Feb 2022, with small lift to 90% of current rate once production rate > 15,000 bopd (expected in 4Q CY2022)

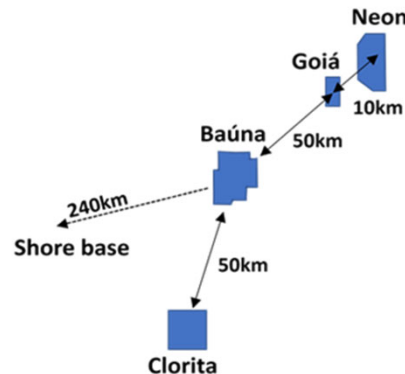
\* Production profile and cost outlook in FY2022 and FY2023 indicative only and assume Baúna intervention and Patola projects are delivered within target timeframes

# Optimising Neon development concept

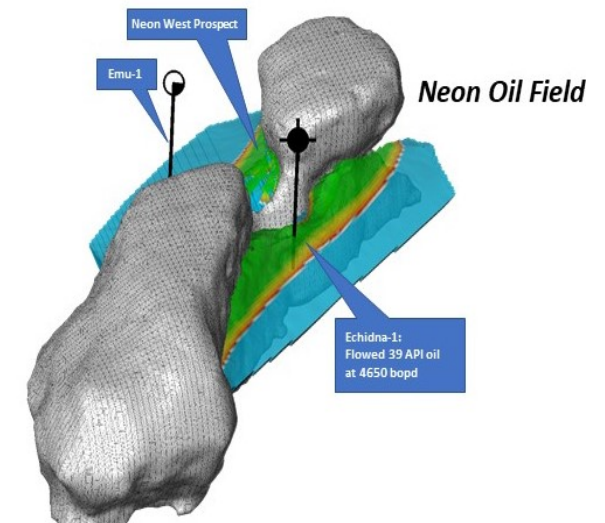
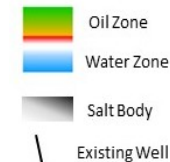
Alternative development concepts being explored, to maximise value



- Neon and Goiás light oil discoveries located 50 - 60km NE of Baúna in ~300m water depth
- Work ongoing to update preliminary field development planning and re-evaluate commercial potential
- Focus on how to maximise oil recoveries most cost effectively, given current subsurface uncertainties
- Neon initial development subject to drilling potential control well/s and finalising engineering studies
- Options to extend contract with Maersk Developer rig to drill control well/s after completion of Patola. Decision whether to drill expected in 1Q CY2022
- Working on two development options:
  - Standalone
  - Tie-back to Baúna



Interpreted Fluid Zones



Field	Contingent Resources <sup>1</sup>		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Neon	30	55	92
Goiá	16	27	46

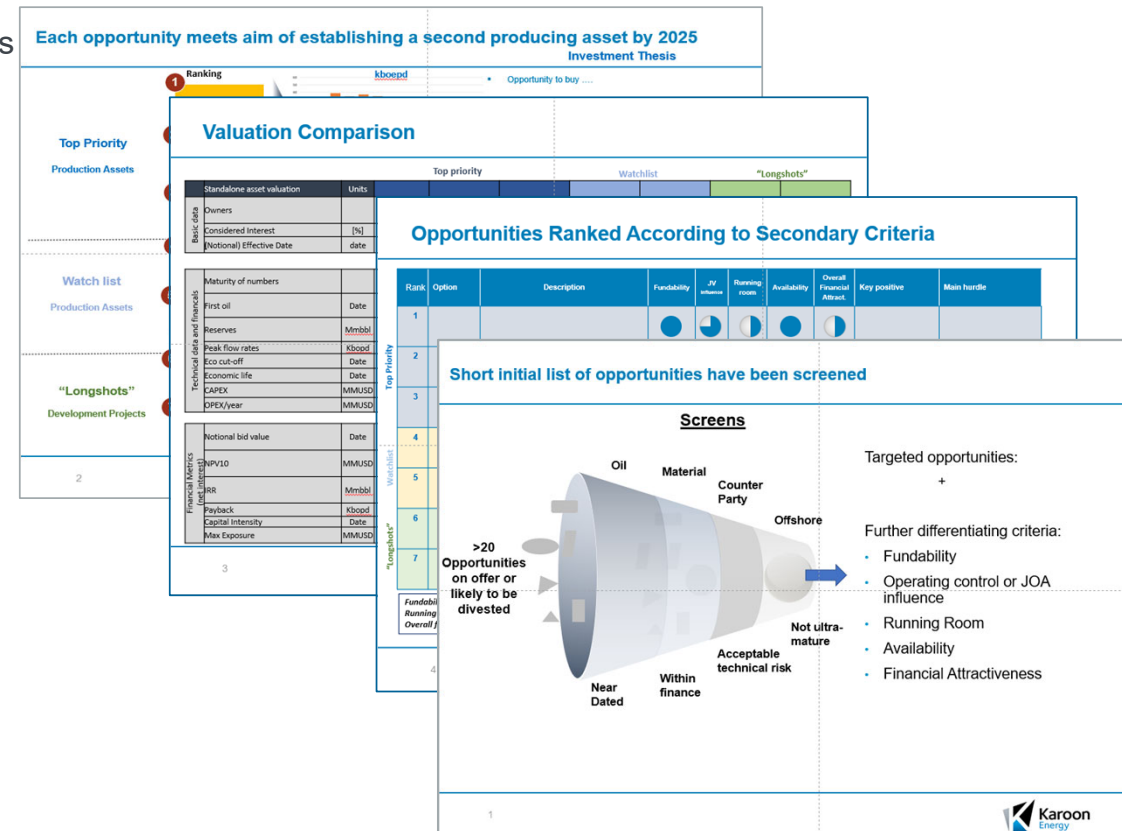
<sup>1</sup> Contingent resource volume estimates presented for Neon and Goiás were disclosed in the 8 May 2018 ASX announcement "Resources Update" and published in the 2021 Annual Report. Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcement continue to apply and have not materially changed.

