

27 February 2025

Company Announcements Office
ASX Limited

Dear Sir / Madam

2024 Annual Report

In accordance with the ASX Listing Rules, Karoon Energy releases its 2024 Annual Report to the market.

This announcement was authorised by the Board of Directors.

Yours faithfully



Daniel Murnane
Company Secretary

2024 Annual Report

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Building for the future

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. The Company’s purpose is to provide energy safely, reliably and responsibly, creating lasting benefits for all its stakeholders.

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2024 Highlights

Despite operating challenges at both the Baúna Project offshore Brazil and Who Dat in the US Gulf of Mexico, in 2024 Karoon delivered its highest ever sales revenue and underlying profitability, underpinned by record production. This reflected the first full year of contributions from Who Dat. The Company ended 2024 in a robust financial position, with 2024 capital expenditure funded from existing cash and cash flows from operations. The capital program included a Petrobras contingent payment, capital returns to shareholders and successful exploration drilling at Who Dat, with two discoveries adding to Karoon's portfolio of organic growth opportunities.

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10.4 MMboe¹
Production up 13%
on 2023



TRIR 0.77
per 200,000 hours,
compared to nil in 2023



US\$776.5 million
Sales revenue
up 14% on 2023



US\$214.0 million
Underlying NPAT up 3%
on 2023



US\$681.2 million
Total liquidity



US\$85.7 million
Capital returned to
shareholders in 2024



127,996 tCO₂e
Absolute emissions
(Scope 1 & 2)



11.7 kgCO₂e per boe
Emissions intensity
(Scope 1 & 2)



**18 incentivised
and 4 voluntary**
New community
investment projects

1. Who Dat production on a Net Revenue Interest basis, after government and third party royalties.

Reliability being restored

While 2024 production was 13% higher than 2023, it was impacted by facilities and well issues at both the Baúna Project and Who Dat. The Company is committed to re-establishing a strong, predictable production platform from these two high quality assets. It is implementing actions to improve Baúna Project FPSO efficiency, including the recently-announced purchase of the vessel, and is pursuing in-field opportunities at Who Dat to mitigate natural decline, while aiming to achieve industry top quartile safety performance.



10.4 MMboe
2024 production



72% from Brazil
28% from USA



93% liquids
7% gas



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Opportunities on the horizon

Karooon advanced several organic growth opportunities during 2024. The Neon Foundation Project entered Concept Select in 1Q24 and is on track for a decision in early 2Q25 on whether to proceed to the Define phase, including Front End Engineering and Design. In the USA, the 2024 Who Dat exploration/appraisal campaign delivered two successes from three wells drilled. JV studies are now underway to evaluate development options for the Who Dat East and Who Dat South discoveries. These opportunities within Karooon's existing portfolio are expected to underpin sustained total shareholder returns.



Neon

Concept Select studies commenced in 1Q24



Evaluating

Who Dat development options



2 of 3

Who Dat exploration wells successful

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Underpinned by financial strength

Karoon generated operating cash flow of US\$395 million¹ in 2024, which was used to fund a three-well Who Dat exploration campaign, the Petrobras contingent payment and deliver capital returns. The Company completed an inaugural US\$350 million bond issue to diversify long term funding sources and provide increased funding flexibility. Karoon's capital management framework provides a balanced approach to providing capital returns, supporting organic growth and maintaining a strong, flexible balance sheet.



US\$8.8m
Net debt in 2024



US\$681.2m
Liquidity



US\$340m
Undrawn RBL facility

1. Including lease liability payments.

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Towards a safer, more sustainable future

Safety and reliability are Karoon's highest operational priorities. Unfortunately, during 2024, two Medical Treatment Cases and two Lost Time Injuries occurred, compared to zero in 2023. Karoon and its contractors in Brazil are reviewing all incidents to strengthen safety systems, processes and procedures. The Company has updated its climate target, to Net Zero by 2050 or sooner, in line with its oil and gas industry peers. Karoon aims to remain Carbon Neutral on Scope 1 & 2 emissions, largely through the purchase of high quality carbon offsets. Female Board representation increased from 17% to 43% in 2024, while female representation across the business was steady at 41%.



TRIR 0.77

per 200,000 hours
compared to nil
in 2023



11.7 kgCO₂e

per boe emissions
intensity



41% female

representation across
Karoon in 2024



LETTER FROM OUR CHAIR & CEO/MD

2024 was a year of both achievements and challenges. The Board and management team have developed a strategy aimed at restoring market confidence in Karoon, by delivering predictable production, capturing value from our existing portfolio and providing attractive capital returns to shareholders.

PERFORMANCE IN 2024

In 2024, Karoon reported its highest ever production sales revenue and underlying profits. In addition, we made two material condensate/gas discoveries at Who Dat and, helped by our inaugural bond issue of US\$350m, our balance sheet substantially strengthened.

However, production was approximately 20% less than planned, which unfortunately resulted in three production guidance downgrades during the year. 2024 was also a year of significant oil price volatility. The Brent benchmark peaked at US\$91/bbl in April before dipping to a two year low of US\$69/bbl in September, then recovering to US\$76/bbl by year end. Reflecting disappointment with Karoon's production performance and the lower oil price, our share price fell substantially, to well below what the Board believe is fair value. In addition, at the 2024 Annual General Meeting in May 2024, Karoon received a 'first strike', when 26% of votes were cast against the adoption of the TY23 Remuneration Report, marginally higher than the 25% threshold.

The Board takes shareholder concerns and Karoon's share price underperformance very seriously and has sought to address them. We have developed a clear and very focused strategy to improve market confidence in Karoon. The acquisition of the Baúna FPSO from Altera & Ocyan, the current

owner and operator, announced in February 2025, together with other activities directed towards improving Baúna production reliability, is aimed at establishing more predictable production from the Baúna Project going forward. In addition, the FPSO purchase is expected to reduce operating costs, extend field life and add reserves, while ensuring the long term availability of the vessel. At Who Dat, a debottlenecking and reliability improvement study will determine how the facility can best be used to take full commercial advantage of the multiple infield development opportunities which have been identified. Up to two of these opportunities are expected to be drilled in 2025/early 2026 to mitigate Who Dat production natural decline.

Meanwhile, the Who Dat Joint Venture is actively exploring development concepts for our discoveries at Who Dat East and South, targeting at least one investment decision by early 2026. Together with the Neon Foundation Project, Karoon now has an attractive portfolio of growth options which we will seek to mature, subject to them meeting strict investment hurdles.

Our revised capital allocation policy announced in July 2024 supports providing capital returns to shareholders as well as investing in these organic growth opportunities. In 2024, Karoon paid an inaugural fully franked dividend of 4.496 Australian cents per share, announced US\$50m of on-market buybacks and has determined to pay a final unfranked dividend of 5.0 Australian cents per share in respect of the 2024 full year results. This brings the total announced shareholder returns in 2024, by way of dividends and share buybacks, to US\$85.7 million.

By the end of 2024, 39.0 million shares (5% of issued capital) had been bought back and subsequently cancelled.

In January 2025, the Board announced, in addition to completing the second US\$25 million buyback, its intention to undertake a further US\$75 million of on-market share buybacks over the course of 2025, subject to shareholder approval.

The FPSO acquisition, together with other activities directed towards improving Baúna production reliability, is expected to result in more predictable production from the Baúna Project going forward.



The Board is confident that the actions being taken will stabilise our operational reliability, allowing the Company to maintain returns to shareholders while demonstrating a clear pathway to realising the value of our attractive organic growth opportunities. Our ability to deliver these plans is underpinned by our robust balance sheet and ongoing strong cash flows from our low cost operations.

2024 FINANCIAL RESULTS

Karoon's 2024 underlying Net Profit After Tax (NPAT) increased 3% to US\$214.0 million, reflecting a full year of Who Dat production, partially offset by lower Baúna production, higher finance costs and higher depreciation from the Who Dat assets. Statutory NPAT declined from US\$207.9 million to US\$127.5 million, primarily due to a non-cash tax adjustment and an exploration expense recognised in 2024 for the unsuccessful Who Dat West well. 2024 underlying EBITDAX increased 13% to US\$492.4 million. All capital expenditures in 2024 were funded from operating cash flow and cash.

The Company ended the year with net debt of US\$8.8 million, down from US\$103.7 million at 31 December 2023, and liquidity of US\$681 million.

SAFETY

Our highest priority is ensuring safe and reliable operations. Unfortunately, two Lost Time Injuries and two Medical Treatment Cases occurred in 2024 at our Baúna operations, in contrast to 2023 when we had zero recordable incidents. We believe all injuries can be prevented, so Karoon and its contractors have conducted investigations into every recordable incident and have established lessons learned to avoid reoccurrences.

The Company is aiming to improve its safety performance significantly during 2025 through the implementation of a number of targeted programs, facilitated by our proposed ownership of the Baúna FPSO.

PRODUCTION

Total production in 2024 was 10.4 MMboe. While a record for Karoon, it was below expectations, due to operational challenges in both Brazil and the USA. Baúna Project FPSO efficiency was 84.5% (excluding scheduled shutdowns), well below our long term target of 90–95%, and the SPS-88 well was shut-in for the entire period. A comprehensive program to improve FPSO efficiency is now underway.

Production from Who Dat, at 2.9 million barrels of oil equivalent (MMboe) on a net revenue interest (NRI) basis, was also below our forecasts at the time of the

acquisition. Production was impacted by delays in bringing new wells onstream, bottlenecks within the processing system and a more severe hurricane season than expected.

A highly experienced team located in Houston was recruited over the year, and is working collaboratively with the Who Dat operator, LLOG Exploration Company LLC (LLOG) and JV partner, Westlawn Americas Offshore, to maximise Who Dat production.

STRATEGY REVIEW REAFFIRMS KAROON'S DIRECTION

Over the last three years, Karoon has successfully delivered the objectives set out in the October 2021 Strategy Refresh, with the final element, a formal capital returns policy, announced in July 2024 and the Company's first dividend paid in October 2024. In addition, US\$37 million of Karoon stock had been bought back by the end of the year. This milestone was only possible after establishing a stable and diversified production base, which was achieved with the acquisition of the Who Dat assets in the US Gulf of Mexico in late 2023.

The Who Dat purchase has fundamentally reshaped Karoon's risk profile, providing low cost, long life production together with material infield, exploration and appraisal opportunities.

During 2024, we commenced a Strategic Review to confirm the Company's long-term objectives. Largely completed by early 2025, the review concluded that Karoon's core objective, to provide sustainable long term value for shareholders, is by remaining an offshore oil producer in the Americas, focused in Brazil and the USA.

In the short term, we are committed to improving the production performance at both Baúna and Who Dat. Gaining direct control of the Baúna FPSO is one element of these plans. Our aim is to improve FPSO efficiency to optimise production, reduce operating costs, extend the Baúna Project life and, most importantly, strengthen further the already strong safety culture. In addition, we plan to restore the SPS-88 well to production by mid-2025, which is expected to add materially to production.

In the US, together with our Who Dat JV partners, we are planning to invest in attractive incremental infield production opportunities, aimed at partly offsetting natural decline while unlocking additional value from our high quality producing assets. A facilities debottlenecking study has recently commenced, focused on optimising the processing capacity at Who Dat. Subject to strict investment hurdles, during 2025 we also plan to mature the existing exciting organic growth opportunities within our portfolio, including Neon, Who Dat East and Who Dat South. The growth offered by these projects is expected to sustain long term total shareholder returns.

Our approach to funding will continue to prioritise capital allocation towards safe, reliable operations and non-discretionary capital expenditure while maintaining balance sheet strength and flexibility. Remaining funds will then be applied to organic growth and capital returns.

Karoon recognises that many of its shareholders place great importance on the payment of dividends and capital returns. In addition, the Board believes that a capital returns policy

promotes a disciplined approach to capital allocation by ensuring excess capital is returned to shareholders.

Under our new capital returns policy, our aim is to deliver 20–40% of underlying NPAT via cash dividends and/or buybacks, subject to market conditions and Board approval. The framework also includes the potential for additional capital returns during periods of elevated oil prices or where alternate, value accretive uses of excess cash are not identified. We believe this framework achieves the right balance between rewarding our shareholders while also retaining sufficient capital to support safe and reliable operations, maintain liquidity and balance sheet strength while allowing value accretive reinvestment in the business. This is essential to offset natural production decline and to build a longer term, sustainable production profile.

We have also updated our climate strategy, to be Net Zero by 2050 or sooner. This change aligns us with our peers in the oil and gas industry and is a pragmatic approach by Karoon to contribute to the collective global effort to combat climate change.

Our aim to be Carbon Neutral for Scope 1 and 2 emissions, which we have achieved since FY21, remains unchanged.

BAÚNA FPSO PURCHASE

Given how critical the Baúna FPSO is to our operations, in February 2025, Karoon announced it had agreed to acquire 100% of the Cidade de Itajaí vessel. The acquisition will give Karoon control of the FPSO and provide long term certainty of its availability.



Acquiring the FPSO is expected to lead to lower unit production costs for the Baúna Project, making it profitable to produce from the field for longer, accessing some of the booked Contingent Resources while also deferring field abandonment. At the agreed acquisition price, the returns from this highly strategic investment are comfortably above our hurdle rates.

DE-RISKING ORGANIC GROWTH OPPORTUNITIES

In 2024, Karoon made significant progress on its portfolio of organic growth opportunities. We now have three potential developments – the Neon Foundation Project in Brazil, and Who Dat East and Who Dat South in the US Gulf of Mexico – that could be highly value-accretive for shareholders. In addition, should the Neon Foundation Project progress, there will be further opportunities for potential satellite developments at Neon West and Goiás. Work is underway on each of these projects to assess the optimal development pathway and ensure they meet our strategic, technical and financial hurdles, including ranking favourably with returns to shareholders.

Progressing the Neon Foundation Project

In March 2024, the Neon Foundation Project entered Concept Select. The leading concept is a standalone development using a redeployed FPSO, which could be a hub for the future development of existing and potential nearby resources.

The Neon Foundation Project team is considering various initiatives to enhance the project's economics. This includes maximising overall oil recovery and recoveries per well and optimising capex, so that at low case outcomes, the project still generates acceptable returns.

The next major milestone for the Neon Foundation Project will be in April 2025, when Karoon will decide whether the project should progress into the Define phase, including Front-End Engineering and Design.



If the project moves ahead, we will commence a farm-down process. A Final Investment Decision will only be taken if a partner is found, to share the risk, potential upside and capital demands of the development.

Who Dat 2C Contingent Resources increase to 23 MMboe (NRI)

The outcome of the Who Dat drilling campaign undertaken in 2024/25 was pleasing, supporting our pre-acquisition view of the material upside in this asset. Two of the three wells drilled discovered hydrocarbons, both with results better than our pre-drill expectations.

Evaluation of the Who Dat East exploration/appraisal well results led to a 191% increase in the 2C Contingent Resource (NRI), to 15.7 MMboe, with a further 6.5 MMboe (unrisked) in the 2U Prospective Resource category.

The Who Dat South exploration well also delivered positive results and led to the conversion of 7.4 MMboe of 2U Prospective Resource into 2C Contingent Resource (NRI) and the booking of 3.8 MMboe (unrisked) of 2U Prospective Resource (NRI) in potential additional zones in the prospect area.

The JV has commenced preliminary development concept studies for both Who Dat East and Who Dat South, and is targeting one FID by early 2026. Given their size and proximity to existing production infrastructure, we believe it is likely that they will both prove to be highly value-accretive development candidates.

NEW BOND ISSUE OPENS ALTERNATIVE SOURCE OF CAPITAL

In May 2024, Karoon raised US\$350 million with an inaugural issue in the US144A bond market, supplementing our Reserve Based Lending (RBL) facility, which was fully repaid with the bond proceeds. The bond lengthens the Company's debt maturity profile and provides access to a new, long term, strategic funding source as banks progressively reduce lending to the upstream oil and gas sector. With liquidity at 31 December 2024 of more than US\$681.2 million, we are in a good position to fund all non-discretionary and growth capital, as well as continue to provide attractive capital returns to shareholders.

REMUNERATION FRAMEWORK

Karoon received a 'first strike' on its TY23 Remuneration Report at the AGM in May 2024. Shareholders' opinions are very important to us and since then, the Board and management have conducted many meetings with shareholders and have consulted with external remuneration experts. We have listened carefully and factored their views into our remuneration outcomes for 2024, as well as the proposed remuneration structure for 2025.

In 2024, Karoon's primary focus was on demonstrating the value of the Baúna Project and Who Dat. Reflecting this priority, 77.5% of management's Short Term Incentive Scorecard was weighted towards the delivery of production, cost targets and operational excellence across all our assets. While production targets were not met and revenue was below expectations, financial discipline remained strong.

2025 remuneration and incentives are focused on maximising safe, reliable and predictable production and reducing commercial uncertainty on our attractive organic growth opportunities.

SUSTAINABILITY DEVELOPMENTS

A key component to Karoon's strategy is ensuring its approach to managing Environmental, Social and Governance (ESG) factors mitigates risk and drives long term success.

Environment and Climate

As part of the Strategy Review in February 2025, Karoon looked closely at its Net Zero target. After much consideration, we have aligned our climate target with the broader oil and gas industry, to be 'Net Zero by 2050 or sooner'. The change reflects the realities of Karoon's scale and

resources, as well as changes in the Net Zero definition. It is a pragmatic and financially responsible approach which supports emissions reductions that allow Karoon to maintain operational reliability, while still contributing to the collective global effort to combat climate change.

Karoon has been Carbon Neutral for Scope 1 & 2 emissions since FY21 through the surrender of Verified Carbon Units (VCUs) for Scope 1 emissions and Renewable Energy Certificates (iRECs) credits for Scope 2 emissions. During 2024, Karoon surrendered 204,071 Verra carbon and CCB (Climate, Community and Biodiversity) certified credits to cover Karoon's residual Scope 1 & 2 emissions for 1 July 2022 to 31 December 2023. The certified credits were generated by REDD+ (Reducing Emissions from Deforestation and Forest Degradation) forest conservation projects in Brazil and Peru.

More details of Karoon's emission targets, including Karoon's strategy to be Net Zero by 2050 or sooner are in the 2024 Sustainability report on the Karoon website, www.karoonenergy.com.au

Community Programs

During 2024, Karoon expanded its support to the communities in which it operates, committing to 22 social projects. The projects were selected based on Karoon's Community Investment Guidelines. The support includes providing access to programs for vulnerable people, equipment in local hospitals treating cancer patients, education for young adults entering the music industry, and music and theatre education opportunities for children and young people. Our approach to investing in local communities is aligned with the UN Sustainable Development Goals 4, 8 and 17 which focus on education and employment.

People & Culture

Karoon's employees are crucial to our success. During 2024, Karoon carried out a Gallup Employee Engagement Survey to gather feedback on the





progress to foster a “OneKarooon” culture, which is a set of shared values, belief and practices that shape how people within Karoon work together. Pleasingly, the survey results demonstrated increasing levels of employee engagement, alongside opportunities for improvement.

BOARD CHANGES

There were several changes to Karoon’s Board in 2024, as part of the Board renewal process to ensure Karoon has the appropriate skills and capabilities to drive the Company forward.

Ms Joanne Palmer and Ms Melissa Holzberger joined the Board as Non-Executive Directors in April 2024. Ms Palmer and Ms Holzberger bring substantial audit, commercial, legal and governance experience to complement the Board’s existing skills. After 14 years on the Board, during which time he played a significant role in Karoon’s evolution and provided invaluable leadership as Chair of the Audit Risk and Governance Committee and a member of the People and Culture Committee, Mr Clark Davey retired in October 2024. We thank him sincerely for his tireless service. Mr Peter Turnbull indicated at his re-election in May

2024 that he will not seek a further term as a Director and will support Karoon through an appropriate transition period. Ms Palmer became Chair of the Audit Risk and Governance Committee effective from 31 October 2024.

Given the above, we plan to appoint an additional Director in the future who will bring further experience and knowledge of the US oil and gas sector to the Board.

Following Clark’s retirement, the Board’s female representation is 43%, exceeding Karoon’s target of 30% female Board participation.

OUTLOOK FOR 2025

Karoon enters 2025 focused on re-establishing a safe, strong production platform and capturing value from its organic growth opportunities, while providing attractive returns to shareholders guided by the Company’s capital allocation framework.

In Brazil, we aim to drive Baúna FPSO efficiency back towards our long term target of 90–95%, facilitated by the FPSO purchase. We also hope to progress the Neon Foundation Project subject to the project meeting the required hurdles.

In the USA, Karoon will work with its JV partners to optimise production at Who Dat, including up to two well interventions in the second half of 2025 (subject to JV and regulatory approvals). The Operator will also undertake facilities debottlenecking and reliability studies which are expected to be completed around mid-year, supporting the optimal timing for further infield intervention and drilling opportunities as well as development planning for the Who Dat East and Who Dat South discoveries.

The stabilisation of reliable operations at Baúna and Who Dat, a focus on organic growth, the maintenance of a strong and flexible balance sheet, provision of healthy capital returns to shareholders, combined with a sensible approach to operating sustainably, should deliver meaningful short, medium and long term value for Karoon’s shareholders.

THANKS

We would like to thank our fellow Board members for their invaluable support and guidance, as well as our Joint Venture Partners and dedicated staff across Australia, Brazil and the USA, for their contributions over the year.

On behalf of Karoon, we thank you, our shareholders, for your continued loyalty and support.



Peter Botten
Peter Botten
Chair



Julian Fowles
Julian Fowles
CEO and Managing Director

FINANCIAL OVERVIEW

In 2024, revenue increased 14% to US\$776.5 million and underlying EBITDAX rose 13% to US\$492.4 million, driven by a full year of contributions from Who Dat. Strong cash generated from both producing assets allowed Karoon to fund the Who Dat drilling campaign, pay the Petrobras contingent consideration, provide capital returns and reduce net debt.

REVENUE

Total production in 2024 was 10.4 MMboe, 13% higher than in 2023 reflecting a full year's contribution from the Who Dat assets (Who Dat on an NRI basis). Total hydrocarbon sales were 10.7 MMboe (8.7 MMboe in 2023), 22% higher than the previous year and included oil sales from a cargo held as inventory at the end of 2023 due to the timing of shipments.

2024 sales revenue of US\$776.5 million was 14% higher than in 2023. The increase was largely driven by higher Who Dat revenue, which rose from US\$3.8 million in 2023 to US\$170.4 million, on sales volumes of 2.8 MMboe. This was partially offset by lower revenue from the Baúna Project, which fell from US\$676.2 million in 2023 to US\$606.1 million, reflecting a 10% drop in Baúna sales volumes to 7.8 MMbbl. The weighted average realised oil price for Baúna crude was US\$77.36/bbl (US\$78.39/bbl in 2023), while the Who Dat weighted average realised price was US\$75.88/bbl for oil, condensate and NGL, and US\$2.95/mcf for gas.