# Assessing inorganic growth options

Disciplined process underway to identify and pursue value-accretive growth opportunities



- Karoon continuing to actively screen inorganic growth opportunities
- Well placed to take advantage of ongoing M&A in Brazil
- Competing against relatively small but highly motivated field of potential buyers, including Brazilian independents and private equity
- Rigorous screening process being followed
- Key asset selection priorities:
  - Value accretive opportunities, exceeding Karoon's return threshold, with acceptable risk profile
  - Fundable
  - Producing or close to production



# 1HFY22 underlying financial results

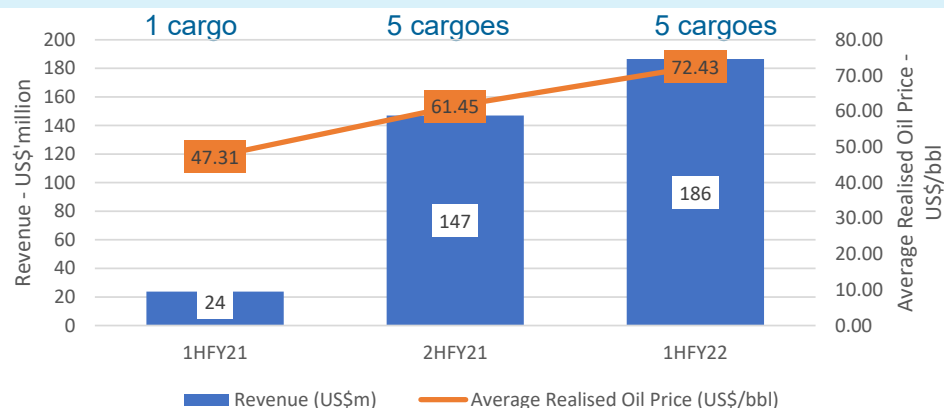


US\$ million	1H22	1H21
Revenue	186.5	23.8
Production Costs (incl FPSO depn & fin)	(58.8)	(18.1)
Royalties	(19.1)	(3.9)
O&G Assets DD&A	(29.8)	(10.5)
Inventory Movements	(5.3)	12.2
Corporate, Exploration & Other	(13.9)	(10.6)
Finance & Interest	(2.3)	(0.3)
Underlying Pre-Tax Profit	57.3	(7.5)
Income Tax Benefit/ (Expense)	(36.2)	16.9
Underlying NPAT <sup>1</sup>	21.1	9.4

	1H22	1H21
Production (MMbbl)	2.5	0.82
Sales Volume (MMbbl)	2.57	0.5
Realised Oil Price (US\$/bbl)	72.43	47.31