PROFITABILITY

Unit production costs (comprising operating costs plus the FPSO charter lease costs) were US\$13.6/boe on a Net Working Interest (NWI) basis, a 10% increase on 2023. This was largely due to higher Baúna Project unit production

costs, which increased from US\$12.4/bbl in 2023 to US\$16.0/bbl as the largely fixed cost base was spread over lower production. Who Dat 2024 unit production costs were US\$8.5/boe on an NWI basis, including Karoon's insurance and well containment rig club membership costs.

2024 underlying EBITDAX increased 13%, from US\$434.5 million in 2023 to US\$492.4 million. The Who Dat assets generated EBITDAX of US\$124.6 million, which more than offset the decline in Baúna EBITDAX, from US\$397.1 million in 2023 to US\$386.4 million in 2024. The decline in Baúna EBITDAX was largely production driven, due to topside issues on the FPSO, the SPS-88 well being offline for the full year as well as natural reservoir decline. 2024 corporate costs outside Brazil and the US increased from US\$14.0 million to US\$18.6 million (2023: US\$14.0m) as the Company strengthened its internal capabilities.

Unit depreciation, depletion and amortisation (D,D&A) charges rose 38% to US\$14.9/boe on a NWI basis, reflecting a full year of D,D&A from Who Dat. The Who Dat unit D,D&A rate is significantly higher than for the Baúna Project, reflecting the depreciation of both the acquisition and forecast costs to develop existing undeveloped Reserves spread over the Who Dat Reserves base.

2024 net finance costs were US\$46.1 million, up from US\$10.0 million in 2023. The increase reflected seven months of interest costs associated with the 2024 bond issue and interest on the Reserve Based Lending (RBL) facility incurred prior to the RBL being fully repaid in May 2024.

Karoon reported a 2024 underlying net profit after tax (NPAT) of US\$214.0 million, compared to US\$207.8 million in the 2023 calendar year.

2024 Statutory NPAT was US\$127.5 million, compared to US\$207.9 million in 2023. Statutory NPAT included US\$15.1 million expensed relating to the unsuccessful Who Dat West well as well as the non cash US\$60.9 million tax movement driven by the cumulative translation adjustment on deferred tax which is normalised each reporting period.

Refer to the 2024 Financial summary on page 47 for full details on the reconciliation between statutory and underlying net profit after tax and EBITDAX.



2024 FINANCIAL HIGHLIGHTS



US\$776.5m
Sales revenue



US\$13.6/boe
Unit production costs NWI



US\$14.9/boe
Unit depreciation, depletion and amortisation



US\$492.4m
Underlying EBITDA



US\$681.2m
Liquidity



US\$8.8m
Net Debt

CASHFLOW

Cashflow from operating activities for 2024 was US\$434.6 million, largely unchanged from 2023 as higher revenues offset increased higher finance costs. Adjusted for the principal elements of lease payments (US\$39.4 million), cash flow was US\$395.2 million (US\$408.6 million in 2023).

Net cash outflows from investment activities in 2024 were US\$218.6 million, of which US\$86.0 million related to the Petrobras contingent consideration payment, US\$106.0 million in payments for exploration and evaluation expenditures related primarily to the Who Dat exploration/appraisal drilling campaign and US\$26.0 million for oil and gas assets which included development capex for Who Dat spent in early 2024.

The cash flow financing outflow in 2024 was US\$37.2 million, primarily driven by US\$61.4 million in capital returns to shareholders, including share buybacks and the payment of the 2024 interim dividend of US\$24.2 million. This was partially offset by a US\$75.9 million increase in drawn debt, as US\$350 million was raised through a high-yield bond issue, which was used to repay the US\$274.1 million drawn under the reserve-based lending facility.

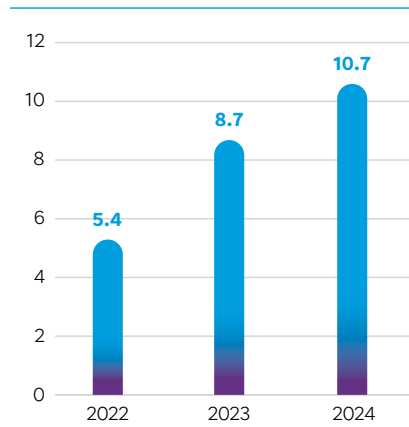
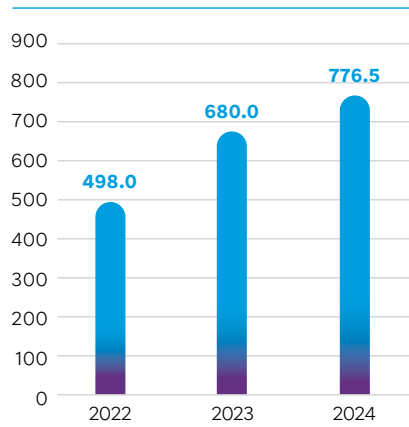
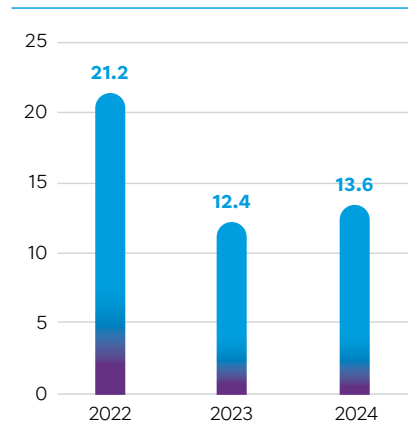
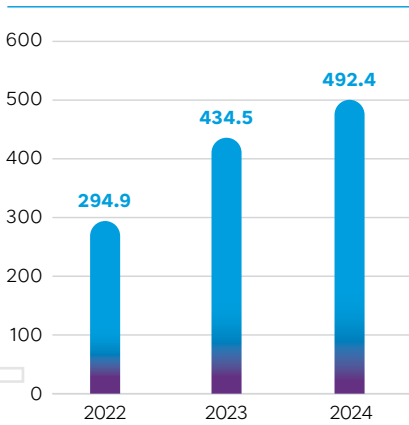
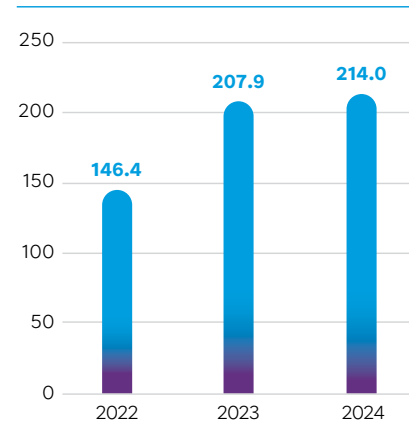
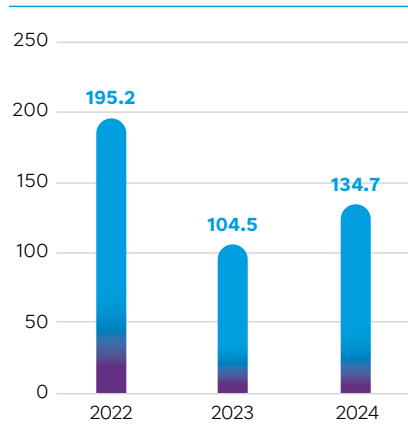
FINANCIAL POSITION & LIQUIDITY

Karoon ended 2024 in a strong financial position with lower net debt and higher liquidity than at the end of 2023. The Company's cash balance increased from US\$170.4 million on 31 December 2023 to US\$341.2 million. At the end of 2024, Karoon's

net debt was US\$8.8 million and the Company had liquidity of US\$681.2 million. This comprised cash and US\$340.0 million from the RBL facility, with Karoon having access to the full facility following the incorporation of the US assets into the borrowing base in September 2024.

In May 2024, Karoon accessed the US144A bond market with an inaugural US\$350 million bond issue. The bond, which will mature in May 2029, was priced at a coupon of 10.5%. It lengthens Karoon's debt maturity profile and supplements the Company's existing RBL facility, which was refinanced in November 2023 and fully repaid in May 2024 from the bond funds raised. This puts Karoon in a good position to manage the potential high-returning growth opportunities in Brazil and Who Dat, as well as provide capital returns.

12 month period ending 31 December

Sales volumes
(MMboe)Sales revenue
(US\$m)Unit production costs on NWI basis
(US\$/boe)Underlying EBITDAX¹
(US\$m)Underlying NPAT²
(US\$m)Capital expenditure
(US\$m)

1. Underlying EBITDAX (earnings before Interest, tax, depreciation, amortisation, exploration expense and cost of unsuccessful drilling) is a non IFRS measure which is unaudited but is derived from figures within the audited financial statements.
2. Underlying NPAT (Net Profit After Tax) is a non IFRS measure which is unaudited but is derived from figures within the audited financial statements.

CAPITAL RETURNS TO SHAREHOLDERS

A 2024 final unfranked dividend of 5.0 Australian cents per share was declared, taking the total dividend for 2024, including the 4.496 Australian cent per share fully franked interim dividend, to 9.496 Australian cents per share. This represents a dividend payout ratio of 23% based on an

AUD:USD exchange rate of 0.6545, in line with the Company's capital returns policy to pay out between 20–40% of underlying NPAT. In addition, Karoon announced two US\$25 million on-market share buyback programs, of which US\$37.2 million was completed by the end of 2024, comprising 39.0 million shares (5% of issued

capital) at an average price of A\$1.45/share. In January 2025, the Board announced it intends to undertake a further US\$75 million on-market buyback. This would represent a total investment of US\$125 million in Karoon shares over the 18 month period from July 2024 to December 2025.

STRATEGIC OVERVIEW

A comprehensive Strategic Review took place in 2024. The Review has identified a number of key short and long term priorities and initiatives, which will provide a clear roadmap for Karoon's future activities.

IMPROVING THE RELIABILITY OF PRODUCTION

A cornerstone of Karoon's strategy is ensuring safe, reliable and predictable operations, which are essential to driving both short term and long term success. Production in 2024 was 20% less than planned, due to operational challenges in both Brazil and the US. Plans are now in place to address these issues. In Brazil, an extended maintenance campaign has commenced on the Baúna FPSO which, together with future FPSO revitalisation work, is aimed at improving FPSO efficiency and extending the FPSO life. The acquisition of the Baúna FPSO is expected to help facilitate this by ensuring the long term availability of the vessel and reducing operating costs. In addition, Karoon has secured a vessel to undertake an intervention on SPS-88, which will allow this well to be brought back into production.

In the US, Karoon and its JV partners have identified a number of infill opportunities which could help offset natural field decline. The work being undertaken on derisking and implementing these high-returning activities is being supported by debottlenecking and reliability studies, to identify and mature the optimisation of facility throughput.

UNLOCKING THE VALUE OF DISCOVERIES

Following the drilling successes at Who Dat in 2024, Karoon now has three potentially value-accretive organic opportunities in its portfolio. In 2Q25, Karoon will decide whether the Neon Foundation Project should progress into the Define phase, including Front-End Engineering and Design. Meanwhile, the Who Dat JV has commenced preliminary development concept studies for both Who Dat East and Who Dat South and is targeting one project to be sanctioned by early 2026. Investment in Neon and the Who Dat discoveries will be subject to intensive technical and commercial evaluation and the application of investment hurdles consistent with the capital allocation framework.

APPLYING RIGOROUS CAPITAL MANAGEMENT

Karoon's capital allocation framework is unchanged. The priority is to support safe and reliable operations and maintain liquidity and balance sheet strength. Remaining cash will then be applied to capital returns to shareholders and value-accretive growth opportunities, with funds being directed towards the highest-returning opportunities. The capital allocation framework promotes a disciplined approach to capital allocation by ensuring excess capital is returned to shareholders.

In July 2024, Karoon announced a formal capital returns policy whereby the Company will return 20–40% of underlying NPAT to shareholders by way of dividends and/or share buybacks.

OPERATING SUSTAINABLY

Karoon has reviewed its approach to sustainability. The Company has decided to align its climate target with the broader oil and gas industry, to be 'Net Zero by 2050 or sooner'. The change from Net Zero by 2035 is a pragmatic and financially responsible approach which supports emissions reductions relative to Karoon's scale and resources. The Company intends to continue to offset Scope 1 & 2 emissions, as defined. Karoon will also progressively increase social and community investments. It intends to increase social project investment to 0.1% of annual sales revenue by 2027.

OTHER OBJECTIVES

Karoon is also focused on other factors that will drive its objective to grow total shareholder returns. These include derisking identified opportunities in Brazil and the GoM, striving for operational excellence, implementation of a strong and unified organisational culture to achieve high performance outcomes and adapting to the energy transition appropriately.

PRODUCTION AND DEVELOPMENT

Karoon's 2024 production was 10.4 MMboe (Who Dat on an NRI basis). This was 13% higher than 2023 and an all-time record for the Company, reflecting the first full year of production from the Who Dat assets, which contributed 28% of production.

While a record, production was lower than originally expected, impacted by several unscheduled shutdowns at the Baúna project in Brazil, and lower facility uptime and well availability at Who Dat in the US Gulf of Mexico.

Over 2025 and 2026, Karoon is committed to delivering improved reliability and uptime at the Baúna FPSO. This will be facilitated by the purchase of the Baúna FPSO, announced in February 2025. In addition, plans are in place to return the SPS-88 well to production before mid-2025. Together with its JV partners, Karoon aims to mitigate Who Dat natural production decline through infill well drilling, reliability improvements and production system optimisation.

The acquisition of Who Dat has diversified and reduced the risk profile of Karoon's production base, as well as introducing a lower emissions intensity asset into its portfolio.

BAÚNA PROJECT

The Baúna Project is a conventional oil operation located in the BM-S-40 production license, approximately 210 kilometres offshore in the southern Santos Basin of Brazil. The Baúna Project comprises three light oil fields (Baúna, Piracaba and Patola). Oil within these fields is produced via eight production wells which are connected through sea-bed flowlines to the Cidade de Itajaí Floating

Production, Storage and Offloading facility (FPSO), which Karoon charts from Altera & Ocyan (A&O). The FPSO has a nameplate capacity of approximately 80,000 barrels of liquids per day and storage capacity of 631,000 barrels of oil. Associated gas is used for fuel-gas and the surplus is re-injected into the Baúna reservoir.

Production

2024 oil production from the Baúna Project was 7.5 MMbbl, produced at an average rate of 20,357 bopd. This was 18% lower than in 2023 (9.0 MMbbl). Production was impacted by topside issues on the FPSO, the SPS-88 well being offline for the full year and natural reservoir decline. FPSO efficiency, as measured by actual production divided by forecast reservoir production, was 84.5% in 2024 excluding scheduled maintenance shutdowns, below the target range of 90–95%. This reflected intermittent shutdowns

caused by a range of issues, including gas dehydration unit reliability, gas compressor availability and several minor pipeline leaks. The reservoirs continued to perform in line with Karoon's long term model predictions.

SPS-88 outage

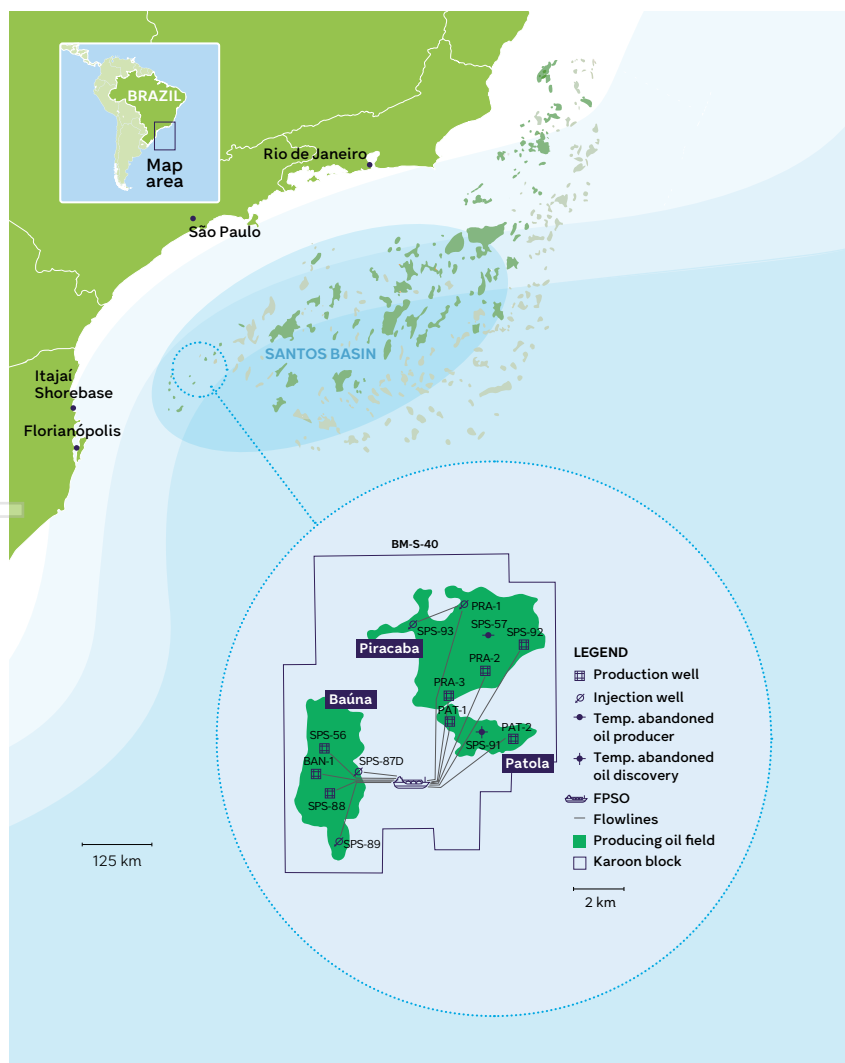
Production from the SPS-88 well ceased in November 2023 due to a mechanical failure of the Gas Lift Valve in the well completion string, requiring a well intervention to replace the valve. Plans to undertake the intervention in 2024 were progressed, but did not take place due to the lack of availability of a suitable intervention vessel. A lightweight intervention vessel has now been contracted, with the well intervention scheduled to take place in late 1Q25/early 2Q25. SPS-88 is anticipated to be back in production before the end of 2Q25 at rates of 2,000–2,500 bopd, prior to natural decline.

BAÚNA OIL PRODUCTION AND SALES DATA

		1Q24	2Q24	3Q24	4Q24	CY24
Production	MMbbl	2.2	1.4	2.0	1.9	7.5
Number of cargoes	#	4	4	3	5	16
Sales volume	MMbbl	2.0	2.0	1.4	2.5	7.8
Weighted average realised oil price	US\$/bbl	76.13	82.55	75.98	74.97	77.36



SANTOS BASIN, BRAZIL



Sales

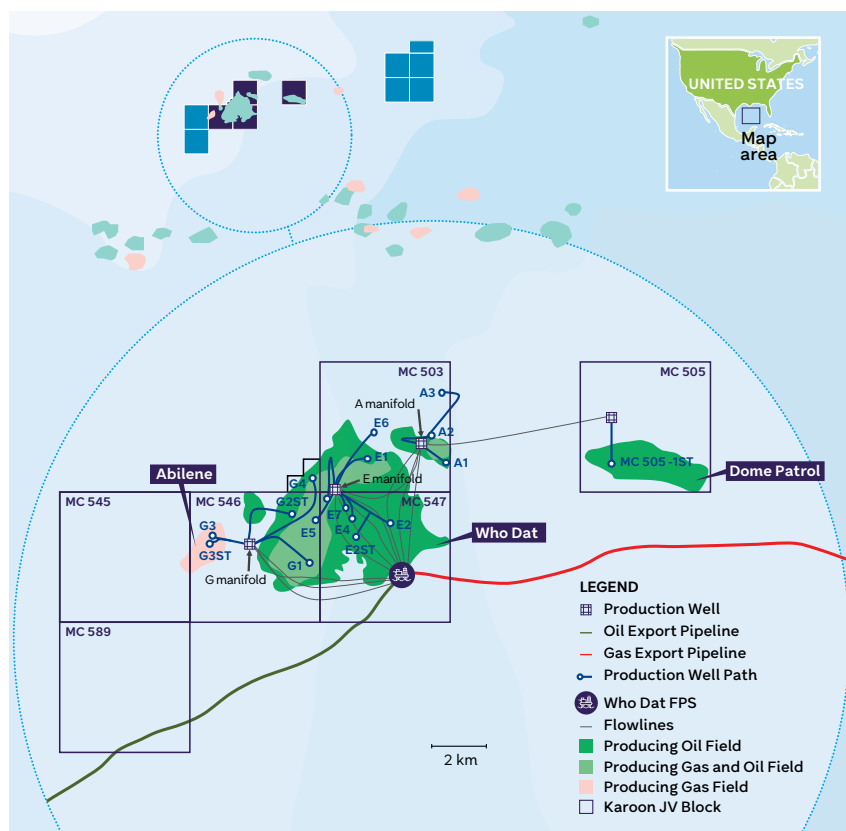
16 oil cargoes were sold from the Baúna project in 2024, totalling 7.8 MMbbl. 14 cargoes were transported by Karoon to the port of Santos in Brazil, with the oil then transferred to larger ships and transported to end users. Two cargoes were offloaded from the FPSO into Shell-operated shuttle tankers and transported to Uruguay, prior to being loaded into larger vessels and transported to customers. Selling cargoes via Santos, which commenced in late 2023, has reduced shipping times and has allowed access to new customers.

All cargoes continue to be marketed by Shell Western Supply and Trading Limited (a member of Royal Dutch Shell Plc group). Baúna crude was sold to a range of customers in South America, North America, Europe and Asia in 2024. The averaged realised oil price was US\$77.36/bbl compared to US\$78.39/bbl in 2023.

Outlook for 2025

An extended maintenance campaign by the operator, A&O, aimed at improving FPSO reliability by substantially reducing the current maintenance backlog, and improving equipment redundancy is planned for the first quarter of 2025. Additional manpower to undertake this work will be accommodated in a floating hotel (flotel) moored adjacent to the FPSO, which will be funded by Karoon.

GULF OF MEXICO, USA



Karoon expects this work to improve FPSO efficiency to 88–92% in 2025 and to a longer term target of 90–95%. This, together with the reinstatement of production at SPS-88, is expected to partially offset Baúna natural decline during the second half of 2025.

Baúna FPSO acquisition

In February 2025, Karoon agreed with A&O to acquire 100% of the FPSO Cidade de Itajaí. Given how critical the FPSO is to the Company's operations, Karoon believes this acquisition to be strategic as well as value accretive for shareholders. The acquisition is expected to be completed in the second quarter of 2025.

WHO DAT

Who Dat is a conventional deepwater oil and gas production asset operated by LLOG Exploration Company LLC (LLOG). It comprises three oil and gas fields: Who Dat (Karoon working interest: 30%), Dome Patrol (Karoon working interest: 30%) and Abilene (Karoon working interest: ~16%).

These fields are tied back to the Opti-Ex floating production system (FPS) via subsea flowlines and manifolds. The facility has a nameplate processing capacity of 40,000 bpd of liquids and 150 MMscfpd of gas and has been producing since 2011.

Production

Who Dat gross production in 2024 was 11.8 MMboe, produced at an average rate of approximately 32,300 boepd (including shutdown). 71% of this production was oil, condensate and NGLs, and 29% gas. Karoon's Net Revenue Interest (NRI) share (based on its working interest after government and overriding royalties of approximately 20%) was 2.9 MMboe. While this was below the levels expected at the time of the November 2023 acquisition, natural reservoir production decline was largely offset by two new development wells, G2 and G4, and production system optimisation, despite the impact of an active hurricane season in the Gulf of Mexico.

Sales

2024 sales volumes for Who Dat were 2.9 MMboe on an NRI basis. 2024 sales revenue from Who Dat was US\$170.4 million, comprising US\$157.2 million from liquids (oil, condensate and NGL) and US\$13.2 million from gas. The average realised price for the liquids sold was US\$75.88/bbl, while the average realised gas price was US\$2.95/mcf.

Oil from Who Dat is transported via the Shell operated Mars Pipeline, which has access to the domestic and international market from the Louisiana Offshore Oil Port. Who Dat oil is co-mingled and marketed as Mars grade sour crude, which prices typically at a similar price to WTI. Natural gas from Who Dat is transported and processed via Williams Company infrastructure, including the Canyon Chief and Transco pipelines, to the Mobile Bay Gas Processing Plant, which has access to multiple onshore markets. Who Dat gas is typically priced off Platt's Florida Zone 3 at a small premium to Henry Hub.

Outlook for 2025

While Who Dat is a mature asset, with an average natural decline rate of approximately 15% pa, there is a wide portfolio of potential incremental infield production and reserves opportunities. These include well workovers, drilling sidetracks from existing wells and drilling new wells to access new reservoirs. Subject to finalising technical and commercial evaluation, JV and regulatory approvals, up to two well sidetracks are planned to take place in 2H25/early 2026, in line with the JV's long term aim to mitigate natural decline through periodic infield activities.

The JV is also undertaking a debottlenecking and reliability improvement study on the FPS, to identify and mature opportunities to increase facility throughput.

KEY INFRASTRUCTURE, GULF OF MEXICO, USA



WHO DAT OIL PRODUCTION AND SALES DATA (NRI)

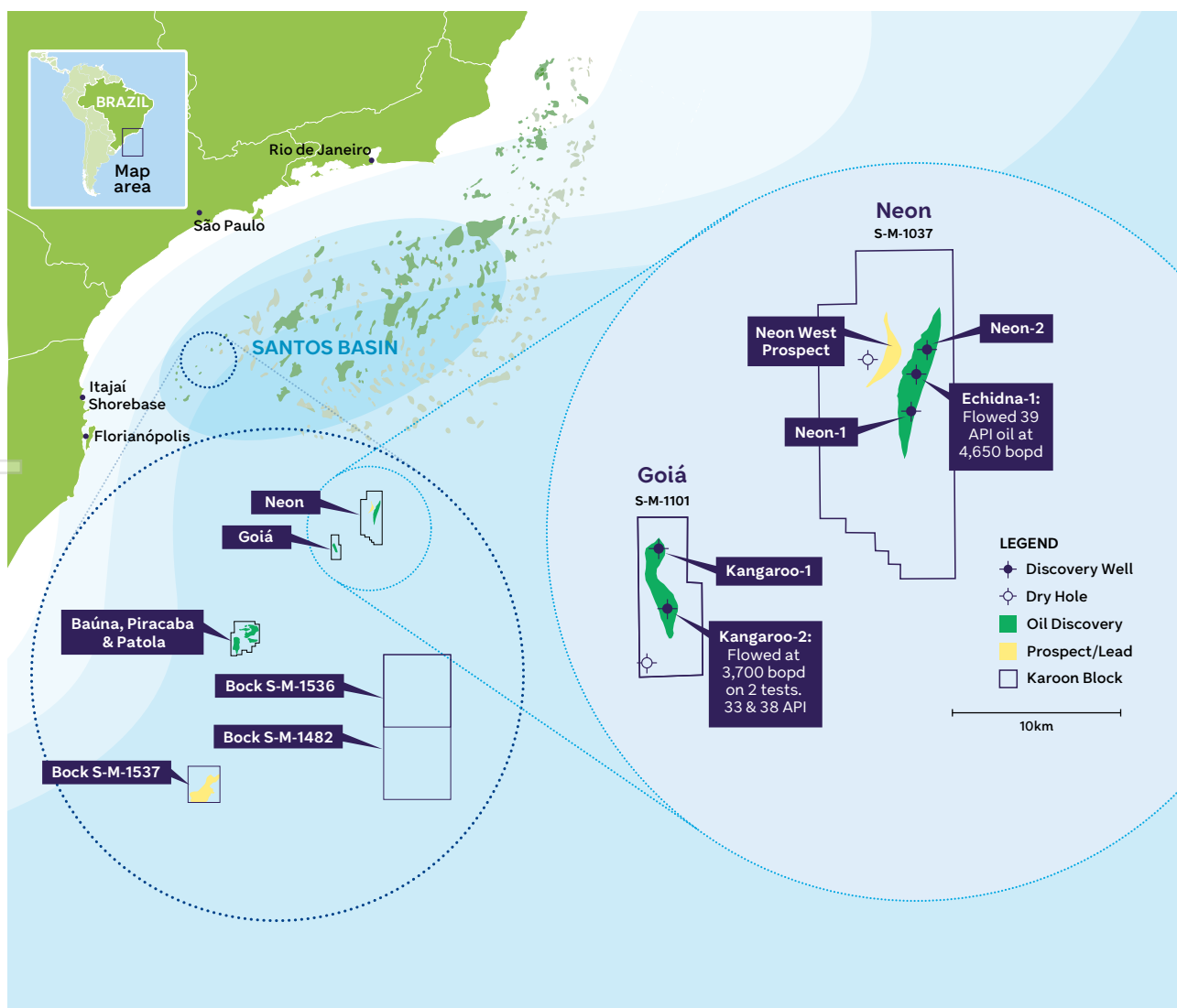
		1Q24	2Q24	3Q24	4Q24	CY24
Production	MMboe	0.8	0.8	0.7	0.7	2.9
% of oil, condensate & NGLs	%	68%	73%	71%	70%	71%
Oil, condensate & NGL sales volume	MMbbl	0.5	0.6	0.5	0.5	2.1
Gas sales volume	Bcf	1.24	1.05	1.13	1.07	4.49
Weighted average realised oil, condensate & NGL price	US\$/bbl	77.55	81.58	75.09	68.44	75.88
Weighted average realised gas price	US\$/mcf	3.15	2.76	2.83	3.07	2.95

Note: Numbers may not add due to rounding.

GROWTH OPPORTUNITIES

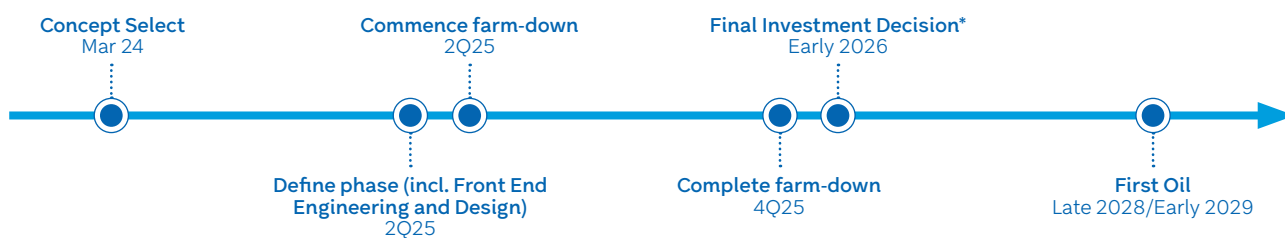
Significant progress was made during 2024 on maturing and developing organic growth opportunities. The Neon Foundation Project entered the Concept Select phase and substantial work took place to improve the economics of a potential development. In the USA, Karoon and its JV partners made two discoveries from a three well drilling program.

SANTOS BASIN, BRAZIL





POTENTIAL NEON FOUNDATION PROJECT TIMELINE



NOTE: Timeline is subject to successive positive gate decisions.

* Final investment Decision to be undertaken after farm down.

Neon Foundation Project, Block S-M-1037 (100% equity interest, operator)

The Neon field, located approximately 75 kilometres northeast of the Baúna Project, was discovered in 2015 by the Echidna-1 well, which on test flowed 4,650 bopd of 39° API oil. In early 2023, two further wells, Neon-1 and Neon-2, were drilled. The drilling campaign addressed several key subsurface uncertainties, allowing a potential value-optimised development plan to be matured.

In 1Q24, the Neon Foundation Project, comprising the development of the Neon field, entered the Concept Select phase (DG-1).

Over 2024, the Neon Project team undertook work on a range of key topics.

Several different development options were evaluated. A standalone development using a redeployed FPSO, which could become a hub for developing existing and potential

nearby resources, was assessed to be the optimal development concept. The Company is screening a number of potential production units, with the objective of identifying the optimal candidate for redeployment.

The team also focused on improving the understanding of the Neon resource uncertainties and volumetric distribution. The Neon reservoir models were updated based on reprocessed seismic datasets, finalised core studies and other data acquired from the existing wells. This has improved Karoon's understanding of the extent of the hydrocarbon pool and the spatial variations of reservoir properties and is assisting in defining resource ranges and subsurface development planning.

Ways to optimise the field development plan and capex requirements for a foundation development, which also allows for the tieback of other nearby discovered and prospective

resources, were assessed. Potential tie-in opportunities were examined, including for Goiás in Block S-M-1101 and Neon West, a low risk exploration prospect which has very similar characteristics to Neon and lies just two kilometres west of the Neon field.

Studies took place on enhancing the economics of the project to ensure it remains robust even in a low side resource case, focused on:

- Maximising overall oil recovery and recoveries per well.
- Careful selection of well locations and phasing, and development of contingent well plans.
- Optimising capex, particularly for the initial foundation development.
- Developing a reservoir risk mitigation plan, so that credible low case outcomes can be offset by additional incremental resource recovery options.

The next milestone for Neon will be Decision Gate 2 (DG-2), anticipated to take place early in the second quarter of 2025, when Karoon will decide whether to progress into the Define phase (including FEED entry). This would include developing detailed project execution plans, basis for design specifications, procurement planning, commercial agreements negotiation, funding and detailed cost estimates. In addition, a data room would be opened and a farm-down process commenced to secure a partner, to balance the risk and capital demands of the development. Farming down the project, which is currently owned 100%, is a prerequisite to taking a Final Investment Decision (FID).

Block S-M-1101 (100% equity interest, operator)

The Goiás field, located approximately 18 kilometres southwest of Neon, was discovered in 2015. The oil accumulation was discovered by the Kangaroo-1 exploration well in 2013 and appraised with an additional well (Kangaroo-2) which spudded in November 2014. The field has been penetrated by four wellbores discovering 32–40° API oil and on test flowed oil at a rate of 3,700 bopd.

Work continued during the year to update the subsurface interpretations based on recently acquired reprocessed seismic data. If the Neon Foundation Project proceeds, Goiás is likely to be developed as a tieback to the Neon FPSO in a subsequent development phase.

Block S-M-1537 (100% equity interest, operator)

During 2024, Karoon requested, and was granted, an extension of the expiry date of Block S-M-1537 to 29 October 2025. Work is ongoing to define the next potential options of the work program.

Block S-M-1536 and S-M-1482 (100% equity interest, operator)

Studies took place to assess the potential prospectivity on two new blocks, acquired in late 2023, which are located 80 kilometres south-east of the Baúna Project.

GULF OF MEXICO, USA

Who Dat East (40% equity interest, non-operator)

The Who Dat East unit area encompasses the MC 464, MC 465, MC 508 and MC 509 leases (LLOG 40% and operator, Karoon 40%, Westlawn Americas Offshore 20%).

In 2Q24, an exploration/appraisal well was drilled within MC 509, approximately 27 kilometres east of the Who Dat FPS, into multiple target zones within the Mid Miocene. The well discovered gas-condensate in four intervals in the target sandstones, with a total net pay of 27 metres True Vertical Thickness (TVT). There was a larger proportion of higher value liquids than previously estimated, comprising 45% of the 2C Contingent Resource (condensate yield of 134 bbl/MMscf) compared to the previous estimate of 35%.

Integration of the drilling results and other data collected into Karoon's models led to a 191% increase in the 2C Contingent Resources from

5.4 MMboe to 15.7 MMboe (on an NRI basis). 2U Prospective Resources are estimated to be 6.5 MMboe with a probability of success (PoS) of 51%, following geotechnical analysis and integration of the results into a broader prospectivity review. Drilling the exploration/appraisal well has secured a three year lease extension of the Who Dat East Unit Area until May 2027.

The Joint Venture has commenced development studies, including reviewing options to tie-back the field to the Who Dat FPS or to third party processing facilities. The most likely development concept is considered to be a subsea tieback to the FPS. As part of this work, a debottlenecking study of the Who Dat FPS is underway, which is anticipated to be completed during 2025 and will assist the assessment of the optimal development route. The study also provides the JV an opportunity to optimise its investment in existing infrastructure for a larger than expected resource, with superior returns.

NEON, GOIÁS AND NEON WEST RESOURCES AT 31 DECEMBER 2024

	Contingent Resources (MMbbl)		
	1C	2C	3C
Neon	37.7	60.1	89.5
Goiás	16.0	27.0	46.0

	Prospective Resources (MMbbl)			
	PoS	1U	2U	3U
Neon West	41%	6.1	14.8	32.9

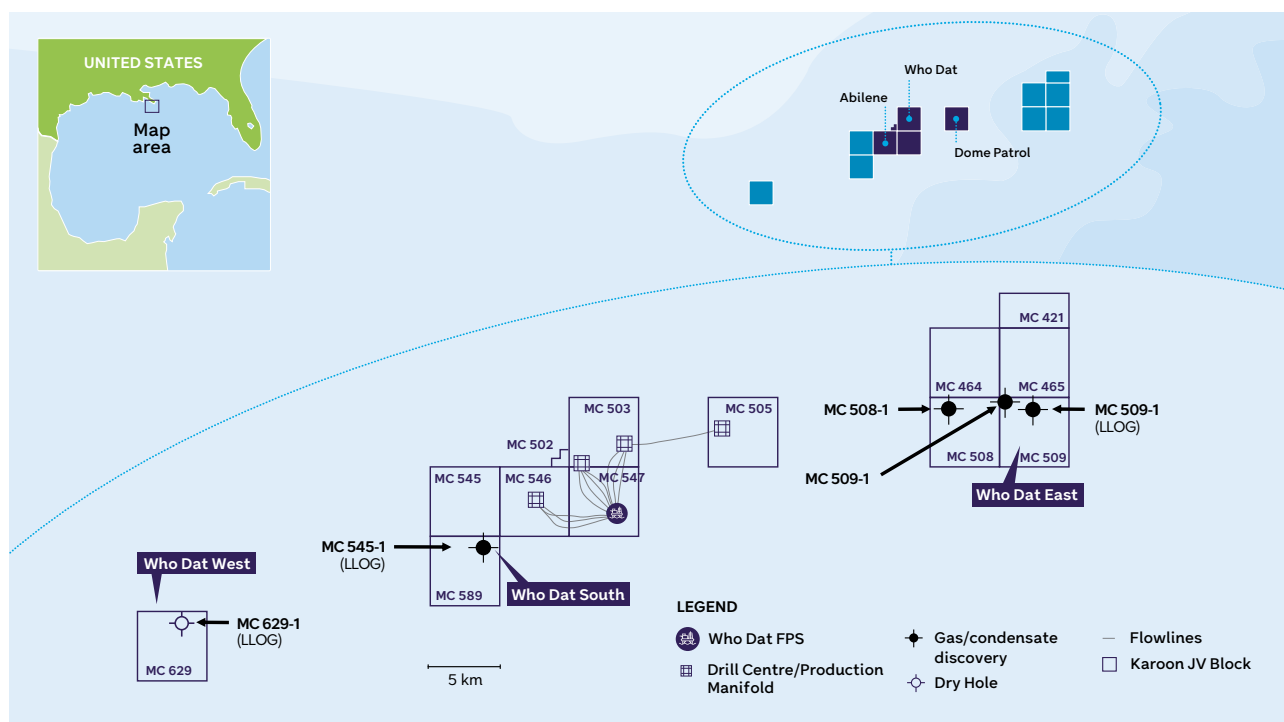
WHO DAT RESOURCES AT 31 DECEMBER 2024

	Contingent Resources (MMboe)		
	1C	2C	3C
Who Dat East	9.1	15.7	30.2
Who Dat South	3.5	7.4	15.2
Total Contingent Resources*	9.1	23.1	45.4

	Prospective Resources (MMboe)			
	PoS	1U	2U	3U
Who Dat East	51%	2.4	6.5	14.9
Who Dat South	59%	1.5	3.8	7.4
Who Dat East Deep	7%	19.1	52.1	102.7
Total Prospective Resources*		23.0	62.4	125.0

* Arithmetic summation.

WHO DAT ASSETS, GULF OF MEXICO, USA



Who Dat South (30% equity interest, non-operator)

The Who Dat South Unit area comprises the MC 545 and MC 589 leases (LLOG 45% and operator, Karoon 30%, Westlawn Americas Offshore 25%) which lie approximately 11 kilometres west of the Who Dat FPS.

A successful exploration well was drilled in the Who Dat South prospect in 2H24. The well encountered several hydrocarbon-bearing sandstone intervals through the target Miocene zones with an aggregate TVT of 67 metres, exceeding Karoon's pre-drill prognosis of 40 metres. Initial analysis of formation pressure measurements and fluid samples indicated the presence of a high liquid yield gas-condensate fluid.

Following analysis of the data acquired from the exploration well, Karoon has booked 7.4 MMboe 2C Contingent Resource (on an NRI basis), with an additional 3.8 MMboe, with a PoS of 59%, in the 2U Prospective

Resource category. Drilling the exploration well has secured a three year lease extension of the Who Dat South Unit Area until July 2027.

Given the proximity of the resources to the Who Dat FPS, the most likely development concept is via a subsea tieback from a single well via the G-manifold, located 8 kilometres from the discovery. While the Contingent Resource could be developed from the exploration well drilled in 2024, which was suspended as a future producer, it may be more value-accretive to drill a second well that would enable more efficient drainage of the discovered zones and allow the JV to evaluate Prospective Resources in additional zones. This will be assessed in 2025.

Who Dat West (35% equity interest, non-operator)

Who Dat West is located in MC 629 lease (LLOG 30% and operator, Karoon 35%, Westlawn Americas Offshore 30% and Houston Energy 5%) which lies 31 kilometres west of the Who Dat FPS.

The Who Dat West well spudded in 4Q24 and reached TD in early 2025. No significant hydrocarbon bearing intervals were interpreted within the drilled section and the well was plugged and abandoned. Data from the exploration well is being utilised to assess the remaining prospectivity of the lease.

AUSTRALIA

WA-315-P and WA-398-P

At the end of 2024, outstanding deferred milestone payments relating to Karoon's sale of a 40% interest in permits WA-315-P and WA-398-P in the Browse Basin, including the Poseidon gas discovery, to Origin Energy Browse Pty Ltd in June 2014, remained on foot. These contingent payments comprise US\$75 million due at FID, US\$75 million due at first production and a resource step-up payment of up to US\$50 million payable on first production.

SUSTAINABILITY HIGHLIGHTS

In 2024, Karoon's sustainability program was expanded and fine-tuned. This included aligning our climate strategy to a decarbonising economy, undertaking climate scenario analysis and building out our community and social programs.

HEALTH, SAFETY AND SECURITY

Karoon prioritises the health and safety of our people, operations and activities at all times under a 'shared duty of care' approach with our key contractors. The Company's safety program is executed under the three disciplines of process safety, personal safety and cyber security.

Karoon's safety performance in 2024 did not meet our expectations, with two Medical Treatment Cases and two Lost Time Injuries, as well as two Tier 2 process safety events.

As a result of learnings from 2024, Karoon is re-emphasising our 'safety first' culture. This started with the successful implementation of a Learning Management System (LMS) in 2024 and will continue in 2025 with a relaunch of Karoon's Golden Safety Rules (focused on fatality prevention) and several system-based changes aimed at delivering physical improvements in our operations. To complement this, Process Safety Management, strengthening operational risk management and equipment maintenance among other process safety measures, has been identified for implementation in 2025.

The recently announced negotiation to acquire the Baúna FPSO will allow the Company to exert a more direct and effective level of management control and leadership in day to day operations and strategic direction.

This change, together with other initiatives, aims to deliver a step change in safety performance, even during the period of heightened activity planned for 2025, which includes an extended maintenance shutdown, supported by a flotel, and the SPS-88 well intervention.

Cyber Security

Ensuring cybersecurity within our operations is essential to enabling operational stability and long term shareholder value. To support this, in 2024 Karoon implemented targeted measures to mature the Company's security posture and is committed to achieving NIST Cybersecurity Framework Maturity Level 3. This builds on the existing compliance

framework, with the Essential 8 maturity model and adheres to privacy regulations across all jurisdictions where we operate.

CLIMATE

As an oil and gas producer, climate is a key factor in Karoon's sustainability strategy and decision making. Karoon's recent Strategy Review provided an opportunity to adapt our climate strategy to align with a decarbonising economy. The Company has elected to adopt an updated target of 'Net Zero by 2050 or sooner' for Scope 1 and 2 emissions, to reflect the Company's growth strategy, the practical and economic opportunities to reduce emissions offshore, and

EMISSIONS SUMMARY^{1,2}

	CY21	CY22	CY23	CY24
Scope 1 emissions (tCO ₂ e)	73,942	125,694	123,747	127,937
Operational Control	73,942	125,694	123,294	104,018
Equity Share	-	-	453	23,919
Scope 2 emissions (tCO ₂ e)	129	38	55	59
Operational Control	129	38	55	59
Scope 1 + 2 emissions (tCO ₂ e)	74,071	125,732	123,802	127,996
Emissions intensity (KgCO ₂ e/boe)	14.9	22.8	13.5	11.7
Scope 3 emissions (tCO ₂ e)	1,000,886 ³	2,679,198	3,941,858	4,641,729

1. Scope 1 & 2 emissions are calculated using location and market based approaches and Scope 3 emissions using the spend based method in line with GHG Protocol recommendations.

2. Equity share emissions are calculated on a Net Working Interest (NWI) basis using data provided by the operating partner.

3. Emissions relate to six months 1 July 2021 to 31 December 2021.



0.77 TRIR
per 200,000 hours



0.38 LTIR
per 200,000 hours



5.4 ppm
Produced water OIW



4.4%
Produced gas flaring



US\$ 142.9m
Contributions to the Brazilian, Australian and US economies in wages, royalties, levies and taxes as well as social/community and environmental projects

alignment with industry norms and global trends. How this will be achieved will be outlined in Karoon's Climate Transition Action Plan (CTAP), to be developed in 2025.