- Production of 2.50 MMbbl, US\$5.7m inventory
- Five cargoes, sales volume of 2.57 MMbbl
- Average realised price of US\$72.43/bbl benefited from rising global oil prices over period
- Unit production cost of US\$23.50/bbl, increasing in 2H22 due to maintenance and shutdowns
- Royalties = 10% of production at ANP reference price
- Corporate, Exploration and Other costs included corporate costs of US\$7.3m, share based payments of US\$3.5m and exploration and business development expense of US\$2.6m
- Income tax expense included US\$13.3m non-cash FX movement on Brazilian Real (BRL) tax assets/liabilities (timing difference) and US\$2.1m permanent differences

## Revenue & Realised Oil Price per bbl



<sup>1</sup> Underlying net profit after tax (NPAT) is a non-IFRS measure that is unaudited but is derived from financial statements, which have been subject to review by the Company's auditor. This measure is presented to provide further insight into Karoon's performance. See notes on page 4 of Karoon's Interim Financial Report for the financial half year ended 31 December 2021 to derive underlying NPAT.

## Reconciliation of Underlying NPAT<sup>1</sup> to Statutory Result



Six months to December	2021	2020
	US\$ million	US\$ million
Underlying NPAT <sup>1</sup>	21.1	9.4
Change in FV of Contingent Consideration	(183.8)	-
Restructure costs	(0.9)	-
FX gains/ (losses)	3.4	(17.0)
Baúna transition costs	-	(14.6)
Income tax benefit (non-underlying items)	62.5	-
Recognition of historical tax losses	-	20.7
Statutory net (loss)	(97.7)	(1.5)

- Material increase recognised in fair value of contingent consideration payable to Petrobras for Baúna asset (US\$183.8m pre-tax, US\$121.3m after tax) due to higher future oil price expectations
- Higher oil prices and target production will generate additional cash flows to fund higher Petrobras payments
- FX gains predominantly attributable to accounting restatement of US\$ cash holdings in Australian entities

<sup>1</sup> Underlying net profit after tax (NPAT) is a non-IFRS measure that is unaudited but is derived from financial statements, which have been subject to review by the Company's auditor. This measure is presented to provide further insight into Karoon's performance. See notes on page 4 of Karoon's Interim Financial Report for the financial half year ended 31 December 2021 to derive underlying NPAT.



# Balance sheet profile and available liquidity



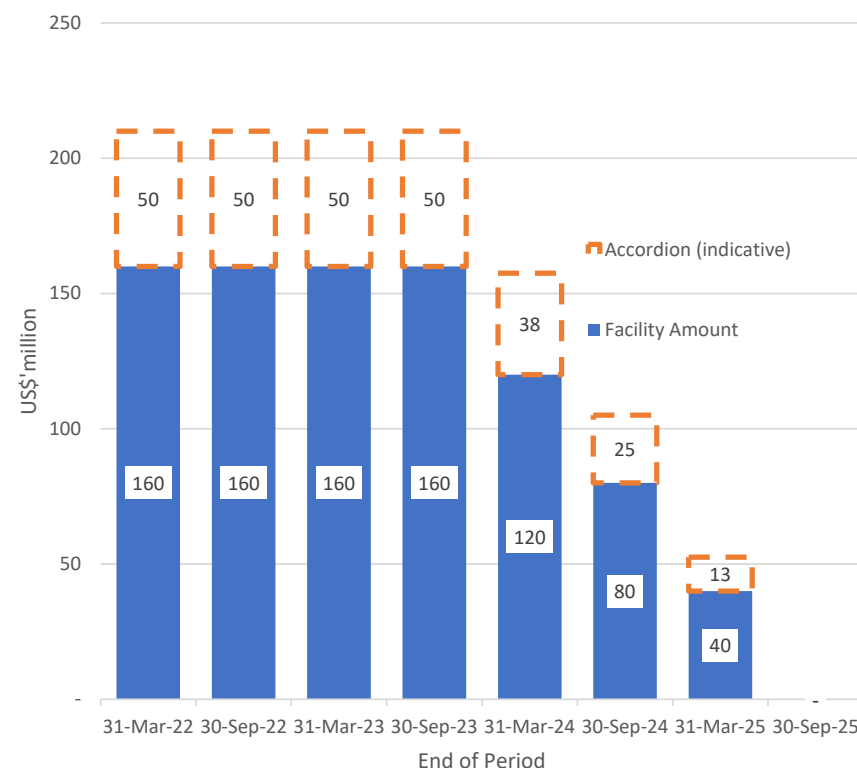
## Balance Sheet Highlights

- **Cash and cash equivalents** US\$204m (30 June 2021: US\$133m)
- **Non-cash working capital** broadly stable. US\$3.7m movement from (US\$79.7m) 30 June to (US\$76m) 31 Dec, predominantly receivables growth
- **Total assets** increased from US\$1.01bn at 30 June 2021 to US\$1.1bn, led by cash
- **Net assets** decreased by US\$99.9m to US\$280.4m. Key driver was increase in contingent consideration potentially payable to Petrobras, offset by underlying profit

## Debt and Liquidity at 31 December 2021

- **US\$160m** reserve-based, non-recourse loan facility, 425bps margin over LIBOR, or equivalent (SOFR). US\$30m drawn
- **Additional US\$50m** uncommitted accordion facility can be established to provide additional funding flexibility
- **Total liquidity** (cash plus US\$130m undrawn debt) of US\$334m at 31 December 2021. Liquidity positioned for investment in Baúna intervention campaign and Patola development
- Hedges, comprising bought puts and sold calls recognised on balance sheet. Mitigates oil price downside risk while retaining substantial exposure to upside on portion of production. Required by debt facility terms

## Facility Amount (US\$ million)



# Priority uses of capital



Order of Priority	<b>Deliver safe and reliable operations</b>	<ul style="list-style-type: none"><li>▪ Deliver production from on-going operations</li><li>▪ Investment in long term maintenance to maximise life of facilities</li></ul>
	<b>Build and maintain strong, flexible balance sheet</b>	<ul style="list-style-type: none"><li>▪ Meet debt obligations and covenants</li><li>▪ Develop new sources of debt finance as production and asset base grows</li></ul>
	<b>Baúna interventions and Patola development</b>	<ul style="list-style-type: none"><li>▪ Baúna interventions to maximise recoveries</li><li>▪ Brownfield tie-back developments, i.e. Patola</li></ul>
	<b>Future growth opportunities (organic and acquisitions) and/or dividends/returns of capital</b>	<ul style="list-style-type: none"><li>▪ New growth investments to compete with value of returns to shareholders</li><li>▪ Progress Neon project</li><li>▪ Consider complementary strategic oil acquisition opportunities</li><li>▪ Project plans and economics to include sustainability investments</li></ul>

**Capital prioritisation framework for incremental investment will ensure disciplined use of capital**

# FY2022 guidance<sup>1</sup>

Production guidance narrowed towards upper end of range, unit opex reduced



	Low	High
<b>Production (MMbbl)</b>	4.4	4.6
<b>Costs</b>		
Unit Production Costs (US\$/bbl) <sup>2</sup>	28	30
Other Operating Costs (US\$ million) <sup>3</sup>	15	17
Business Development, share-based payments & other costs (US\$ million) <sup>4</sup>	14	16
Finance costs and interest (US\$ million)	6	7
Unit DD&A (US\$/bbl) <sup>5</sup>	12	13
<b>Investment Expenditure</b>		
Intervention and Patola Projects (US\$ million) <sup>6</sup>	100	135
Deferred Baúna acquisition consideration (US\$ million) <sup>7</sup>	43	44
Subsurface Evaluation and New Ventures (US\$ million)	5	7
Other Plant and Equipment (US\$ million)	9	11

## Notes:


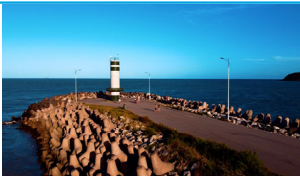

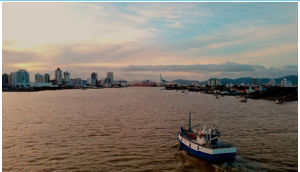

- Guidance as at 23 February 2022. Subject to various risks (including those "Key Risks" set out in Karoon's 2021 Annual Report).
- Unit Production Costs: based on daily operating costs associated with Baúna production, excluding government royalties.
- Other Operating Costs: includes corporate and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses.
- Other costs include exploration expensed and hedge premiums.
- Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 'Leases', which is included as part of Unit Production Costs.
- The variance between low and high guidance is largely related to timing of the commencement of the Maersk Developer drilling rig activities in Brazil, with the exact timing subject to mobilisation to Brazil. Excludes any borrowing costs associated with the Patola development that may be capitalised.
- Relates to deferred consideration payable to Petrobras 18 months after closing and is separate from the contingent consideration payable to Petrobras which is dependent on future oil prices.