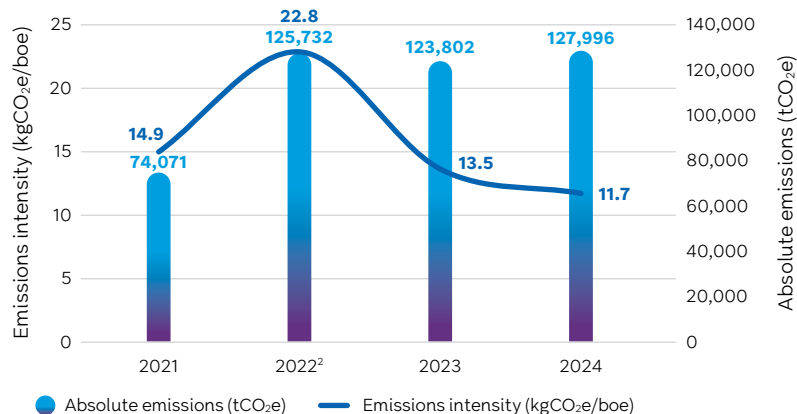
Karoon has continued its commitment to remain Carbon Neutral on all Scope 1 and 2 emissions and has extended this to include Scope 1 and 2 emissions from non-operated assets on an equity basis. A total of

204,071 verified carbon units (VCUs) were surrendered in 2024, to offset emissions for 1 July 2022 to 31 December 2023. We plan to offset our 2024 emissions in the second quarter of 2025.

In 2024, Karoon signed a five year offtake agreement to secure 100,000 Afforestation, Reforestation and Revegetation (ARR) certificates per year from the Suzano Horizonte project in Brazil. This is expected to enable Karoon to continue to meet its commitment to be Carbon Neutral on Scope 1 and 2 emissions.

Karoon's emissions intensity was 11.7 kgCO₂e/boe in 2024, slightly above our target due to operational challenges at our Baúna asset. However, it remained well below the OGCI industry target of 17kgCO₂e/boe. Karoon's entry into the lower – emission intensity Who Dat assets in the US Gulf of Mexico provides opportunities for a reduction in intensity, with further decreases expected once operational efficiency and reliability at Baúna is improved.

Scope 1 & 2 Absolute Emissions and Emissions Intensity¹



1. Operated assets.

2. 2022 Scope 1 emission intensity includes emissions associated with Patola development and Neon control well drilling.

HUMAN RIGHTS & MODERN SLAVERY

Karoon released its third Modern Slavery statement in 2024, covering the previous 18 months. This statement was informed by digital tools and engagement with suppliers, assessing the Company's risk of Modern Slavery throughout our supply chain and providing insights to address any risk.

Key achievements in 2024 included:

- Governance & Policy: Review of existing policies and the introduction of Karoon's first Human Rights policy, aligned with UN Guiding Principles.
- Procurement & Due Diligence: Commenced a review of procurement processes which included assessment of supplier MS risk. 20 of Karoon's largest suppliers representing over 22% of spend also completed seal-assessment questionnaires aimed at better understanding their risks.

Further details can be found in Karoon's 2024 Modern Slavery Statement and Karoon's next MS Statement will be released in June 2025.

ENVIRONMENT

Karoon's commitment to mitigating and minimising our impact on the environments in which we operate continued in 2024, under our environment program.

Water quality, waste management, biodiversity and socioeconomic impacts are monitored and managed through the implementation of a suite of projects designed to mitigate the physical impacts of our operations.

In 2024, Karoon had no reportable spills at Baúna, while oil in water levels reduced from 2023 levels.

Flaring increased due to operational issues at Baúna and the need for increased safety flaring. Maintenance work that took place in the second half of 2024 and the campaign planned for 2025 are anticipated to result in a reduction in flaring during 2025.

COMMUNITY

Karoon's community investment program grew in 2024, expanding alongside business growth. In Brazil, Karoon supported four voluntary social projects with an investment of US\$0.2 million and 18 incentivised projects, with an investment of US\$2.1 million. 11 of the 22 projects

were renewals with partner organisations, highlighting our long term commitment to social improvement.

It is intended that Karoon's voluntary social project investment will increase from 0.03% in 2024 to 0.05% of forecast annual sales revenue in 2025 and be set at 0.10% of forecast annual sales revenue by 2027.

OUTLOOK FOR CY25

2025 offers significant opportunities for Karoon as we continue to grow on our sustainability journey.

The proposed acquisition of the Baúna FPSO will allow us to more directly embed our safety values at all levels of our operations, as well as deliver process safety and reliability improvements which will drive emission reductions.

The development of Karoon's CTAP will more clearly define our pathway towards being Net Zero by 2050 and carbon credit offtake agreements that come into effect in 2025 will secure our commitment to remain Carbon Neutral for Scope 1 and 2 emissions.

Please refer to Karoon's 2024 Sustainability Report for more detail regarding Karoon's sustainability strategy, activities and sustainability data.



PEOPLE AND CULTURE

Karoon is committed to providing a safe, diverse, and inclusive workplace that enables people to thrive, and feel recognised and proud of the impact they make. This is reflected in Karoon's "OneKaroon" culture which comprises a set of shared values, beliefs, and practices that shape how the people within Karoon interact, make decisions, and collaborate to achieve common goals so as to create value for all stakeholders.

Karoon's culture also prioritises performance, accountability, and innovation.

Karoon has continued to develop and support this culture throughout 2024.

INCLUSIVE AND VALUES-DRIVEN CULTURE

Karoon values and leverages the unique contribution of people with diverse backgrounds, experiences, and perspectives which creates diversity of thought. The Company strives to engage and motivate its people to achieve the best they can and is committed to ensuring every individual feels respected and valued.

Karoon is also committed to providing a workplace for employees and contractors which reflects the Company's values of safety, integrity, commitment, collaboration, and respect, and support a culture that enables employees to thrive and succeed in a healthy and sustainable way.

Throughout 2024, Karoon introduced several initiatives designed to foster employee engagement, support team collaboration particularly in terms of working across various time zones, and building a unified culture. These initiatives were developed in response to employee feedback received through the annual Gallup Employee Engagement Survey undertaken in 2023.

The 2024 Gallup Employee Engagement Survey results attest to the positive impact these initiatives are delivering to Karoon's culture and employee engagement, with Karoon achieving positive employee engagement scores, and over 94% of Karoon's workforce participating in this year's survey.

Karoon's Brazil operation was officially designated as a Citizen Company which enabled Karoon to introduce additional employee benefits where appropriate, including enhanced paid maternity and paternity leave and leave to support adoption.

SUPPORTING HIGH BEHAVIOURAL STANDARDS

Karoon recognises clear behavioural standards support morale and deliver positive professional experiences for employees and stakeholders. Codes of conduct also provide important guidelines for addressing and resolving conflicts and grievances in a fair manner.

Karoon has an established Code of Conduct which provides employees with clear expectations in relation to acceptable behaviour. The Code of Conduct also serves as a framework upon which employees can make fair and ethical decisions.

The Code of Conduct governs all employees' behaviour and commits Karoon to providing a workplace free of discrimination, where diversity is valued, and all employees can fulfil their potential based on merit and ability. The Code of Conduct requires employees to act with honesty, fairness, and integrity, and to observe the letter and spirit of the legal and regulatory environments in the countries in which Karoon operates.

Karoon's Whistleblower Protection Policy demonstrates its commitment and support for high behavioural standards. The Whistleblower Policy (which includes an independent and anonymous reporting mechanism) supports a culture of integrity, transparency, and accountability, and contributes to a positive work environment in which employees feel safe to speak up without fear of recrimination.

Karoon encourages all stakeholders (employees, contractors, suppliers, and other service providers) to report any issues or concerns under the Whistleblower Policy, particularly where a breach of law may have occurred, or where there is a risk to health and safety.

The Whistleblower Policy sets out how a whistleblower can report disclosable conduct and provides information about the protections and remedies that are available.

EMPLOYEE RESOURCES AND SUPPORT

Karoon maintains an environment that enables its employees to fully participate in the workplace and perform at their best. Karoon believes in investing in the growth of its employees, and demonstrates this, by equipping employees with the skills and capabilities needed through various development programs.

These programs include training, development, coaching and mentoring, and are delivered formally and informally, including via technology and classroom training to support employees' learning preferences.

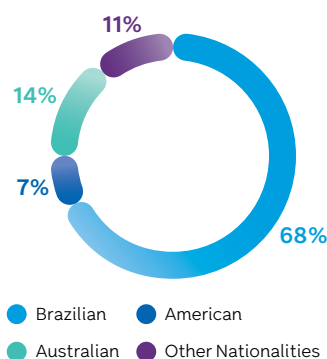
Throughout 2024, Karoon conducted numerous training programs focused on respectful workplace behaviour and building managerial capability via the Franklin Covey program "6 Critical Practices of Leading a Team". The Franklin Covey program has been successfully operating within Karoon for over two years.

Karoon also maintains a confidential Employee Assistance Program ensuring that Karoon's employees and their families are appropriately supported with professional or personal challenges.

EMPLOYEE PROFILE

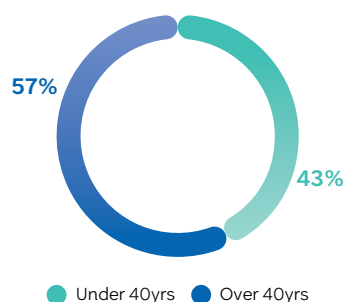
Karoon values diversity of thought so attracting and retaining talented employees with different backgrounds, skills, and experiences is fundamental to Karoon's performance. Karoon's employees represent 18 different nationalities, with most nationalities reflected in the countries in which Karoon operates.

Employee Nationalities



57 per cent of Karoon's employees are aged over 40 years, and 43 per cent under 40 years. This is reflective of an aging workforce in the Oil and Gas industry worldwide.

Employee Average Age



DIVERSITY

Karoon believes in a diverse and inclusive workforce. Karoon also values cognitive diversity where employees from various educational backgrounds, life experiences, and perspectives help create a stronger culture and diversity of thought, which we believe maximises Karoon's performance and stakeholder outcomes.

As of 31 December 2024, Karoon had 155 permanent employees, of which 41% were women. Karoon's senior leaders comprise 17% women, and the board participation rate of women has increased to 43%, following the appointment of two independent Non-Executive Directors in April 2024. A key priority identified for 2025 is to increase the representation of women in senior leadership roles.

Karoon ensures pay equity for all employees through the delivery of equal average pay for men and women for all job grades. An annual review is conducted to determine pay equality and any gaps identified are immediately addressed.



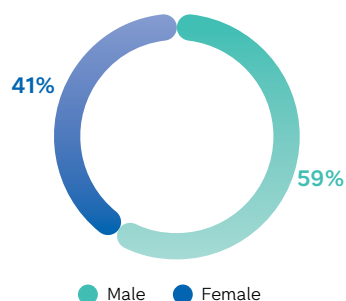


DIVERSITY PROFILE

Female participation	FY22	FY23	FY23 ¹	CY24	CY25 (Target)
Board	17%	17%	14%	43%	30%
Senior Leaders	26%	17%	11%	17%	23%
Group-wide	50%	46%	42%	41%	30%

The diagram below shows 59% of Karoon's workforce comprise men and 41% women. This reflects a decrease of 1% in the participation rate of women from TY23.

Gender Profile



Karoon supports women across all parts of the Company and remains committed to developing women for leadership roles. Karoon Brazil continues to run an annual Women in Leadership Mentoring Program, which matches future women leaders with industry mentors to facilitate development and networking opportunities.

International Women's Day is recognised and supported across Karoon. Leading academic and practitioner presentations, and other knowledge sessions, are delivered throughout the year to support women's development and growth.

Karoon also conducts educational programs to support women and build awareness among all employees of the types of violence women can encounter.

Recruitment initiatives in 2024 included the establishment of a continuous pipeline of candidate diversity.

Karoon also introduced inclusive ways of working policies in 2024 including hybrid working and improved parental leave terms of employment.

Furthermore, workplace behaviour training was undertaken across the Karoon network to reinforce the importance of positive workplace behaviours that support a healthy and inclusive workplace, free of harassment and bullying.

HYDROCARBON RESERVES AND RESOURCE STATEMENT

Karoon has updated its hydrocarbon Reserves and Resources estimates as at 31 December 2024. The successful Who Dat drilling campaign resulted in a material increase in Contingent Resources, while Reserves reflected record production of 10.4 MMboe.

DELIVERING RESERVES AND RESOURCES GROWTH

Karoon has updated its hydrocarbon Reserves and Resources estimates as at 31 December 2024, based on production performance, new field and well data, and field studies completed during the year. The Baúna Project Reserves and Resources have been endorsed by Karoon's qualified Competent Person and reviewed by independent expert, AGR, while the US Gulf of Mexico (GoM) Reserves are based on Netherland Sewell and Associates, Inc's independent evaluation.

After adjusting for Baúna and Who Dat combined annual production of 10.4 MMboe, as well as upwards revisions of 0.8 MMboe, primarily at Who Dat, the 2P Reserves at the end of 2024 were 67.9 MMboe, compared to 77.5 MMboe at 31 December 2023.

Karoon has achieved a three year rolling average annual Reserves replacement ratio (organic plus inorganic) of 184% at the 2P level. This primarily reflects new Reserves bookings and revisions associated with the Baúna Project in 2022 and the acquisition of working interests in the producing Who Dat assets in the GoM in December 2023.

Karoon's 2P Reserves at 31 December 2024 comprised 84% oil and condensate, and 16% natural gas and natural gas liquids (NGLs), essentially unchanged from 2023. The 2P Reserves life (Reserves divided

by 2024 annual production) is 6.5 years (previously 8.5 years), reflecting higher production due to the first full year of Who Dat contributions.

2C Contingent Resources increased by 18.0 MMboe, or 17%, to 121.4 MMboe, primarily due to the conversion of Prospective Resources into Contingent Resources following the successful Who Dat East and South exploration wells, drilled in 2024. As a consequence, 2U Prospective Resources decreased by 28% to 77.2 MMboe (NRI).

RESERVES

Baúna Project

At 31 December 2024, the Baúna Project's 1P Reserves were 33.0 MMbbl and 2P Reserves were 39.0 MMbbl. The Reserves assessment considers a range of technical and commercial parameters, including the following:

- Production during 2024 of 7.5 MMbbl.
- Updated performance modelling and decline analysis, accounting for individual well and field level performance data and production system constraints, which maintained 2P Reserves.
- A change in the 1P end of field life assumption (from 2031 to 2032), due to updated decline analysis, with the 2P end of field life assumption remaining unchanged (2032).

The Reserves estimates are based on the current contractual arrangements in place for the chartered Baúna FPSO and related operating services and assumes they are extended to the end of the field life to 2032. The Company has agreed to acquire the FPSO from the current owner and operator, A&O, but the potential benefits of this are not included in the Reserves and Resource estimates at 31 December 2024.

Who Dat

At 31 December 2024, the Who Dat asset's 1P Reserves were 17.8 MMboe and 2P Reserves were 28.9 MMboe, on an NRI basis (after government and third party royalties). The Reserves assessment considers a range of technical and commercial factors, including but not limited to the following:

- Production during 2024 of 2.9 MMboe (NRI).
- Updated historical performance data and forward modelling at the reservoir, well and field level.
- Updated analysis of production system performance, system optimisation and constraints.
- Updated future reservoir development plans including additional infill wells and sidetracks targeting known reservoirs.



CONTINGENT RESOURCES

Karoon's total 2C Contingent Resources at 31 December 2024 were assessed to be 121.4 MMboe, which represents an increase of 18.0 MMboe, or 17%, on 31 December 2023. Most of this increase is attributable to the results of the successful Who Dat East and Who Dat South wells drilled in 2024, and the consequent transfer and revision of previously booked Prospective Resources into the Contingent Resources category.

Baúna Project

Baúna Contingent Resources were reviewed based on the same assumptions as last year (including the possible extension of the Baúna field life from 2032 to 2038) and the updated 1P end of field life assumption. 1C, 2C and 3C Contingent Resources are now 8.7 MMboe, 11.2 MMboe and 16.4 MMboe, respectively. Studies to better define the life extension scopes of work are planned to continue during 2025.

Neon Opportunity

The Neon discovery is currently in the Concept Select phase, with technical and commercial studies being progressed towards the DG-2 milestone in 2Q25, on whether to proceed into the Define (including FEED) phase.

With the results of the Concept Select studies still underway at year end 2024, the Contingent Resources are

unchanged from those previously reported at 31 December 2023. The estimates consider the following:

- The estimates reflect Karoon's 100% operated interest in S-M-1037 (as at 31 December 2024).
- Probabilistic methods benchmarked against deterministic scenarios have been used to estimate the Contingent Resources.
- The Contingent Resources figures reflect recoverable resources for the whole field. However, any finalised development plan may not recover all these resources.
- Contingent Resources are assessed within the Development Unclassified subclass and have not been subject to commerciality determination.

Following, and subject to, the results of the Concept Select studies and DG-2 milestone review, the Contingent Resources estimates may be updated in mid-2025.

No changes have been made to the Goiás Contingent Resources assessment from the previous Karoon Annual Report statement on 31 December 2023.

Who Dat

Contingent Resources associated with the Who Dat assets overall increased by 17.7 MMboe over 2024 due to

positive results from the Who Dat East and Who Dat South wells, and subsequent technical evaluation. The results of Who Dat East and Who Dat South exceeded pre-drill expectations, with the combined estimate of 2C Contingent and 2U Prospective Resources (unrisked) increasing by 41%. Development studies for these Resources have commenced and may result in future Reserves bookings, subject to the outcome of technical and commercial evaluations.

PROSPECTIVE RESOURCES

Karoon holds a number of interests and licenses containing undrilled exploration prospects and leads of varying maturity levels. These are classified as Prospective Resources, assessed and reported on the basis of technical maturity.

Brazil

The Neon West Prospective Resource has been estimated primarily using probabilistic methods and are unchanged from 31 December 2023, as technical studies are ongoing, and the impact of reprocessed seismic data is still to be fully assessed. Given the proximity of the prospect to the Neon discovery, a confirmation of commercial volumes at Neon West could result in the Resources being developed as a tie-back to a potential future Neon production facility.

2024 ANNUAL REPORT RESERVES AND RESOURCE STATEMENT¹

DEVELOPED AND UNDEVELOPED RESERVES (NET KAROON SHARE, AS AT 31 DECEMBER 2024)

COUNTRY	ASSET	Oil & condensate (MMbbl)			Natural gas (bcf)			NGL (MMbbl)			Total (MMboe)		
		1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Brazil	Baúna Project												
	Developed	33.3	39.0	46.7	-	-	-	-	-	-	33.3	39.0	46.7
	Undeveloped	-	-	-	-	-	-	-	-	-	-	-	-
	Total	33.3	39.0	46.7	-	-	-	-	-	-	33.3	39.0	46.7
USA	Who Dat												
	Developed	7.2	10.7	14.8	10.5	16.0	22.8	0.2	0.3	0.5	9.2	13.7	19.1
	Undeveloped	4.6	7.1	12.4	25.0	43.0	51.9	0.5	0.9	1.1	8.6	15.2	22.2
	Total	11.9	17.8	27.2	35.5	59.1	74.7	0.8	1.2	1.5	17.8	28.9	41.3
Total	Developed	40.6	49.7	61.5	10.5	16.0	22.8	0.2	0.3	0.5	42.6	52.7	65.7
	Undeveloped	4.6	7.1	12.4	25.0	43.0	51.9	0.5	0.9	1.1	8.6	15.2	22.2
	Total	45.2	56.8	73.9	35.5	59.1	74.7	0.8	1.2	1.5	51.2	67.9	87.9

RESERVES RECONCILIATION (NET KAROON SHARE, 31 DECEMBER 2023 TO 31 DECEMBER 2024)

	Oil & condensate (MMbbl)			Natural gas (bcf)			NGL (MMbbl)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Reserves as at 31 December 2023	50.9	66.0	84.9	37.7	61.5	79.8	0.7	1.2	1.5	57.9	77.5	99.7
Acquisitions and Divestments	-	-	-	-	-	-	-	-	-	-	-	-
Revision of Previous Estimates	3.7	0.3	(1.6)	2.6	2.4	(0.2)	0.2	0.1	0.1	4.3	0.8	(1.5)
Transfer to/from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Extensions and Discoveries	-	-	-	-	-	-	-	-	-	-	-	-
Production	(9.5)	(9.5)	(9.5)	(4.8)	(4.8)	(4.8)	(0.1)	(0.1)	(0.1)	(10.4)	(10.4)	(10.4)
Reserves as at 31 December 2024	45.2	56.9	73.9	35.5	59.1	74.7	0.8	1.2	1.5	51.8	67.9	87.9

CONTINGENT RESOURCES (NET KAROON SHARE, AS AT 31 DECEMBER 2024)

COUNTRY	ASSET	Oil & condensate (MMbbl)			Natural gas (bcf)			NGL (MMbbl)			Total (MMboe)		
		1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Brazil	Baúna	8.7	11.2	16.4	-	-	-	-	-	-	8.7	11.2	16.4
	Neon	37.7	60.1	89.5	-	-	-	-	-	-	37.7	60.1	89.5
	Goiá	16.0	27.0	46.0	-	-	-	-	-	-	16.0	27.0	46.0
USA	Who Dat South	1.6	3.6	7.6	11.1	22.5	45.5	-	-	-	3.5	7.4	15.2
	Who Dat East	4.0	7.0	13.5	30.1	52.2	100.3	0.0	0.0	0.0	9.1	15.7	30.2
Total		68.0	108.9	173.0	41.2	74.7	145.8	0.0	0.0	0.0	75.0	121.4	197.3

CONTINGENT RESOURCES RECONCILIATION (NET KAROON SHARE, 31 DECEMBER 2023 TO 31 DECEMBER 2024)

	Oil & condensate (MMbbl)			Natural gas (bcf)			NGL (MMbbl)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Contingent Resources as at 31 December 2023	64.2	99.9	157.6	8.8	20.5	47.1	0.0	0.0	0.0	65.7	103.4	165.5
Acquisitions and Divestments	-	-	-	-	-	-	-	-	-	-	-	-
Revision of Previous Estimates	(1.2)	0.3	0.9	-	-	-	-	-	-	(1.2)	0.3	0.9
Transfer to/from Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Extensions and Discoveries	5.0	8.7	14.5	32.4	54.2	98.7	-	-	-	10.4	17.7	31.0
Contingent Resources as at 31 December 2024	68.0	108.9	173.0	41.2	74.7	145.8	0.0	0.0	0.0	74.9	121.4	197.3

PROSPECTIVE RESOURCES (NET KAROON SHARE, AS AT 31 DECEMBER 2024)

Country	Asset	PoS ²	Oil & condensate (MMbbl)			Natural gas (bcf)			NGL (MMbbl)			Total (MMboe)		
			1U	2U	3U	1U	2U	3U	1U	2U	3U	1U	2U	3U
Brazil	Neon West	41%	6.1	14.8	32.9	-	-	-	-	-	-	6.1	14.8	32.9
	Who Dat East	51%	1.1	2.9	6.7	8.0	21.4	48.9	-	-	-	2.4	6.5	14.9
USA	Who Dat West	-	-	-	-	-	-	-	-	-	-	-	-	-
	Who Dat South	59%	0.8	2.1	4.2	4.0	10.3	19.3	-	-	-	1.5	3.8	7.4
	Who Dat East Deep	7%	1.8	6.0	14.4	104.1	277.0	529.8	-	-	-	19.1	52.1	102.7
Total			9.8	25.8	58.2	116.1	308.7	598.0	-	-	-	29.1	77.2	157.8

1. Certain figures, amounts, estimates and numbers are subject to the effect of rounding.

2. Geological probability of success.

USA

Prospective Resources associated with exploration licences in the vicinity of the Who Dat production facilities have been re-evaluated following the completion of a three well appraisal and exploration drilling campaign in 2024.