- Strong 1H FY22 production due to high facilities uptime has narrowed production guidance towards high end of prior range
- Baúna production expected to be lower in 2H FY2022 due to scheduled maintenance and commencement of intervention program
- Production costs largely fixed, expected to result in increase in unit production costs in 2H FY22 vs 1H. Despite this, overall, FY22 guidance range reduced
- DD&A expected to remain largely unchanged on a unit basis
- Intervention and Patola projects expenditure for FY2022 includes long lead items for Patola, planning, internal personnel allocation and mobilisation and commencement of intervention campaign
- Baúna acquisition payment due May 2022

# Karoon's five pillars of sustainability

Underpinned by oversight from Board Sustainability and Operational Risk Committee



<b>HSE</b>	<ul style="list-style-type: none"><li>▪ Safety is our first priority</li><li>▪ Working closely with FPSO operator to improve already strong safety record</li></ul>	
<b>Climate</b>	<ul style="list-style-type: none"><li>▪ Carbon management core focus of Karoon's sustainability strategy</li><li>▪ Emissions targets, with action plan to implement</li></ul>	
<b>Our People and Human Rights</b>	<ul style="list-style-type: none"><li>▪ 50% female employees across Karoon Group at 30 June 2021</li><li>▪ Target of 30% female participation on the Board, in senior management and across Karoon Group by 2025</li><li>▪ Karoon's first Modern Slavery Statement submitted December 2021</li></ul>	
<b>Community</b>	<ul style="list-style-type: none"><li>▪ Building on 'Project RUMO', Karoon's primary social consultation project in Brazil</li><li>▪ Establishing new local sustainability team to engage and consult with local communities to:<ul style="list-style-type: none"><li>◦ Develop new social investment programs</li><li>◦ Identify projects that can deliver both environmental and social benefits</li></ul></li></ul>	
<b>Environment</b>	<ul style="list-style-type: none"><li>▪ Establishing Sun Coral research project aiming to protect biodiversity in waters around Baúna</li><li>▪ Additional environmental monitoring and education projects already in place</li><li>▪ No significant environmental incidents recorded</li></ul>	



# Carbon Management Action Plan to achieve emissions targets



Targeting carbon neutral for Baúna/Patola from FY2021, Net Zero by 2035<sup>1</sup>

## Priority 1

### Avoid and Reduce

**First priority is to avoid or reduce emissions within existing operations**

- Emissions reduction projects implemented in operations:
- Installation of mooring buoy to reduce diesel consumption in support vessels
- Replacement of low-pressure flare blower to improve flare efficiency

## Priority 2

### Assess direct and indirect investments in high quality offsets

- Assessing investment in high quality projects with social benefits to offset residual emissions

## Priority 3

### Purchase additional offsets if needed

- Purchased 19,800 carbon credits to offset 40% of FY2021 residual Scope 1 and Scope 2 emissions from Baúna in Nov 2021 from Brazil REDD+ project with VCS and CCB certification
- Finalised agreement with Shell Western Supply and Trading in Feb 2022 to purchase 480,000 carbon credits with VCS and CCB certification over 2022 – 2030, to offset approximately 60% of residual Scope 1 and Scope 2 emissions from Baúna
- Entry into carbon credits agreements to result in carbon neutrality on Baúna emissions for FY2021, major step towards longer term targets

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



# Summary: Karoon well positioned to deliver shareholder value

Safe, reliable oil producer with clear sustainable growth path



- Pure oil producer, benefiting from current strength in oil prices
- Building reputation as safe and reliable operator
- Successfully mitigated decline curve from mature field in first year of operation
- Production expected to double and opex to nearly halve in early CY2023 from sanctioned Baúna intervention campaign and Patola development
- Optimising Neon Project with potential alternative development plans
- Reviewing potential inorganic growth opportunities through disciplined process
- Strong cash flows from operations
- Healthy balance sheet, US\$334m in liquidity at Dec 2021
- Balancing capital allocation between high value growth and returns to shareholders
- Sustainability, including carbon neutrality and, longer term, net zero integrated into strategic decision framework