With the positive results of the Who Dat East and Who Dat South wells, 17.7 MMboe of 2U volumes were transferred into 2C Contingent Resources. Who Dat East and Who Dat South Prospective Resources were also revised post drilling. As a result of the transfer to Contingent Resources and revision of estimates, there was an overall reduction in 2U Prospective Resources of 29.6 MMboe (NRI). This included debooking of 21.6 MMboe of 2U Prospective Resources associated with Who Dat West, as the well did not encounter commercial quantities of hydrocarbons.

Prospective Resources associated with the Who Dat East Deep prospect are unchanged.

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 at 31 December 2024 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 (NRI) for each license, well or reservoir, which is after the deduction of relevant government and third-party royalties.

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 or sidetracking 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.

GOVERNANCE AND COMPETENT PERSONS STATEMENT

Members of the Karoon Reserves Committee considered and assessed all proposed changes and additions to the Company's Reserves and Resources (as set out in this report), considering advice and contributions from subject matter experts and external consultants.

All Reserves statements in this report are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, Martin Austgulen, SVP New Business, Karoon Energy Limited. Mr Austgulen is qualified in accordance with ASX listing rule 5.41, being a member of the Society of Petroleum Engineers (SPE) and, with over 16 years' experience, has consented in writing to the inclusion of Reserves and Resources in the format and context in which they appear.

FORWARD LOOKING STATEMENTS

Petroleum exploration and production operations rely on the interpretation of complex and uncertain data and information which cannot be relied on 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 Annual Report 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 Annual Report.

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 Annual Report 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 Annual Report.

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.

STRENGTHS AND RISKS

STRENGTHS



Operations in Brazil and US Gulf of Mexico, both attractive oil and gas jurisdictions.



Clear corporate strategy, including sustainability targets.



Organic growth potential in both the US Gulf of Mexico and Brazil (refer to Growth Opportunities section).



Robust financial position and balance sheet, with demonstrated ability to access debt financing.

MATERIAL BUSINESS RISKS

- **Oil and gas price:** Oil and gas prices are volatile and affected by numerous factors beyond Karoon's control, including consumer demand, industry supply trends, international financial market conditions, uncertainty in commodity markets, OPEC actions, global economic conditions, government pricing regulations, and competing fuel sources. Karoon's financial performance is significantly influenced by oil prices. Lower oil prices can negatively impact revenues, available liquidity, or access to capital markets, resulting in funding shortfalls and/or inability to service debt. This may in turn lead to revisions in medium and longer-term price assumptions for oil from future production, which, in turn, may lead to a revision of the value of the Company's assets.
- **Operational interruptions:** Oil and gas production and recovery volumes may differ from Karoon's assumptions and forecasts. This can be due to, but not limited to, unplanned interruptions to production arising from various factors. These events may have a material effect on Karoon's financial performance. Standard risks associated with offshore marine operations and workforce matters are also relevant. The occurrence of any event associated with these risks could result in production interruptions and/or substantial losses to Karoon.
- **Farm-out and Joint Venture Partners/Counterpart:** Karoon may enter into farm-out or joint venture agreements in relation to particular assets. Farm-out or joint venture partners may be misaligned or unable to pay for their share of applicable costs.
- **Counterparty risks:** A dispute, or a breakdown in relationship between Karoon and its joint venture partners, suppliers or customers, or a failure to reach a suitable arrangement with joint venture partners, suppliers or customers could have an adverse effect on the reputation and/or financial performance of the Company.
- **Estimated quantities of Reserves and Contingent and Prospective Resources** are based on interpretations of geological, geophysical and engineering models and assessment of the technical feasibility and commercial viability of producing the reserves. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new reservoir information becomes available through additional drilling or subsurface technical analysis over the life of the field. As Reserves and Contingent and Prospective Resource estimates change, development and production plans may be altered in a way that may adversely affect the Company's financial results.
- **Laws, regulations and government policies:** Karoon's business is subject to extensive laws, regulations and government policies in the jurisdictions where Karoon operates its assets and carries out its business. Failures to comply, including passing regular inspection and certification obligations may result in reputational harm, operations being suspended or delayed, permits, licenses and concessions being cancelled, and fines and penalties being imposed. Changes to laws, regulations and government policies including tax legislation imposed on Karoon could result in immediate impacts on the Company's forecast revenues and financial position.
- **Climate policies:** Policies related to climate and the energy transition may adversely affect oil demand, oil prices and oil industry operations, investment and funding behaviour.
- **Regulatory approvals:** Regulatory approvals or required licences to operate may not be forthcoming or may be delayed.
- **Weather conditions:** Weather events (including those related to climate change) may result in physical damage to assets or interruption to operations.
- **Decommissioning:** Karoon may not have accurately anticipated required decommissioning costs and/or security obligations, which may vary due to changing standards or regulations potentially being imposed in the future. Higher decommissioning security obligations or cost estimates may negatively impact the Company's financial position.
- **Financial assurance for decommissioning security obligations:** Karoon is required to post financial assurance to support future decommissioning obligations and utilises financial instruments such as surety bonds in order to do so. No assurances can be made on the continued availability of such financial instruments to satisfy these obligations.
- **Key Personnel:** The ability of Karoon to achieve its objectives depends on the engagement of key employees, Directors and contractors with appropriate experience and expertise. If Karoon cannot attract, motivate and retain required personnel there is risk of additional costs and delays which may adversely affect Karoon's financial performance.
- **Availability of parts, labour and logistics:** Supply or availability of required infrastructure (including drilling rigs when required), equipment, goods or services could be subject to interruptions, delays or increases in cost, which may impact production, the cost of running Karoon's operations and the economics of future development projects, including Neon.
- **Cybersecurity:** Cyber incidents could result in interruptions to, or failure of, the Company's operations and business.



Offtake certainty via leading counterparts and market connectivity.



Knowledgeable and experienced staff in all functions of the business.



One of the few companies with near pure oil exposure listed on the ASX.

- **Cashflow:** Insufficient cashflow could result in inability to meet contingent payment obligations to Petrobras, debt servicing and/or hedging obligations and/or day to day operational commitments may result in either a default or review event under the Debt Facility.

- **Insurance coverage:** Insurance coverage may be insufficient to cover all risks associated with oil and gas production, development, exploration and evaluation.

- **Health and Safety:** Exploration and production of oil and gas has inherent risks and may expose Karoon's staff and contractors to potentially dangerous working environments. These hazards include marine, road and air transport, construction, maintenance and operational activities, and process safety events.

- **Currency risk:** Changes in foreign exchange rates and interest rates may negatively impact the Company's liquidity.

- **Litigation risk:** There is a risk that Karoon may have claims made against it and be the subject of litigation or be required to commence litigation, including with respect to its other contracting parties. The impact of such actions may have a material adverse impact on Karoon.

- **Access to capital:** Karoon's activities may require Karoon to obtain additional funding from domestic and international equity and debt capital providers. The ability to secure financing, or financing on acceptable terms, may be adversely affected the Karoon's financial position, ESG considerations, volatility in the financial markets, or downgrade by credit rating agencies. Any material restriction on the ability of Karoon to source

capital may restrict its operations preventing Karoon from acquiring new assets and taking advantage of new development opportunities, or delaying the commencement or completion of projects in which Karoon is involved.

- **Taxation risk:** Changes to the rate of taxes imposed on Karoon or changes in tax legislation or changing interpretations enforced by taxation authorities, whether in Australia or such other foreign jurisdictions in which Karoon may operate, may lead to an increase in Karoon's taxation obligations and a reduction in potential shareholder returns.

- **Australian Accounting Standards risk:** Australian Accounting Standards are set by the AASB and are outside the Directors' and Karoon's control. Changes to accounting standards issued by the AASB may have a material adverse impact on the financial performance and position of Karoon as reported in its financial statements.

- **Environment:** Oil and gas exploration, development and production activities may damage the environment. If Karoon is responsible, it will be required to remediate such damage which may involve substantial expenditure and adversely affect Karoon's reputation.

- **Access to committed reserve based credit facility:** Karoon has entered into a syndicated revolving credit facility agreement. The available amount of the facility is based on the lesser of the facility amount, and the calculated borrowing base amount, which is subject to a semi-annual redetermination process which takes into account production, price and cost estimates. In certain circumstances, the facility may be terminated, funding unavailable or withdrawn and/or repayments accelerated.

• **Baúna and Who Dat liabilities:**

Liabilities relating to the Baúna and Who Dat concessions (in respect of periods prior to Karoon's ownership) may arise which Karoon is not currently aware of but liable for.

- **Unforeseen risk:** There may be other unforeseeable circumstances beyond the control of the Company which may impact Karoon, its operations and/or the valuation and performance of its shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by Karoon or by investors in Karoon. The above risks and others not specifically referred to above may in the future materially affect Karoon, its financial performance or the value of its shares.

Each of the key risks if they were to materialise, could have a material and adverse impact on (among other aspects) Karoon's business, reputation, growth, financial position and/or financial performance. Karoon has an established risk management framework in place to identify, assess and mitigate risks in accordance with the materiality and risk tolerance parameters set by the Board of Directors. Corporate, Country and operational asset risk registers are maintained by senior management with oversight from the executive leadership team. The executive leadership team reports regularly to the Board through the Audit, Risk and Governance Committee (in respect of corporate risks) and the Sustainability and Operational Risk Committee (in respect of operational risks), including mitigation and monitoring plans for all key risks.

DIRECTORS' REPORT



MR PETER BOTTEN

AC, CBE, BSc, ARMS, MICD

Chair of the Board

Appointed to the Karoon Board on 1 October 2020.

Mr Botten is a highly experienced and successful former Chief Executive and internationally recognised business leader with over 41 years' experience in the international resources sector. His executive career was dominated by his 26 year tenure as CEO of Oil Search, where he was instrumental in driving its growth from a market capitalisation of A\$200 million to a peak of A\$15 billion.

Peter's executive experience spanned all aspects of the upstream petroleum sector, including in upstream oil and gas exploration, development and production operations through his involvement in projects in PNG, Australia, Africa, the Middle East and North America. Peter also has considerable experience in governing and growing ASX listed companies and other business entities. He was one of the longest serving CEO's on the Australian Securities Exchange and was included in the Harvard Business Review's list of best performing CEO's in the world for 2 consecutive years (2015 and 2016).

Peter holds a Bachelor of Science (Geology) from the Imperial College of Science and Technology, London

University and the Royal School of Mines. In recognition of building relations between Australia and PNG, along with services to business and communities in PNG, Peter was awarded Companion of the Order of Australia (AC) along with Commander of the British Empire (CBE).

Current directorships of other listed companies include:

- Chair, Aurelia Metals Ltd (ASX: AMI);
- Chair, Conrad Asia Energy (ASX: CRD); and
- Chair, Vast Renewables Limited (Nasdaq: VTSE).

Committees

- Member of the Audit and Risk Committee
- Member of the Sustainability and Operational Risk Committee.
- Member of the People and Culture Committee.
- Mr Botten was last elected to the Board on 23 November 2023.



MR PETER TURNBULL, AM

B.COM, LLB, FGIA, (LIFE), FAICD

Independent Non-Executive Director

Appointed to the Karoon Board on 6 June 2014

Peter Turnbull is an experienced ASX independent non-executive director and chair with significant exposure to the global mining, energy and technology sectors.

Peter brings to the board significant commercial, legal and governance experience gained from working with boards and management teams to build company value for shareholders both organically and through mergers, acquisitions and other corporate routes. Peter also has expertise in the commercialisation and scaling of new technologies.

In addition, Peter has significant regulatory and public policy experience from prior executive roles including as a Director of the Securities & Futures Commission of Hong Kong and roles with ASIC in Australia. Over time, Peter has held roles as a director or senior officer of several global organisations which promote best practice governance and is a regular contributor and speaker in Australia and overseas on corporate governance issues. Peter is a former President and current Life Member of the Governance Institute of Australia and is a Past President of the global Chartered Governance Institute.

Peter's senior executive roles over 30 years involved significant experience in very large publicly listed organisations with global operations, particularly across South East Asia, Europe and the USA. This experience included over a decade in energy markets and the resources sector including as Company Secretary of Newcrest Mining Limited, Company Secretary and General Counsel of BTR Nylex Limited and General Manager, Legal and Corporate Affairs with Energex Limited.

In June 2020, Peter was made a Member of the Order of Australia for services to business and corporate governance institutes.

Committees

- Member of the Audit, Risk and Governance and the Sustainability and Operational Risk Committees.
- Chairman of the People and Culture Committee.
- Mr Turnbull was last elected to the Board on 23 May 2024.



MS MELISSA HOLZBERGER

LLM Resources Law (Distinction)(Scotland), Dip. International Nuclear Law (Hons)(France), LLB (Adel), BA (Adel), GDLP, GAICD, FGIA

Independent Non-Executive Director

Appointed to Karoon Board on 19 April 2024

Ms Holzberger is an experienced independent Non-Executive Director and Commercial, Energy and Resources Lawyer with over 25 years' experience in the international energy and resources sector.

Ms Holzberger is currently a Non-Executive Director of Argo Investments Ltd (ASX: ARG), Aware Super owned Intermodal Terminal Company (including as Chair of the Audit & Risk Committee and Remuneration & Nomination Committee), and a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation, Health and Safety Advisory Council.

She brings a deep understanding of energy operations and projects, having previously worked with BHP (including with BHP Petroleum assets), Rio Tinto and as a trusted adviser to multinational and Australian companies. Her substantial experience extends to highly regulated industries, legal, risk and compliance oversight together with a focus on sustainability, environmental, social and governance matters.

Ms Holzberger holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre for Energy, Petroleum and Mineral Law and

Policy, University of Dundee in Scotland; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier in France; a Bachelor of Laws and Bachelor of Arts from the University of Adelaide; and a Graduate Diploma in Legal Practice. She is a graduate of the University of Oxford's Leading Sustainable Corporations; a graduate member of the Australian Institute of Company Directors; and a Fellow of the Governance Institute of Australia. Ms Holzberger was awarded a SA Telstra Young Business Woman of the Year for her leadership in the energy, resources and business community.

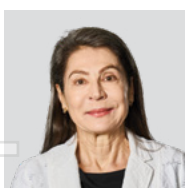
Current directorships of other listed companies include:

- Argo Investments Ltd (ASX: ARG).

Previous directorships in the last three years include: Paladin Energy Limited (ASX: PDN), ceased 23 August 2024, Andromeda Metals Limited (ASX: ADN) ceased 2 February 2024, Silex Systems Ltd (ASX:SLX) ceased 14 October 2021.

Committees

- Member of the People and Culture Committee.
- Ms Holzberger was elected to the Board on 19 April 2024.



MS LUCIANA BASTOS DE FREITAS RACHID

BA Chem Eng

Independent Non-Executive Director

Appointed to the Karoon Board on 26 August 2016

Luciana has 45 years' experience in the oil and gas industry in both technical, commercial and senior leadership roles in Brazil, including 20 years in the Exploration and Production Division of Petrobras.

Luciana also has a range of Board experience in Brazil. She has represented Petrobras as Chairperson of Transportadora Brasileira Gasoduto Bolívia-Brasil S.A, and Gás Brasileiro Distribuidora S.A as well as a Director of Transportadora Associada de Gás, Companhia de Gás de Minas Gerais and Companhia Paranaense de Gás.

Luciana has technical experience across project evaluation, development and management roles. Specific experience includes Marlim Leste Asset Manager, the design of the first offshore platforms in the Campos Basin, the production, handling and processing of natural gas onshore and offshore, the coordination of the Petrobras E&P Deepwater Strategic

Project and a variety technical and economic feasibility studies on major projects including participation in the first Petrobras project finance deals.

Luciana has also held positions in the Petrobras commercial team including Executive Manager of Investor Relations, Executive Manager of Financial Planning and Risk Management, General Manager of Corporate Affairs, General Manager of Marketing and Trading, Executive Manager for Logistics and Investments in Natural Gas and Chief Executive Officer Transportadora Brasileira Gasoduto Bolívia Brasil and Chief Executive Officer of Transportadora Associada de Gas SA.

Committees

- Chair of the Sustainability and Operational Risk Committee.
- Ms Rachid was last elected to the Board on 23 November 2023.

**MS JOANNE PALMER**

**FCA (ICAEW), FCA (CAANZ),
GAICD, BSc (Hons Mathematics
& Statistics)**

Independent Non-Executive
Director

*Appointed to the Karoon Board
on 19 April 2024*

Ms Palmer has over 28 years of professional experience providing audit and assurance services, with 19 years working at EY in various positions and ultimately holding the position of equity partner before becoming an Executive Director (Partner) at Pitcher Partners. Ms Palmer's experience spans across UK and Australian companies operating in Africa, Europe, America and Australasia.

During her executive career at EY, Ms Palmer worked primarily in the assurance practice and additionally led EY's Financial Accounting Advisory Services (CFO Advisory) Team in Perth. Mainly working in the resources sector, she assisted multinational companies, mid-caps and junior explorers by providing external audit services, technical accounting, regulatory advice and finance function support services with a focus on transactions and M&A.

Current directorships of other listed companies include:

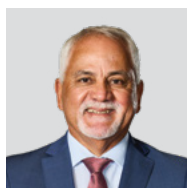
- Non-Executive Director of St Barbara (ASX: SBM).

In addition, Ms Palmer currently serves as a non-executive director of publicly unlisted NextOre.

Previous directorships in the last three years include: Paladin Energy Limited (ASX: PDN), ceased 29 November 2024 and Sierra Rutile Holdings Limited (ASX: SRX), ceased 24 April 2024, before its takeover by LeonOil.

Committees

- Chair of the Audit, Risk and Governance Committee.
- Ms Palmer was elected to the Board on 19 April 2024.

**MR TADEU FRAGA**

BEng

Independent Non-Executive
Director

*Appointed to the Karoon Board
on 26 August 2022*

Mr Fraga has 41 years of experience in the oil and gas sector, including 23 years as an executive at Petrobras. Mr Fraga held various positions at Petrobras over his career, including as Campos Basin Production General Manager, Gulf of Mexico E&P Operations Manager, Board Member Petrobras Argentina SA, General Manager – Domestic Oil and Gas Production, Executive Manager – E&P Brazil – South and Southeast Regions, Executive Manager – Research and Development and E&P Executive Manager – Pre-Salt Developments. During his career at Petrobras, Mr Fraga led the team involved in the development of various technologies applied on pre-salt fields and played a vital role in the development of pre-salt discoveries, being responsible for the implementation of several projects, from conceptual design to first oil.

Mr Fraga is a former CEO of Prumo Logistic and of the Porto do Açú, a former Chief Technology Officer at Gran Energia, as well as a former Board member of Gran Bio, GraniHC, Ultrapar, MRO Logistics, Ferroport, Gás Natural do Açú and Porto do Açú (being the Chairman in the last three). Mr Fraga has also served as a board member of several technology institutions in Brazil, where he made substantial contributions to technological development at universities and research institutes.

Mr Fraga currently serves as a board member at Vast Infraestrutura (formerly Açú Petróleo), Radix Engenharia e Software and the Brazilian Institute for Petroleum, Natural Gas and Biofuels (IBP).

He is also a member of the advisory board of Serviços de Petróleo Constellation.

During his career, Mr Fraga has received recognition from various institutions, including "Brazilian Oil Industry Personality of the Year" (2008) from the Society of Petroleum Engineers (SPE), "Commander Degree" (2010) from the Brazilian National Order of Scientific Merit, "Industry Achievement Award" (2012) from the American Society of Mechanical Engineers (ASME), "Personality of the Year for Innovation" (2017) from the Brazilian National Agency of Oil, Gas and Biofuels and "Distinguished Individual Award" (2019) from the Offshore Technology Conference (OTC).

Mr Fraga holds a Bachelor of Engineering from the Universidade Federal do Rio de Janeiro and is a post-graduate in Petroleum Engineering from Universidade Petrobras. He has also attended executive education programs at University of Alberta (Management and Regulation in the Petroleum Industry), Columbia University (Executive Education in Business Administration), INSEAD (Technology Management), London School of Economics (Strategic Leadership), and Brazilian Institute for Corporate Governance – IBGC (Board Member).

Committees

- Member of the Sustainability and Operational Risk Committee.
- Mr Fraga was last elected to the Board on 23 May 2024.



DR JULIAN FOWLES

**BSc (Hons), PhD,
GradDipAppFinInv, GAICD**

**Chief Executive Officer and
Managing Director**

*Appointed to the Board
on 27 November 2020*

Dr Fowles started his career with Shell International where he spent 17 years working across the upstream sector in Europe, West Africa, Australasia, South Asia and Latin America, including 5 years as the Exploration and New Ventures Manager in Shell Brazil.

Following Shell, he held senior executive positions with Cairn India, Petra Energia, and most recently Oil Search, where he firstly led exploration and new business and then the PNG operated and non-operated oil and LNG production and development businesses. Leaving Oil Search in late 2018, Dr Fowles joined

the boards of Central Petroleum and FAR Limited in 2019 as an independent non-executive director, roles he relinquished prior to joining Karoon.

Dr Fowles speaks Portuguese and is a Graduate of the Australian Institute of Company Directors. He holds a BSc (Hons) degree in Geology from the University of Edinburgh and a PhD from the University of Cambridge. Dr Fowles also holds a Graduate Diploma in Applied Finance and Investment from the Australian Securities Institute.



MR CLARK DAVEY

B. Commerce, FTIA, MAICD

**Independent Non Executive
Director**

*Appointed to the Karoon Board
on 1 October 2010, ceased
on 31 October 2024.*

Clark has advised many companies with both tax and management of joint venture interests as well as merger and acquisition transactions. He has also assisted both listed and unlisted companies expand their resource industry interests internationally.

Prior to ceasing as a director Clark was also Chair of the Audit, Risk and Governance Committee and a member of the People and Culture Committee.

Mr Davey was last re elected to the Board on 24 November 2022 and ceased as a director on 31 October 2024.



MR DANIEL MURNANE

BA.LLB

Company Secretary

Appointed on 8 December 2022

Daniel has more than 17 years' experience gained in Australia and internationally, including over 13 years advising resources companies. He has worked as a senior associate in private legal practice predominantly for energy companies on mergers and acquisitions, major projects, capital raisings and commercial disputes.

In addition, Daniel has held various in-house roles spanning legal and corporate governance environments, including with ASX and NYSE listed oil and gas companies.

Daniel is qualified as a solicitor in New South Wales and Papua New Guinea and holds a Bachelor of Arts and a Bachelor of Laws.

MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and attendance by each Director of the Company during 2024 were as follows:

Director	BOARD MEETINGS		AUDIT, RISK AND GOVERNANCE COMMITTEE MEETINGS		SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE MEETINGS		PEOPLE AND CULTURE COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
MR P BOTTEN	17	17	4	4	4	4	5	5
DR J FOWLES	17	17	4	4	4	4	5	5
MR C DAVEY	14	14	3	3	3	3	5	4
MS L RACHID	17	17	4	4	4	4	5	5
MR T FRAGA	17	16	4	4	4	3	5	4
MR P TURNBULL	17	17	4	4	4	4	5	5
MS M HOLZBERGER	14	14	3	3	2	2	3	3
MS J PALMER	14	14	3	3	2	2	3	3

A. The number of meetings held during the time the Director held office during 2024.

B. The number of meetings attended during the time the Director held office during 2024.

DIRECTORS' INTERESTS IN THE COMPANY'S SHARES, SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this Directors' Report, the Directors held the following relevant interest in ordinary shares and performance rights over unissued ordinary shares (and did not hold any share options over unissued ordinary shares) in the Company:

Director	ORDINARY SHARES, FULLY PAID	UNLISTED PERFORMANCE RIGHTS
Dr Julian Fowles	1,671,389 ¹	1,150,150
Ms Luciana Rachid	60,960 ¹	–
Mr Peter Turnbull	183,000 ³	–
Mr Peter Botten	116,760 ³	–
Mr Tadeu Fraga	21,100 ¹	–
Ms Joanne Palmer	10,400 ²	–
Ms Melissa Holzberger	11,794 ³	–

1. Held directly.

2. Held directly and indirectly.

3. Held by entities in which a relevant interest is held.

DIRECTOR APPOINTMENTS AND RETIREMENTS

During the financial year, the following changes to Board composition occurred:

- Ms Melissa Holzberger was appointed on 19 April 2024.
- Ms Joanne Palmer was appointed on 19 April 2024.
- Mr Clark Davey retired on 31 October 2024.

PRINCIPAL ACTIVITIES

Karoon is an international oil and gas exploration and production company with operations in offshore Brazil, the United States of America and Australia. Karoon is focused on maintaining the highest levels of safety across its operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 27 February 2025, Karoon and Altera & Ocyan (A&O) entered into a Sale and Purchase agreement for the acquisition of the Bauna FPSO (Cidade de Itajai) which is currently leased by Karoon from A&O, who also operate and maintain the vessel. The acquisition price is \$115 million plus taxes and other completion costs. Subject to the satisfaction of conditions precedent and regulatory approvals, the transaction is expected to complete in Q2 of 2025.

RESULTS

Financial results for 2024 summarised below compare the results of calendar year 2024 against calendar year 2023. Financial results for calendar year 2023 are not audited by derived from audited and reviewed financial information.

FINANCIAL SUMMARY	31 DEC 24 (12 MONTHS)	31 DEC 23 (12 MONTHS)	31 DEC 23 (6 MONTHS)	30 JUN 23 (6 MONTHS)
Production volume (MMboe) – NRI	10.4	9.1	5.5	3.7
Production volume (MMboe) – NWI	11.0	9.2	5.5	3.7
Sales volume (MMboe)	10.7	8.7	5.1	3.7
Unit production costs (\$/boe) – NRI ¹	14.4	12.4	11.1	14.4
Unit production costs (\$/boe) – NWI ¹	13.6	12.4	11.0	14.4
Realised oil, condensate and NGL price (US\$/boe)	77.10	78.29	81.92	73.18
Realised gas price (US\$/mcf)	2.95	na	na	na
Sale revenue	776.5	680.0	412.9	267.1
Underlying EBITDAX ^{2,3,5}	492.4	434.5	286.3	148.2
EBITDAX ^{2,3}	470.2	397.1	253.2	143.9
EBITDA ^{2,3}	450.3	391.6	249.9	141.7
Net interest and other finance costs	46.1	10.0	6.6	3.4
Depreciation and amortisation ⁴	164.8	99.6	61.2	38.4
Underlying net profit before income tax ²	276.6	319.3	215.2	104.1
Underlying net profit after income tax ^{2,5}	214.0	207.8	144.7	63.1
Operating cash flows	434.6	442.2	303.4	138.8
Depreciation and amortisation – oil and gas assets	163.5	98.8	60.8	38.0
Unit DDA – NWI	14.9	10.8	11.1	10.4
Investment Expenditure				
Development and Production	22.3	55.7	3.4	52.3
Exploration and evaluation expenditure ⁷	96.0	47.8	6.6	41.2
Other plant and equipment ⁸	1.3	1.0	0.7	0.3

1. Unit Production Costs are based on daily operating costs associated with Baúna and Who Dat production, and Baúna FPSO lease costs (pre AASB 16). NRI unit production costs are based on Karoon's Net Revenue Interest production, after government and third party royalties, while NWI unit production costs are based on Karoon's Net Working Interest production.
2. EBITDA (earnings before interest, tax, depreciation, depletion, and amortization), underlying EBITDA, EBITDAX (Earnings before Interest, tax, depreciation, amortisation, exploration expense and cost of unsuccessful wells), underlying EBITDAX, underlying net profit before tax and underlying net profit after tax are 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.
3. Includes depreciation on FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease.
4. Excludes depreciation on FPSO charter lease right-of-use asset.
5. Underlying EBITDAX, underlying net profit before tax ("NPBT") and underlying net profit after tax ("NPAT") have been adjusted for the following items:

US\$ MILLION	2024		2023		TY23		2HFY23	
	12 MONTHS TO 31 DEC 24		12 MONTHS TO 31 DEC 23		6 MONTHS TO 31 DEC 23		6 MONTHS TO 30 JUN 23	
	NPAT	EBITDAX	NPAT	EBITDAX	NPAT	EBITDAX	NPAT	EBITDAX
Statutory results	127.5	470.2	207.9	397.1	122.5	253.2	85.4	143.9
Change in fair value of contingent consideration	4.3	6.5	5.5	8.3	2.3	3.5	3.1	4.8
Realised losses/(gains) on cash flow hedges	8.1	12.2	5.6	8.4	5.6	8.5	-	(0.1)
Foreign exchange losses/(gains)	(2.6)	(3.3)	6.4	9.2	5.8	8.1	0.6	1.1
Cost of unsuccessful wells	12.0	-	-	-	-	-	-	-
Social investments/sponsorships	-	2.0	-	2.3	-	2.2	-	0.1
Write-back of inventory impairment	-	-	(1.1)	(1.6)	-	-	(1.1)	(1.6)
Transaction & Advisory Costs	3.8	4.8	10.8	10.8	10.8	10.8	-	-
Intra-group funding impact on current tax expense	-	-	(8.0)	-	(8.0)	-	-	-
Cumulative translation adjustment impact on deferred tax	60.9	-	(19.3)	-	5.7	-	(25.0)	-
Total adjustments	86.5	22.2	(0.2)	37.4	22.2	33.1	(22.3)	4.3
Underlying results	214.0	492.4	207.7	434.5	144.7	286.3	63.1	148.2

6. Excludes Who Dat acquisition costs.

7. Includes exploration and evaluation capitalised but excludes the cost of unsuccessful wells.

8. Excludes leased right-of-use asset additions.

In July 2023, Karoon changed its financial year end from 30 June to 31 December. Therefore, the 2024 accounts reflect twelve months from 1 January 2024 to 31 December 2024, while the prior statutory accounts, for TY23, reflect six months from 1 July 2023 to 31 December 2023. It is more useful to compare the 2024 financial results against the twelve preceding months of 2023. The 2023 period includes TY23 and 2HFY23 as set out in the tables on page 47.

PROFITABILITY

During 2024, Karoon produced 10.4 MMboe on an NRI basis, of which 7.5 MMbbl of oil was produced from the 100% owned and operated Baúna Project in BM-S-40 in Brazil, with the balance from the Who Dat project in the USA. This compares to total production of 9.1 MMboe in 2023. The 13% production increase reflects a full year of production from Who Dat, which was acquired on 21 December 2023.

2024 sales revenue of US\$776.5 million was 14% higher than in 2023. The increase was largely driven by higher Who Dat revenue, which rose from US\$3.8 million in 2023 to US\$170.4 million, based on hydrocarbon sales volumes of 2.8 MMboe. This was partially offset by lower revenue from the Baúna Project, which fell from US\$676.2 million in 2023 to US\$606.1 million, reflecting a 9% drop in Baúna sales volumes to 7.8 MMbbl. The weighted average realised oil price for Baúna crude was US\$77.36/bbl (US\$78.39/bbl in 2023), while the Who Dat weighted average realised price was US\$75.88/bbl for oil, condensate and NGL, and US\$2.95/mcf for gas.

2024 underlying EBITDAX increased 13%, from US\$434.5 million in 2023 to US\$492.4 million. The Who Dat assets generated EBITDAX of US\$124.6 million, which more than offset the decline in Baúna EBITDAX, from US\$397.1 million in 2023 to US\$386.4 million in 2024. The decline in Baúna EBITDAX was largely production driven, due to topside issues on the FPSO, the SPS-88 well being offline for the full year as well as natural reservoir decline. 2024 corporate costs outside Brazil and the US increased from US\$14.0 million to US\$18.6 million (2023: US\$14.0m) as the Company strengthened its internal capabilities.

Baúna and Who Dat are both high-margin assets (generating EBITDAX margins of more than 60% on an NRI basis) with low unit production costs, of US\$13.6/boe on an NWI basis across both assets in 2024. This was 10% higher than 2023 (of US\$12.4/boe) as Baúna's unit production cost increased 28% from US\$14.5/boe to US\$16.0/boe, driven by lower production as costs are largely fixed. The 2024 unit production costs of the Who Dat assets was US\$8.5/boe, which helped reduce the overall group unit cost.

Despite the 13% lift in underlying EBITDAX, Karoon's underlying NPAT only increased 3% in 2024 compared to 2023, driven by the following factors:

- Higher depreciation and amortisation costs with 2024 depreciation and amortisation (excluding depreciation on the FPSO right of use asset and non-oil and gas related depreciation) of US\$163.5 million (2023: US\$98.8 million), equivalent to US\$14.9/boe (2023: US\$10.8/boe). The increase per unit reflects the inclusion of a full year of Who Dat which has a higher depreciation rate than Baúna on a per boe basis.
- Higher net finance costs, which increased from US\$10.0 million in 2023 to US\$46.1 million in 2024 largely due to the interest for the debt drawn in late 2023 to acquire Who Dat.

Reduced underlying tax expense of US\$62.7 million (2023: US\$111.5 million) due to lower earnings. The effective tax rate for 2024 was 23% (from 32% in 2023) due to the depreciation of the BRL against the US\$.

Statutory NPAT was 39% lower in 2024 compared to 2023 due to the items described above as well as:

- US\$15.1m (2023: Nil) associated with the cost of unsuccessful wells related to Who Dat West.
- The non cash adjustment relating to the cumulative translation adjustment impact on deferred tax (refer to page 47) of US\$60.9 million (2023: US\$19.3 million benefit). This relates to movements in deferred tax relating to temporary differences between the carrying amount of non-monetary assets and liabilities and their tax base. This arises as the functional currency and reporting currency of the Company's Brazilian branch is US dollars (US\$), while tax is determined and settled in the local currency, Brazilian REAL (R\$). This will continue to move each reporting period in line with the variation in conversion rates between R\$ and US\$.

CASH FLOWS

Karoon's cash position increased from US\$170.4 million in 2023 to US\$341.2 million in 2024 with net debt reducing from US\$103.7 million to US\$8.8 million. This reflected strong cashflow from operations, of US\$434.6 million, or US\$395.2 million when adjusted to include principal lease payment of US\$39.4 million (net cashflow generated from operating activities). The net cashflow generated from operating activities funded investing activities and capital returns to shareholders during the year.

Cash outflows from investing activities for 2024 were US\$218.6 million, reflecting:

- Exploration expenditure of US\$106.0 million, primarily related to the three well Who Dat exploration/appraisal campaign which resulted in two successes from three wells drilled.
- A contingent consideration payment to Petrobras for the Baúna acquisition of US\$86.0 million.
- US\$26.0 million in payments relating to production assets, predominantly spent on the G2 and G4 wells as part of the Who Dat development campaign.

The cash flow financing outflow in 2024 was US\$37.2 million, primarily driven by US\$61.4 million in capital returns to shareholders, including share buybacks and the payment of the 2024 interim dividend of US\$24.2 million. This was partially offset by a US\$75.9 million increase in drawn debt, as US\$350 million was raised through a high-yield bond issue, which was used to repay the US\$274.1 million drawn under the reserve-based lending facility.

FINANCIAL POSITION

At the end of December 2024, Karoon had a net debt balance of US\$8.8 million (2023: US\$103.7 million). This comprised total drawn debt of US\$350.0 million (2023: US\$274.1 million) less cash and cash equivalents of US\$341.2 million (2023: US\$170.4 million). During 2024, total assets increased from US\$1,932.5 million to US\$1,941.5 million, largely due to the improved cash and cash equivalents balance. Total liabilities decreased from US\$1,018.5 million to US\$965.1 million, while total equity increased from US\$914.0 million to US\$976.4 million, reflecting profit generated in 2024, less capital returns to shareholders of US\$61.4 million. The major changes in the consolidated statement of financial position during the year included:

- Working capital movements.
- An increase in exploration and evaluation assets, largely related to the 2024 Who Dat exploration campaign.
- A reduction in oil and gas assets, with capital expenditure, including on the Who Dat development campaign, more than offset by depreciation of US\$208.7 million.
- A reduction in financial liabilities following the US\$86.0 million contingent consideration paid to Petrobras.
- A decrease in deferred tax assets, largely due to translation movements.
- An increase in borrowings resulting from the US\$350.0 million bond issue, net of the repayment of the US\$274.1 million reserve-based lending facility.

REVIEW OF OPERATIONS

Information on the operations of the Group is set out in the Operations Review on pages 22 to 25 of this Annual Report.

BUSINESS STRATEGIES AND PROSPECTS, LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Operations Review sets out information on the business strategies and prospects for future financial years, refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Operations Review is provided to enable shareholders to make an informed assessment of the business strategies and prospects for future financial years of the Group. Details that could give rise to likely material detriment to Karoon, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage, have not been included. Other than the matters included in this Directors' Report or elsewhere in the Annual Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included.

CAPITAL MANAGEMENT: DIVIDENDS AND ON-MARKET SHARE BUYBACK

In July 2024, the Board approved Karoon's inaugural Capital Returns Policy. The policy is a discretionary distributions policy with the type of distribution to be determined by the Board at the time of announcement and any distribution subject to Board approval and considered in the context of the overall Capital Allocation Framework. Under the policy, the Board intends to pay out 20-40% of underlying NPAT on an annual basis, assessed semi-annually based on the audited half-year and full-year financial results as applicable to the results of the preceding six-month period.

In line with this policy, Karoon paid an inaugural interim dividend of 4.496 Australian cents per fully paid ordinary share to shareholders on 21 October 2024, totaling US\$24.2 million. On 26 February 2025,

the Directors resolved to pay a final dividend of 5.0 Australian cents per fully paid ordinary share on 31 March 2025 to shareholders registered in the books of the Company on 5 March 2025. This final dividend amounts to approximately US\$24.1 million.

In addition, based on the Board's view that the Karoon share price did not reflect the underlying value of the Company, a US\$25 million on-market share buyback was completed between July and September 2024, under which 24,014,773 Karoon shares were purchased at an average price of AU\$1.55 per share and subsequently cancelled. A further US\$25 million on-market buyback was launched in October 2024. As at the date of this Directors' Report, an additional 18,873,085 shares had been purchased at an average price of AU\$1.34 per share and cancelled. This buyback is ongoing.

Subsequent to year end, the Board has announced its intention to undertake additional on-market share buybacks totaling US\$75 million, subject to obtaining relevant shareholder approvals, ongoing compliance with Karoon's credit agreements, the prevailing share price and market conditions.

SHARE OPTIONS AND PERFORMANCE RIGHTS

As at the date of this Directors' Report, there are no share options over unissued ordinary shares in the Company.

As at the date of this Directors' Report, there were 6,407,271 performance rights issued under the 2019 PRP and 2022 PRP respectively, representing approximately 0.84% of the Company's total number of shares issued. The details of performance rights over unissued ordinary shares in the Company were as follows:

TYPE	GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS
Performance Rights	23 March 2022	30 June 2025	\$–	42,421
Performance Rights	24 November 2022	30 June 2026	\$–	432,577
Performance Rights	16 December 2022	30 June 2026	\$–	1,506,332
Performance Rights	31 March 2023	30 June 2026	\$–	105,561
Performance Rights	23 November 2023	30 June 2025	\$–	22,327
Performance Rights	23 November 2023	30 June 2026	\$–	12,649
Performance Rights	23 November 2023	30 June 2027	\$–	890,515
Performance Rights	23 May 2024	31 December 2025	\$–	201,607
Performance Rights	23 May 2024	31 December 2027	\$–	2,647,554
Performance Rights	1 October 2024	23 June 2027	\$–	99,174
Performance Rights	1 October 2024	31 December 2027	\$–	446,554
Total performance rights				6,407,271

For details of performance rights issued to Directors and other key management personnel of the Company as remuneration, refer to the Remuneration Report in this Directors' Report.

165,495 fully paid ordinary shares have been issued since 1 January 2025 as a result of the vesting and conversion of performance rights under the 2022 Performance Rights Plan (each being a 'PRP').

Information relating to the Company's PRP and share options, including details of performance rights and share options granted, exercised, vested and converted, cancelled, cash settled, forfeited and expired during the financial year and performance rights and share options outstanding at the end of the financial year, is set out in Note 25 of the consolidated financial statements.

No share option or performance right holder has any right under the share options or performance rights to participate in any other share issue of the Company or any other entity.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EXTERNAL AUDITOR

An indemnity agreement has been entered into between the Company and the Directors of the Company named earlier in this Directors' Report and with the full time executive officers, directors and secretaries of the Company and all Australian subsidiaries. Under this agreement, the Company has agreed to indemnify, to the extent permitted by law, these Directors, full time executive officers, directors and secretaries against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The Company has also

entered into a contract of insurance in respect of any liability incurred by the Directors, full time executive officers, directors and secretaries (referred to above) in such capacity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium (which is paid by the Company).

As approved by shareholders at the 2009 Annual General Meeting, the Company will continue to pay those Directors' insurance premiums for a period of ten years following termination of their directorships of the Company and will provide each Director with access, on ceasing for any reason to be a Director of the Company and for a period of ten years following cessation, to any Company records which are either prepared or provided to the Director during the time period they were a Director of the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or external auditor of the Company or of any related body corporate against a liability incurred as such by an officer or external auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceeding during the financial year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate governance in order to drive performance and accountability, the Directors support the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's Corporate Governance Statement can be found under the Governance tab on the Company's website at www.karoonenergy.com.au.

ENVIRONMENTAL REGULATION

The Company and its subsidiaries are subject to a range of relevant Commonwealth, state and international environmental laws in the jurisdictions in which the Group operates.

The Board of Directors believes the Company has adequate systems in place for managing its environmental obligations and is not aware of any material breach of those environmental obligations as they apply to the Company and/or Group.

GREENHOUSE GAS EMISSIONS AND REPORTING REQUIREMENTS

The Group was not required to register and report greenhouse gas emissions, energy consumption, or energy production under the National Greenhouse and Energy Reporting Scheme for this financial year, as it did not meet the relevant Australian thresholds for the reporting period. Notwithstanding this, details of Karoon's greenhouse gas emissions and approach to climate change risks and opportunities can be found in the Sustainability section on page 30 and in the 2024 Sustainability Report.

NON AUDIT SERVICES

The Company may decide to engage its external auditor, PricewaterhouseCoopers, on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Company and/or Group are important. Details of the amounts paid or payable to the external auditor for audit and non audit services provided during the financial year are set out in Note 27 of the consolidated financial statements.

The Board of Directors has considered the position and, in accordance with written advice received from the Audit, Risk and Governance Committee, is satisfied that the provision of non audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001*. The Board of Directors is satisfied that the provision of non audit services by the external auditor did not compromise the external auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non audit services have been reviewed by the Audit, Risk and Governance Committee to ensure they do not impact the impartiality and objectivity of the external auditor; and
- (b) none of the services undermine the general principles relating to external auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants', including reviewing or auditing the external auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and reward.

EXTERNAL AUDITOR'S INDEPENDENCE DECLARATION

A copy of the external Auditor's Independence Declaration for the financial year, as required under Section 307C of the *Corporations Act 2001*, is set out on page 78 of this Annual Report.

No officer of the Company has previously belonged to an audit practice auditing the Company during the financial year.

REMUNERATION REPORT

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SECTION 1. LETTER FROM THE CHAIR OF THE PEOPLE AND CULTURE COMMITTEE

Dear Shareholders,

On behalf of the People and Culture Committee and Karoon's Board of directors, I am pleased to present to you the Karoon Energy Ltd Remuneration Report for the financial year ended 31 December 2024.

The goal of this report is to update you on all key steps taken since the 2024 Annual General Meeting (2024 AGM) in May 2024 in relation to our remuneration policies and structures. This report will review 2024 remuneration outcomes and provide a look forward to remuneration settings for 2025.

As has historically been the case, our remuneration strategies are designed to:

- Support and enable the Company's strategic goals.
- Attract, retain and incentivise the best people.
- Maintain a focus on short as well as longer term goals.
- Balance the relative remuneration percentages of fixed and variable (incentive based) remuneration.
- Support an effective and acceptable internal culture.
- Provide transparency in relation to our remuneration strategies and structures.
- Demonstrate a clear alignment between remuneration policy and the shareholders' best interests.