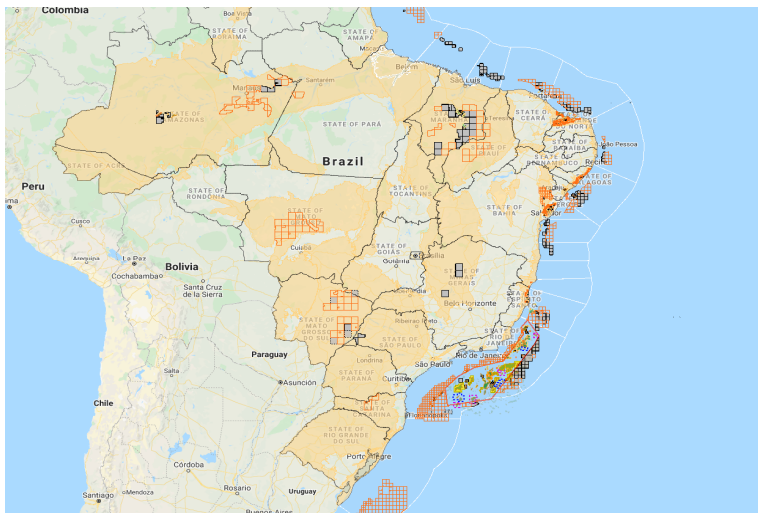
# Appendix 1: Brazil's oil and gas industry

Prospectivity and favourable fiscal terms make Brazil attractive place to invest

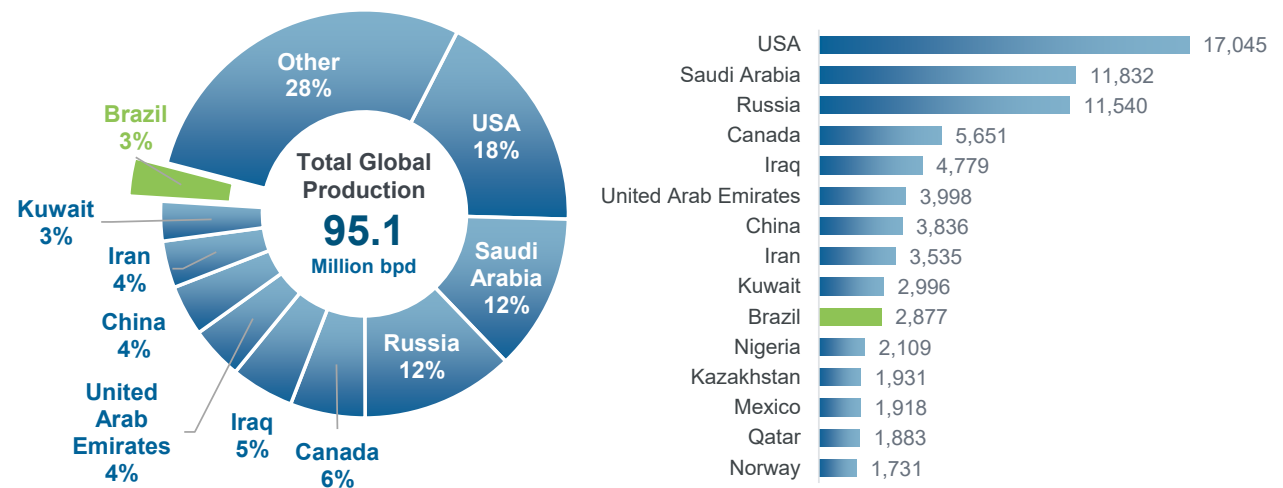


- Oil and gas industry well established with stable regulator and long tradition of respecting contracts already in place
- Favourable tax-royalty contract terms for post-salt licenses. Steps taken to incentivise investment in upstream sector
- Large petroleum sector with numerous foreign companies present
- Brazil is world's 10th largest oil producer, set to become fifth by 2030
- Significant untapped potential – only 5% of sedimentary basins have been contracted<sup>1</sup>

Map of Brazilian Sedimentary Basins and O&G Licenses



Largest Oil Producing Countries (Million barrels per day, 2019)



<sup>1</sup> ANP presentation - ANP General Director – Rear Admiral Rodolfo Saboia – to the AAPG on 22 June 2021

## Appendix 2



### Impact of AASB 16 'Leases'

The Baúna FPSO charter contract lease has been accounted for in accordance with AASB 16 'Leases'. The following amounts have been reflected in the 1H FY2022 results:

Six months to 31 December 2021	US\$ million
<b>Profit and Loss</b>	
Cost of sales – depreciation on FPSO right of use asset	23.6
Finance costs – interest on FPSO lease	8.7
<b>Cash flow</b>	
Cash flow from operating activities – interest and other costs of finance paid	8.7
Cash flows from financing activities – principal elements of lease payments	23.2