2024 Financial Year

During the 2024 financial year, Karoon's key strategic events and areas of focus included:

- The allocation of significant resources toward optimising the reliability and volume of production in Brazil and the US. This was, and remains, our key priority.
- Drilling three exploration/appraisal wells at Who Dat, two of which discovered hydrocarbons, with results better than expected. These results added to our understanding of the Who Dat area prospectivity.
- Progressing Neon towards decision gate 2 (DG-2), completing reprocessed 3D seismic and updates of resource assessments as well as alternative development options.
- Announcing two US\$25 million on-market share buy-backs, with a total of 39 million shares purchased by 31 December 2024, just under 5% of issued capital. The on-market buyback is ongoing.
- Revision of the Company's Capital Allocation Framework which continues to ensure TSR supportive growth and production sustaining investments remain within strategy and adhere to strict returns enhancing investment criteria, while also funding Capital Returns. Announcement of a new Capital Returns Policy of 20–40% of underlying net profit after tax and payment of an inaugural dividend of 4.496 Australian cents per share (fully franked) to shareholders.
- Completing a US Bond issue to extend term of debt funding and open up a new long term source of debt financing to support a strong and flexible balance sheet that positions Karoon for investments in organic developments and capital returns for enhanced TSR.
- Confirming that our strategic focus is on maximising production and profit from the Baúna Project and Who Dat assets, and highlighting that there are multiple potentially value-accretive organic growth opportunities within these assets, mitigating the need to pursue further acquisitions.

Response to First Strike TY23

At the 2024 AGM, 26.4% of votes cast were against the adoption of the TY23 Remuneration Report, thereby incurring a “first strike” for Karoon. This was marginally higher than the requirement for less than 25% of the votes to be against the resolution in order to avoid a “first strike”.

The Board takes this outcome and the concerns raised by some shareholders seriously and has sought to directly address these concerns in a number of specific ways during the 2024 financial year. Details are outlined in the table and commentary below.

In broad terms, the “first strike” has led the Board directly, and via the People and Culture Committee, to undertake a review of our remuneration policies and award structures with a view to seeing where improvements could be made and shareholder concerns addressed. This review has been assisted by external experts and relevant benchmarking data where necessary.

MATTERS RAISED BY SHAREHOLDERS (BEFORE, DURING AND AFTER THE 2024 AGM)

OUR RESPONSE AND ACTION TAKEN

REMUNERATION OUTCOMES

Board composition

Board gender diversity insufficient

New appointments have been made and female Board gender representation is now 43%.

Board gender diversity has been addressed, as planned. Karoon strives for diversity of thought on its Board and believes that the current structure supports achievement of this goal.

Director tenure

Independence of the Board with greater than 10 years' service

Mr Davey retired on 31 October 2024 and Mr Turnbull has indicated that his current term of appointment will be his last. Nonetheless, the Board rigorously reviews director independence on an annual basis and in both cases the Board was satisfied of directors' independence based on a variety of factors including conduct, separation from management and routine questioning of behaviours. Board succession planning is continuing, focused on an appropriate mix of director skills and tenure. The Board continues to consider appointing an additional director based in the US, with deep oil and gas sector experience, in the near term.

Board succession is unfolding in practice as planned.

The Board is also of the view that a careful balance of different levels of tenure is required as part of on-going succession planning.

Remuneration related disclosures

Further disclosure of non financial Short Term Incentive (STI) targets sought to demonstrate rigour around assessing the outcomes of the performance hurdles

Further commentary has been provided in the 2024 Remuneration Report on non-financial targets and how the Board assessed performance in order to provide greater transparency.

See further disclosures in the 2024 scorecard on page 66.

Capital management

Karoon's capital management strategy does not adequately consider or deliver returns to shareholders.

In line with the October 2021 Strategic Refresh objectives to commence capital returns once the Company had a stable production base, Karoon paid an inaugural dividend and conducted on-market share buybacks in 2024 and has updated its capital allocation framework.

The Board believes that the capital management framework announced in July 2024 achieves the correct balance of returning capital to shareholders while retaining sufficient capital to invest in the business.

**MATTERS RAISED
BY SHAREHOLDERS
(BEFORE, DURING AND
AFTER THE 2024 AGM)**

OUR RESPONSE AND ACTION TAKEN

REMUNERATION OUTCOMES

**Short term incentive
(STI) plan**

I. The STI framework is not properly aligned with shareholder interests.	The Board has listened to shareholder feedback and rebalanced the 2024 STI scorecard with a greater focus on operational excellence and financial performance in 2024.	77.5% of the measures in 2024 are attributed towards delivery of production, cost targets and operational excellence versus 55% in TY23.
II. The majority of STI hurdles were non-financial in the TY23 scorecard	The Board has considered the composition and focus of the 2024 scorecard metrics and reviewed the balance and weightings of financial versus non financial metrics in the 2024 scorecard.	For 2024, 60% of the scorecard maximum weighting is based on core financial and operational metrics versus 40% in TY23.
III. Weightings in the corporate scorecard give too much priority to growth activity and exploration/development.	The Who Dat acquisition was completed in late TY23. As a result at the beginning of 2024 the Board moved the focus in the 2024 corporate scorecard to the integration of Who Dat and optimising production from the Baúna and Who Dat assets.	Screening and progressing value accretive non-organic growth opportunities reduced from 20% in TY23 to 5% in 2024 scorecard. Neon exploration and development strategy reduced from 10% in TY23 to 7.5% in 2024. Capital management and allocation criteria were also included in the 2024 Scorecard.

**Long term
incentive (LTI) plan**

LTI framework not aligned with shareholder interests	As a significant portion of Karoon's LTI plan is already assessed against absolute TSR (50%), the Board believes this measure sufficiently holds management to account to deliver positive TSR for shareholders. Where positive returns above the TSR threshold are not achieved during the three-year performance period, 50% of the LTI will be immediately forfeited. The intention of the relative TSR measure is to assess management's ability to outperform the TSR of our oil company peers specifically, given a consistent factor affecting this group's share price is the oil price. The Board believes the use of absolute TSR and relative TSR measures strikes an appropriate balance in the LTI. Where 10% p.a. TSR growth is achieved over three years, only 50% of the absolute TSR component will vest. For 100% to vest, this requires management to achieve TSR of 18% p.a., which the Board believes is a sufficiently challenging result for management to achieve over the long term.	LTI performance measures of 50% relative TSR and 50% absolute TSR remain unchanged in 2024. As detailed later in this report, the CY22 LTI which vested on 1 July 2024 achieved a combined TSR performance during the performance period of 1 July 2021 to 30 June 2024 of 79.97%, reflecting a less than 100% outcome.
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Non-organic growth

Mergers and acquisition screening criteria are not optimal	Under Karoon's capital management framework, allocation of capital to safe, reliable operations and compliance with the shareholder returns policy (20-40% of underlying NPAT) while maintaining balance sheet strength and flexibility, is prioritised. The capital allocation framework then allows for value accretive growth investments and further capital returns only within strict parameters.	No merger or acquisition activity is planned with all of the operational focus being on ensuring safe and reliable production from the current assets in Brazil and the US as well as appropriate shareholder returns. Capital allocation criteria were also included in the 2024 Scorecard.
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Key Management Personnel changes

After an extensive global search, Mr Marco Brummelhuis was appointed to the role of EVP & Country Manager Brazil on 24 June 2024. Mr Brummelhuis has over 30 years of experience in the oil and gas industry, both in exploration and production. The remuneration arrangements for Mr Brummelhuis are detailed in section 4 of the Remuneration Report.

Remuneration outcomes for 2024

In determining the 2024 remuneration outcomes for employees and executives, the Board has considered both the overall performance of Karoon as well as individual performance outcomes (where applicable) having regard to the specific objectives set at the beginning of 2024. We have also considered the shareholder experience over the 2024 financial year.

Section 6 on page 66 of the Remuneration Report provides the detail on the 2024 Corporate Scorecard performance outcomes for 2024. Although the scorecard achievement for 2024 was 13.5% out of a maximum of 100%, given the challenges that have arisen in 2024, and the decline in Karoon's share price which in turn impacted shareholder value during the period, the Board in discussion with the CEO/MD and other executive KMPs have agreed that the executive KMPs will not receive an STI payment 2024.

The fixed remuneration increases awarded during 2024 were attributable to the TY23 financial year and therefore the amounts awarded were halved to recognise that TY23 was only a six month financial year.

Fixed Remuneration	2.05% increase	Fixed remuneration increases were provided in line with inflation: - Dr Julian Fowles, Chief Executive Officer and Managing Director (CEO/MD) received a 2.05% increase. - Mr Raymond Church, Executive Vice President & Chief Financial Officer (CFO) received an increase of 2.05%. - Mr Marco Brummelhuis, Executive Vice President & Country Manager Brazil (EVP Brazil) did not receive an increase, having only joined Karoon in June 2024.
Short Term Incentive ('STI')	'Nil' STI outcome for KMP Partial Corporate Scorecard outcome of 13.5% for employees (excluding KMP)	In discussion with the Board, the CEO/MD and other executive KMPs will not receive an STI for 2024. See section 6 of the Remuneration Report for more detail on the 2024 scorecard.
Long term Incentive ('LTI')	Partial FY22 LTI award vested at 79.97%	A partial LTI of 79.97% for FY22 was awarded in respect of the three year performance period 1 July 2021 to 30 June 2024. The Karoon share price at the start of the performance period on 1 July 2021 was A\$1.317 and on 28 June 2024, the last trading day of the performance period, was A\$1.83. The overall partial combined vesting of 79.97% comprised the following. The absolute total shareholder return (TSR) for the period was at 11.59% CAGR (Compound Annual Growth Rate), resulting in a partial vesting of 59.94% of the award pertaining to absolute TSR vesting. The relative TSR at 11.59% CAGR for the period versus the peer group TSR performance, resulted in 100% of the award pertaining to relative TSR vesting.

Non-Executive Director Fees

The Non-Executive Director (NED) fee pool was increased from A\$1,200,00 to A\$1,500,000 effective 1 January 2024, as approved by shareholders at the 2024 AGM.

There were no increases made to base director fees in 2024 apart from an increase in the statutory superannuation contribution (from 11% to 11.5%) paid to Australian resident NEDs from 1 July 2024.

Prospective 2025 financial year look forward

2025 will continue to be a year where we will focus on maximising safe and reliable production and, together with our partners, progress value accretive organic growth opportunities. As a result, the 2025 Corporate Scorecard has been revised to consider a reduced and more targeted set of measures which deliver operational performance and are more clearly linked to delivering and creating total shareholder returns.

The performance of the 2025 LTI awards will continue to be measured against absolute and relative TSR performance with the absolute TSR performance for minimum vesting based on a compound annual growth rate over the measurement period of 14% per annum, versus 10% in LTI offers issued prior to 2025, and absolute TSR compound annual growth rate for maximum vesting will remain unchanged at 18%. The rationale for this change is to incentivise sustained leading total shareholder returns.

Summary

The Board and management have conducted many meetings with shareholders, stakeholders and advisors following the 2024 AGM. We have listened carefully and have factored those views and relevant conclusions into our remuneration outcomes for 2024 and our remuneration structure and planning as we move into 2025.

Our usual extensive consultation with shareholders will also continue to occur in the lead up to the 2025 AGM and, as always, we welcome any comments or views which shareholders make at any stage.



Mr Peter Turnbull, AM

Chair, People and Culture Committee

27 February 2025

SECTION 2. INTRODUCTION

The Board is pleased to provide Karoon's 2024 Remuneration Report, which details the remuneration for its KMP, defined as those persons having the authority and responsibility for planning, directing, and controlling, directly or indirectly, the activities of the Group.

For the 2024, KMP disclosed in the Remuneration Report are as follows:

NAME	POSITION	TERM AS KMP
Executive Director		
Dr J Fowles	Chief Executive Officer and Managing Director (CEO/MD)	Full Period
Non-Executive Chair		
Mr P Botten	Independent Non-Executive Chair	Full Period
Non-Executive Directors		
Ms L Rachid	Independent Non-Executive Director	Full Period
Mr C Davey	Independent Non-Executive Director	Until 31 October 2024
Mr P Turnbull	Independent Non-Executive Director	Full Period
Mr T Fraga	Independent Non-Executive Director	Full Period
Ms J Palmer	Independent Non-Executive Director	From 19 April 2024
Ms M Holzberger	Independent Non-Executive Director	From 19 April 2024
Other KMP		
Mr R Church	Executive Vice President and Chief Financial Officer (CFO)	Full Period
Mr M Brummelhuis	Executive Vice President and Country Manager Brazil	From 24 June 2024

For the purposes of the Remuneration Report:

- (i) 'Executive' means the CEO/MD and other KMP of the Group.
- (ii) 'Fixed remuneration' has the meaning given in section 4.
- (iii) 'Other benefits' has the meaning given in section 4.
- (iv) 'Total remuneration' means fixed remuneration plus at-risk remuneration.
- (v) 'At-risk remuneration' means STI and LTI.

The Remuneration Report for 2024 outlines the remuneration arrangements of KMP of the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this Remuneration Report has been audited by Karoon's external auditor, as required by Section 308(3C) of the *Corporations Act 2001*. The Remuneration Report forms part of this Directors' Report.

SECTION 3: REMUNERATION STRATEGY AND GUIDING PRINCIPLES

Karoon's guiding principles for its remuneration framework are as follows:

- **Prioritising safety, culture and ethics:** ensuring that clear vesting gateways exist based on appropriate safety, cultural and ethical outcomes. If outcomes do not meet the relevant standards, these gateways will block 'at-risk' remuneration payments, specifically the STI.
- **Generating shareholder value is paramount:**
 - Remuneration outcomes (particularly incentive-based outcomes) are designed to take account of share price movements across the performance period and therefore, the value delivered to shareholders.
 - A close alignment is created between operational performance, delivery of corporate objectives, rewards and sustained shareholder returns.
 - As Karoon has now transitioned from explorer to producer, there is a strong focus on operational excellence and capital management priorities in the incentive design.
 - Our approach needs to be fit for purpose, reflect the markets we operate in and drive the right behaviors.

• **Attracting and retaining the best people:**

- Our remuneration structures are designed to attract, motivate and retain high calibre executives capable of managing Karoon's diverse international operations.
- We encourage our people to hold equity in Karoon which builds a culture of viewing management decisions as an owner, thereby helping to further align executives' and shareholders' interests. Minimum shareholding policies apply to our executives and directors.
- Remuneration and people issues are considered by the People and Culture Committee of the Board and environmental and social issues by the Sustainability and Operational Risk Committee of the Board. Nonetheless, all relevant decision-making and associated discussion remains the responsibility of the Board.
- Linking Environment, Social and Governance (ESG) measures to remuneration: ESG considerations are integrated into our remuneration structures via our 2024 STI Corporate Scorecard.
- Ensuring transparency: remuneration measures, outcomes and reporting are as simple and transparent as possible for our shareholders and other stakeholders.

Board and People and Culture Committee Oversight

To assist in ensuring good remuneration governance at Karoon, the Board established a People and Culture Committee that provides detailed oversight and recommendations to the Board on remuneration and people related arrangements.

The People and Culture Committee currently consists entirely of independent NEDs and is responsible for reviewing and making recommendations to the Board regarding (among other things):

- The quantum of sub-CEO/MD executive remuneration.
- The sub-CEO/MD executive remuneration framework, including the operation of, and performance-based outcomes under, Karoon's share-based incentive schemes.
- The recruitment, retention and termination policies and procedures for sub-CEO/MD executives.

The Board, assisted by the People and Culture Committee, conducts remuneration reviews for its Non-Executive Chair, NEDs, executives and all employees to ensure that remuneration settings remain market competitive, fair and aligned with both market practice and the best interests of shareholders.

The Board is responsible for all aspects of the remuneration of the CEO/MD.

Further information on the role and responsibilities of the People and Culture Committee is contained in the People and Culture Committee Charter, which can be found under the Governance tab on Karoon's website at www.karoonenergy.com.au.

Share Trading Policy

The trading of ordinary shares by NEDs and executives is subject to, and conditional on, compliance with Karoon's Share Trading Policy.

Under Karoon's Share Trading Policy, an individual may not limit his or her exposure to risk in relation to securities (including performance rights). Directors and executives are prohibited from entering into any hedging arrangements over unvested share options or performance rights under Karoon's share-based remuneration schemes.

Karoon monitors compliance with its Share Trading Policy.

To gain approval to trade and ensure that trading restrictions are not in force, any employee, contractor or other designated person wishing to trade in Karoon securities must consult the Company Secretary, while the EVP Brazil, the Company Secretary or any director wishing to trade in Karoon securities must consult the Chair, and the Chair must consult and seek approval of the Audit, Risk and Governance Committee Chair. All trades by directors and executives during the financial period ended 31 December 2024 were conducted in compliance with Karoon's Share Trading Policy.

Karoon's Share Trading Policy can be found under the Governance tab on Karoon's website at www.karoonenergy.com.au.

SECTION 3: REMUNERATION STRATEGY AND GUIDING PRINCIPLES CONTINUED

How does Karoon make decisions about remuneration

The Board has developed a remuneration policy that ensures executive remuneration supports the current business strategy and needs of the business. In particular, the decision to use performance tested share-based remuneration (in addition to cash-based incentive payments) for its incentive plans reflects the Board belief that this best aligns executive and shareholder interests in the short and long term. Karoon's success is measured by the delivery of its strategic objectives in the short term and a clear demonstration of shareholder value creation in the long term through share price growth and total shareholder returns.

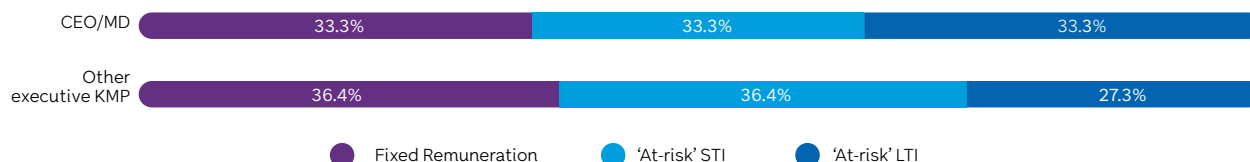
Broadly, the objectives of Karoon's executive remuneration framework are to ensure:

- Remuneration is reasonable and competitive in order to attract, retain and motivate talented and high calibre executives capable of managing Karoon's diverse international operations.
- Remuneration is set at a level acceptable to shareholders, having regard to Karoon's performance.
- Remuneration structures create alignment between performance, reward and sustained growth in shareholder value.
- Remuneration outcomes provide recognition of contribution to overall long term growth in the value of Karoon's asset portfolio and are transparent to both participants and shareholders.
- Remuneration incentivises the best possible outcomes for the broader stakeholder community, including fostering best practice in preventing bribery and/or corruption, along with driving sustainability and safety outcomes.

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2024

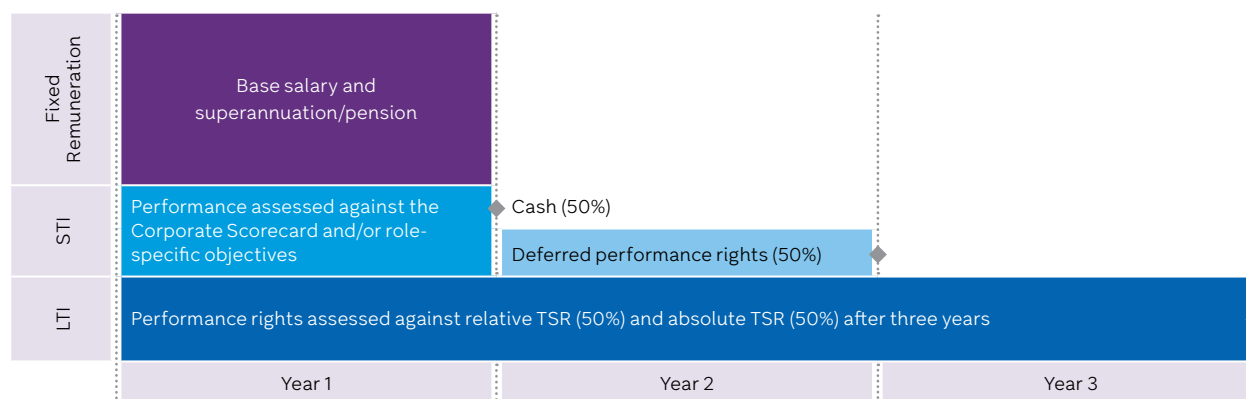
The following table summarises the remuneration mix for executives for 2024, based on maximum achievement of incentive plan outcomes. Each executive is eligible to receive fixed remuneration and at-risk remuneration (STI and LTI). The majority of the remuneration package is weighted towards at-risk remuneration, which is only received where performance conditions are met and is not guaranteed.

Annualised Remuneration Mix for 2024



Set out below is an illustration of our remuneration framework and a summary of the STI and LTI opportunity available to the executives.

	CEO/MD	CFO	EVP BRAZIL
STI OPPORTUNITY	100% of fixed remuneration	100% of fixed remuneration	100% of fixed remuneration
LTI OPPORTUNITY	100% of fixed remuneration	75% of fixed remuneration	75% of fixed remuneration



◆ Payment/vesting date

We have provided more detail on each element of remuneration below.

FIXED REMUNERATION

WHAT IS FIXED REMUNERATION?	Fixed remuneration consists of base salary and superannuation/pension contributions received. Other benefits not included in fixed remuneration include accruals of annual or long service leave, any salary sacrifice items or non-monetary benefits such as temporary allowances, health insurance, motor vehicles, expatriate travel, certain membership and associated fringe benefits tax, depending on each individual's respective employment arrangements ('Other Benefits'). Details of other benefits paid to executives are set out in full in section 10.
FIXED REMUNERATION CHANGES FOR 2024	As Karoon operates internationally in Brazil and the US, our fixed remuneration levels need to be globally competitive to attract and retain talent beyond Australian markets. Fixed remuneration of executives increased at the start of 2024, to ensure ongoing market competitiveness. Changes to fixed remuneration (per annum) were¹: • CEO/MD – 2.05% increase from US\$646,535 to US\$659,789 • CFO – 2.05% increase from US\$495,041 to US\$506,211 • EVP Brazil – joined in June 2024, so no increase was applicable.

Superannuation/Pension Contributions

The CEO/MD receives fixed remuneration inclusive of superannuation contributions, above the maximum contributions cap. Other Australian executives of the Company received statutory superannuation contributions of 11% of salary up to 30 June 2024 and then 11.5% of salary from 1 July 2024 up to the maximum statutory contribution for each financial year.

The EVP Brazil receives an amount equal to 10% of monthly salary into a private pension fund.

Social Security and Indemnity Fund Contributions

Karoon's Brazilian based executives are subject to specific Brazilian employment regulations, whereby the Group is required to contribute 27.3% of salary to the Government's social security fund. These contributions are subject to a cap on an annual, calendar year basis. However, the executives on retirement will only be entitled to a portion of the contributions made. A further 8% of Brazil based executives' salary is required to be contributed to a Federal Severance Indemnity Fund ('FGTS'). In the situation of unfair dismissal without just cause, the Group would have to pay a fine equivalent to 50% of the accumulated balance of the individual's FGTS account.

'At risk' Remuneration

Karoon aims to align the interests of executives with those of shareholders by having a significant proportion of executive remuneration 'at risk' via the STI and LTI plans. 'At risk' remuneration represents the proportion of remuneration that requires pre-determined performance conditions to be met before the remuneration is vested to the executive. At the beginning of each financial year, the Board reviews the financial and operational goals and targets, looking broadly at creating alignment in shareholder value, then sets performance conditions that generate a link between operating performance, remuneration received and the value created for shareholders.

1. Exchange rates of AU\$/US\$0.6601 and R\$/US\$0.1855 were used to convert from local currency.

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2024 CONTINUED

STI PLAN

WHO PARTICIPATES	Executives. Participation in the STI Plan is at the discretion of the Board on the recommendation of the People and Culture Committee.									
PERFORMANCE PERIOD	For 2024, the performance period is 1 January 2024 to 31 December 2024. The Corporate Scorecard and ‘role-specific’ objectives are set by the Board to reflect key priorities to build long term value. Details of the Corporate Scorecard are set out in section 6.									
STI OPPORTUNITY	The STI opportunity level of each executive is a pre-determined proportion of an executive’s fixed remuneration. In respect of the 2024 award, the CEO/MD and CFO can earn up to 100% of their fixed remuneration. The EVP Brazil can earn up to 100% of fixed remuneration pro-rated from his start date. The calculation of the 2024 award can be illustrated as follows: Fixed Remuneration × Annual STI opportunity × Outcome of performance conditions (as at 31 December 2024) = STI outcome									
FORM OF INCENTIVE	Subject to the achievement of the performance conditions, the 2024 award is delivered to executives in two parts, a cash element (50%) and a deferred element via performance rights (50%). The cash component is paid following the end of 2024. The number of performance rights to be granted is to be determined by dividing 50% of the total STI award outcome by Karoon’s weighted average share price in the 20-trading day period after the release of the Company’s 2024 financial results. Performance rights do not have a strike price. Each performance right provides the participant with the right to receive one fully paid ordinary share in Karoon, or its equivalent value, for no consideration where vesting conditions are met.									
DEFERRAL PERIOD	Performance rights are subject to a further retention period of 12 months until December 2025, which is subject to continuing employment.									
PERFORMANCE CONDITIONS	As part of the 2024 remuneration review, the Board set out the 2024 award based on a mix of the following performance hurdles: <table><thead><tr><th></th><th>Company-wide objectives</th><th>Role-specific objectives</th></tr></thead><tbody><tr><td>CEO/MD</td><td>100%</td><td>–</td></tr><tr><td>Other KMP</td><td>80%</td><td>20%</td></tr></tbody></table> Company-wide Objectives Company-wide Objectives were set by the Board at the beginning of the performance period. The Company-wide Objectives, known as the ‘Corporate Scorecard’, includes financial and operational objectives, project objectives and strategic targets. Role-specific Objectives Role-specific Objectives were set at the beginning of the performance period and related directly to individual/team specific responsibilities. All short term performance outcomes are subject to both a gateway for safety outcomes and a clawback (negative discretion) provision in relation to any fatality and bribery and/or corruption issues. Where there is a fatality during the reporting period, no STI is payable. Further details on the performance conditions, targets and outcomes for the 2024 award are outlined below in the STI outcomes within section 6.		Company-wide objectives	Role-specific objectives	CEO/MD	100%	–	Other KMP	80%	20%
	Company-wide objectives	Role-specific objectives								
CEO/MD	100%	–								
Other KMP	80%	20%								

HOW DO STI'S RELATE TO KAROON'S OBJECTIVES

The STI framework is based on a set of challenging Company building goals, granted on an annual short term basis. Linking outcomes to operational performance develops an essential alignment between Karoon's year-to-year inherent value growth and total shareholder returns and rewards those who establish that value and returns only when the company-wide Objectives are met.

The Board assesses the objectives for the performance period annually in light of the long term strategic building blocks and upcoming key value drivers within Karoon's operations, allowing for transparent measurement of company performance against these objectives.

The Board recognises the risks associated with offshore oil production and drilling and considers ensuring the safety of the workforce and avoiding any instances of bribery and corruption as paramount to its operations. Achieving appropriate safety standards is used as a gateway for any vesting of the STI, while any fatality or instance of bribery and corruption can be utilised to claw back incentives should they have been previously paid.

CESSATION OF EMPLOYMENT

Unvested performance rights will lapse on cessation of employment with Karoon, subject to the nature and circumstances of the termination and the discretion of the Board.

CHANGE OF CONTROL

On a change of control, the Board may determine that a portion of the individual's unvested performance rights will vest based on pro-rata achievement of the performance conditions. Adjustments to an individual's unvested performance rights may also occur in the event of a Company reconstruction and certain share issuances.

DIVIDEND AND VOTING RIGHTS

Performance rights carry no dividend or voting rights during the one year deferral period.

LTI PLAN

WHO PARTICIPATES

Executives. Participation in the LTI Plan is at the discretion of the Board on the recommendation of the People and Culture Committee.

LTI OPPORTUNITY

The LTI opportunity available to an executive is determined as a percentage of the executive's fixed remuneration. In respect of the 2024 LTI grant, the CEO/MD can earn up to 100% of fixed remuneration. The CFO and EVP Brazil can earn up to 75% of fixed remuneration.

The key features of the LTI grant for 2024 are outlined in the table below:

Fixed Remuneration (at 1 July 2024)	X	Annual LTI opportunity	X	Outcome of performance conditions (as at 31 December 2026)	=	LTI vesting outcome
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FORM OF INCENTIVE

The quantum of performance rights received was determined by dividing the LTI opportunity for each executive by the volume weighted average price of Karoon Energy ordinary shares for 20 trading days from 29 February 2024 (being the date on which Karoon's TY23 financial results were released to the market).

Performance rights do not have a strike price. Each performance right provides the participant with the right to receive one fully paid ordinary share in Karoon, or its equivalent for no consideration.

Under the rules of the Performance Rights Plan, ordinary shares issued or provided as a result of the exercise of vested and converted performance rights may be issued as new ordinary shares or ordinary shares acquired on-market.

PERFORMANCE PERIOD

Three years (commencing 1 January 2024 and vesting on 31 December 2026).

PERFORMANCE CONDITIONS

The LTI performance hurdles are assessed against:

- 50% relative total shareholder return (TSR) against a list of closely comparable and representative industry peer group companies, whose business models and/or regions of operations are similar to those of Karoon (Industry Peer Group).
- 50% absolute TSR (based on a compound annual growth rate (CAGR)), which is set at a range of 10% to 18%. For LTIs offered from 2025, this range is set at 14% to 18%.

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2024 CONTINUED

PERFORMANCE CONDITIONS CONTINUED	Relative TSR (50%)	
	Relative TSR has been selected as it assesses Karoon's ability to deliver shareholder returns above that of our peers, aligning executives' incentives with the shareholder experience. Given Karoon operates internationally, the peer group comprises a mix of domestic and global peers.	
	Industry peer group	
	AUSTRALIAN MARKET PEERS	GLOBAL PEERS
	Australis Oil & Gas Limited Beach Energy Limited Carnarvon Energy Limited Horizon Oil Limited Santos Limited Woodside Petroleum Limited Strike Energy Limited Central Petroleum Limited Amplitude Energy Limited	Capricorn Energy plc GeoPark Limited Gran Tierra Energy Inc Kosmos Energy Ltd Echelon Resources Limited Enauta Participações S.A. Pharos Energy plc Tullow Oil plc Prio S.A. Jadestone Energy Inc
	Companies that are no longer part of the Industry Peer Group at the end of the performance period (for instance, due to acquisition or delisting) may be removed from the Peer Group calculation.	
	The vesting schedule for the relative TSR measure is outlined and illustrated below:	
	PERFORMANCE AGAINST INDUSTRY PEER GROUP	PROPORTION OF PERFORMANCE RIGHTS VESTING
	Less than 50th percentile	Nil
	At 50th percentile	50%
	Between 50th and 75th percentile	50% plus 2% for each additional percentile ranking above the 50th percentile
	At or above 75th percentile	100%
	Absolute TSR (50%)	
	Absolute TSR has been selected as it assesses Karoon's ability to deliver positive shareholder returns at a sufficient return to shareholders over the long term. Assessed alongside relative TSR, it ensures that executives are only fully rewarded under the LTI plan where Karoon's shareholder returns exceed those of the Company's peers.	
	The vesting schedule for the Absolute TSR measure is outlined and illustrated below:	
	ABSOLUTE TSR (CAGR)¹	PROPORTION OF PERFORMANCE RIGHTS VESTING
	Less than 10%	Nil
	At 10%	50%
	Between 10.01% and 17.99%	50% plus 6.25% for each additional percentile ranking above the 10% threshold
	At or above 18.00%	100%
	1. TSR is calculated inclusive of any dividends or capital returns, in line with Karoon's capital management policy and additional buybacks made in accordance with Karoon's Capital Allocation Framework.	
EXERCISE PERIOD	Performance rights will remain exercisable for a period of one year following vesting.	
CESSATION OF EMPLOYMENT	Unvested (and unexercised) performance rights will lapse on cessation of employment with Karoon, subject to the nature and circumstances of the termination and the discretion of the Board.	
CHANGE OF CONTROL	On a change of control, the Board may determine that a portion of the individual's unvested performance rights will vest, based on pro-rata achievement of the performance conditions. Adjustments to an individual's unvested performance rights may also occur in the event of a Company reconstruction and certain share issuances.	
DIVIDEND AND VOTING RIGHTS	Performance rights carry no dividend or voting rights during the performance period.	

SECTION 5: COMPANY PERFORMANCE OVERVIEW

Relationship between Executive Remuneration and Company Performance

Karoon has a transparent performance-based remuneration structure in place that provides a direct link between Company performance and remuneration in the short term and long term.

The tables below set out summary information about the Company's financial performance from 1 July 2020 to 31 December 2024 and how this links to the remuneration outcomes in section 6.

FINANCIAL PERIOD	31 DECEMBER 2024	31 DECEMBER 2023 TY23 (6 MONTHS)	30 JUNE 2023 1HFY23 (6 MONTHS)	30 JUNE 2023	30 JUNE 2022	30 JUNE 2021
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Revenue	776.5	412.9	267.1	566.5	385.1	170.8
Profit/(loss) before income tax	239.3	182.1	99.8	216.2	(89.8)	(27.9)
Profit/(loss) after income tax	127.5	122.5	85.4	163.0	(64.4)	4.4
Net assets at end of the period	976.4	914.0	473.6	473.6	276.2	380.3

FINANCIAL PERIOD	31 DECEMBER 2024	31 DECEMBER 2023 TY23 (6 MONTHS)	30 JUNE 2023 1HFY23 (6 MONTHS)	30 JUNE 2023	30 JUNE 2022	30 JUNE 2021
	A\$2.03	A\$1.97	A\$2.19	A\$1.74	A\$1.33	A\$0.61
Share price at beginning of the period	A\$2.03	A\$1.97	A\$2.19	A\$1.74	A\$1.33	A\$0.61
Share price at end of the period	A\$1.39	A\$2.03	A\$1.97	A\$1.97	A\$1.74	A\$1.33
Basic earnings per ordinary share (US\$)	0.1607	0.2018	0.1517	0.2899	(0.1159)	0.0079
Diluted earnings per ordinary share (US\$)	0.1597	0.2003	0.1495	0.2859	(0.1159)	0.0077
Dividends per ordinary share (AUD cents) ¹	0.09496	-	-	-	-	-

1. Dividends are declared and approved for the respective financial year shown and may be paid during the subsequent financial year

SECTION 6: EXECUTIVE REMUNERATION OUTCOMES

Performance Outcomes for 2024

The table below outlines the Company-wide Objectives, known as the Corporate Scorecard, for the financial year ended 31 December 2024.

December 2024.

MEASURE	FULL YEAR WEIGHTING	PERFORMANCE			OUTCOME
		THRESHOLD	TARGET	STRETCH	
Financial and operational objectives					
Safety TRIR Result (per 200,000 exposure hours) & First Aid Cases (FAC) based on only operated assets	10.0%	TRIR<= 0.4 & FAC <= 8 TRIR <= 0.4 & FAC <= 6 TRIR <= 0.4 & FAC <= 2 TRIR 0.77 & FAC 11			0.0%
Production (MMboe)	20.0%	12.5 13.2 13.9 Not achieved			0.0%
Production costs (US\$m)	10.0%	161.6 153.9 146.2 Not achieved			0.0%
CAPEX (US\$m)	10.0%	25.8 24.6 23.4 Not achieved			0.0%
Other controllable corporate costs (US\$m)	10.0%	40.3 38.4 36.5 38.4			2.5%
Baúna FPSO contract & reliability	10.0%	<			

STI Outcomes for 2024

The Board carefully assessed the 2024 scorecard outcomes, considering the Company's overall performance. Noting the challenges that have arisen in 2024, and the decline in Karoon's share price which in turn impacted shareholder value during the period, the Board in discussion with the CEO/MD and other executive KMPs have agreed that the executive KMPs will not receive an STI payment for 2024.

A summary of the STI outcomes for 2024, reflecting nil STI payments is detailed below.

	ANNUAL MAXIMUM STI OPPORTUNITY (\$)	STI AWARDED (% OF MAXIMUM)	2024 STI CASH	2024 STI PERFORMANCE RIGHTS	2024 TOTAL STI
	US\$ ¹	%	US\$	US\$	US\$
Dr J Fowles	659,789	-	-	-	-
Mr R Church	506,211	-	-	-	-
Mr M Brummelhuis	180,656	-	-	-	-

1. Exchange rates of AU\$/US\$0.6601 and R\$/US\$0.1855 were used to convert from local currency.

LTI outcomes for 2024

Karoon's 2022 LTI award vested at 79.97% (based on 50% of the award attributable to absolute TSR performance and 50% attributable to relative TSR performance). This was calculated for the period 1 July 2021 to 30 June 2024 on an absolute total shareholder return of 11.59% compound annual growth, resulting in 59.94% of the award pertaining to absolute TSR vesting and 100% of the award pertaining to relative TSR versus the peer group vesting.

Voluntary Information: 2024 'Remuneration Received' (Non-IFRS Information)

The amounts disclosed below reflect the actual remuneration received by each executive during 2024 and have been translated into US\$ from local currencies using the average exchange rate for 2024. The average rate used for A\$/US\$ was 0.6601 and R\$/US\$ was 0.1855. The amounts disclosed below include the actual value of any equity-settled and/or cash-settled award received from STI and/or LTI.

The amounts disclosed in the table below are a voluntary disclosure and not the same as the statutory remuneration expensed in relation to each executive in accordance with Australian Accounting Standards shown in the statutory table in section 10 of the Remuneration Report.

The purpose of this table is to show the value of actual remuneration received during the financial period by executives. The remuneration values disclosed below have been determined as follows:

- Fixed remuneration comprises base salary and company superannuation/pension contributions received in 2024.
- Other benefits comprise any salary sacrifice items or non-monetary benefits, such as temporary allowances, health insurance, motor vehicles, expatriate travel, certain membership and associated fringe benefits tax received in 2024.
- Cash STI comprises the cash component received in 2024 for performance in TY23.
- Deferred STI vested and exercised comprises the equity component of the FY23 STI which vested in 2024. All vested FY23 STI awards were exercised.
- LTI vested and exercised includes the value of the vested FY22 LTI received by executives in 2024. All vested FY22 LTI awards were exercised.

	FIXED REMUNERATION	OTHER BENEFITS	CASH STI	DEFERRED STI VESTED AND EXERCISED	LTI VESTED AND EXERCISED	TOTAL REMUNERATION RECEIVED
	US\$	US\$	US\$	US\$	US\$	US\$
Dr J Fowles	664,585	151,536	158,407	106,831	560,513	1,641,872
Mr R Church	506,229	Nil	121,784	94,784	268,468	991,265
Mr M Brummelhuis	225,360 ¹	116,959	Nil	Nil	Nil	342,319

1. Pro-rated from his start date of 24 June 2024.

SECTION 7: EXECUTIVE AGREEMENTS

Remuneration and other terms of employment for the executives are formalised in employment agreements.

Details of existing employment agreements between the Company and current executive KMP are as follows:

NAME	TERM	NOTICE PERIOD	TERMINATION PAYMENTS
Dr J Fowles	From 27 November 2020, ongoing	Six months	Not applicable
Mr R Church	From 27 September 2021, ongoing	Six months	Not applicable
Mr M Brummelhuis	From 24 June 2024, ongoing	90 days	Not applicable

Any termination benefits for executives are subject to the limits prescribed under Section 200B of the *Corporations Act 2001*.

SECTION 8: MINIMUM SHAREHOLDING POLICY

To ensure KMPs and NEDs hold a meaningful level of equity in the Company:

- Executive KMP are required to maintain a shareholding in the Company equal to 50% of their first year after-tax base salary within 3 years of appointment.
- NEDs are required to maintain a shareholding in the Company equal to 25% of their after-tax base fee within 1 year of appointment and 50% of their after-tax fee within 2 years of appointment.

As at the date of this report, all persons covered by the Policy are in compliance with it.

SECTION 9: DIRECTOR FEES

Fees and payments to the Chair and other NEDs reflect the demands which are placed on, and the responsibilities of, the directors of Karoon. The Company reviews director remuneration regularly and assesses the change to the Company's activities and overall responsibilities of each director.

NED fees are determined with an aggregate directors' fee pool limit, which is approved by shareholders. The maximum aggregate amount, including applicable superannuation contributions, that may be paid to NEDs of the Company as remuneration for their services per annum is A\$1,500,000, as approved by shareholders at the Company's 2024 AGM. For 2024, the total fees paid to NEDs was A\$1,022,854.

There were no increases to base director fees in 2024 aside from an increase in the statutory superannuation contribution of 0.5% (from 11.0% to 11.5%) paid to Australian resident NEDs from 1 July 2024. The last change to base director fees occurred in FY23.

Share-based Remuneration

NEDs do not receive performance-related remuneration. NEDs will continue to be encouraged to purchase ordinary shares in the Company in accordance with the Director Minimum Shareholding Policy.

NED Fees

NEDs' fees for a 12 month period (excluding any additional superannuation contributions paid to Australian directors) are outlined in the following table.

BASE FEE

Non-Executive Chair ¹	A\$231,000
Non-Executive Directors	A\$105,000

Committee fees

Audit, Risk and Governance Committee

Chair	A\$30,000
Member	A\$21,000

People and Culture Committee

Chair	A\$25,000
Member	A\$15,750

Sustainability and Operational Risk Committee

Chair	A\$25,000
Member	A\$15,750

1. Non-Executive Chair base fee includes compensation for the appointment to relevant Committees.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING

Details of the Remuneration of the Directors and Other KMP

Details of the remuneration of the directors and other KMP of the Group for 2024 and previous financial period are set out in the following tables. For all remuneration reporting stated in US\$, exchange rates of A\$/US\$ 0.6601 (TY23: 0.6535) and R\$/US\$ 0.1855 (TY23: 0.2034) have been used.

Year Ended 31 December 2024

NAME	SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS		LEAVE BENEFITS	SHARE-BASED PAYMENTS EXPENSE		TOTAL REMUNERATION ³ US\$
	CASH SALARY AND FEES US\$	OTHER US\$	CASH STI/ BONUS US\$	SUPERANNUATION/ PENSION CONTRIBUTIONS US\$	SOCIAL SECURITY & INDEMNITY FUND CONTRIBUTIONS US\$	LEAVE ENTITLEMENTS ¹ US\$	PERFORMANCE RIGHTS US\$	PERFORMANCE BASED REMUNERATION ² %	
Executive Directors									
Dr J Fowles	602,568	151,536 ⁴	-	62,017	-	59,564	537,161	38.0%	1,412,846
Non-Executive Directors									
Mr P Botten	152,488	-	-	17,155	-	-	-	0.0%	169,643
Ms L Rachid	85,816	-	-	-	-	-	-	0.0%	85,816
Mr T Fraga	79,710	-	-	-	-	-	-	0.0%	79,710
Mr P Turnbull	110,076	-	-	12,383	-	-	-	0.0%	122,459
Ms J Palmer – Appointed 19 April 2024	57,845	-	-	6,576	-	-	-	0.0%	64,421
Ms M Holzberger – Appointed 19 April 2024	54,726	-	-	6,219	-	-	-	0.0%	60,945
Mr C Davey – Retired 31 October 2024	82,928	-	-	9,288	-	-	-	0.0%	92,216
Total Directors' remuneration	1,226,157	151,536	-	113,638	-	59,564	537,161		2,088,056
Other KMP (Group)									
Mr R Church	487,306	-	-	18,923	-	43,950	316,085	36.5%	866,264
Mr M Brummelhuis Appointed 24 June 2024	180,474	116,959 ⁵	-	15,586	29,300	24,739	39,106	9.6%	406,164
Total Other KMP remuneration (Group)	667,780	116,959	-	34,509	29,300	68,689	355,191		1,272,428
Total KMP remuneration (Group)	1,893,937	268,495	-	148,147	29,300	128,253	892,352		3,360,484

1. Leave benefits include the movement in annual leave and long service leave entitlements.

2. The percentage of total remuneration consisting of performance rights, based on the value of the performance rights expensed in the consolidated statement of profit or loss and other comprehensive income during 2024.

3. Amounts disclosed for the remuneration of directors and other KMP exclude insurance premiums paid by the Company in respect of directors' and officers' liability insurance contracts, as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to insurance contracts is set out in this Director's Report.

4. Comprises a travel allowance and apartment costs. The CEO/MD spent additional time in Brazil in order to provide management continuity and strategic direction to the local management team given the EVP Brazil role was vacant for the period from November 2023 to June 2024.

5. Comprises non-monetary benefits of dental, health and life insurance, driver costs and the costs of relocating to Brazil including a relocation allowance and temporary accommodation assistance.

Transitional Year for the 6 Months Ended 31 December 2023

NAME	SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS		LEAVE BENEFITS		SHARE-BASED PAYMENTS EXPENSE	PERFORMANCE BASED REMUNERATION ² %	TOTAL REMUNERATION ³ US\$
	CASH SALARY AND FEES US\$	OTHER BENEFITS US\$	CASH STI/ BONUS US\$	SUPERANNUATION/ PENSION CONTRIBUTIONS US\$	SOCIAL SECURITY & INDEMNITY FUND CONTRIBUTIONS US\$	TERMINATION BENEFITS US\$	LEAVE ENTITLEMENTS ¹ US\$	PERFORMANCE RIGHTS US\$		
Executive Directors										
Dr J Fowles	292,253	47,609	143,204	42,313 ⁴	–	–	16,627	282,642	53.3 ⁵	824,648
Non-Executive Directors										
Mr B Phillips	62,896	–	–	6,919	–	–	–	–	–	69,815
Ms L Rachid	42,475	–	–	–	–	–	–	–	–	42,475
Mr C Davey	58,085	–	–	6,389	–	–	–	–	–	64,474
Mr P Turnbull	63,313	–	–	6,964	–	–	–	–	–	70,277
Mr P Botten	60,005	–	–	6,601	–	–	–	–	–	66,606
Mr T Fraga	39,453	–	–	–	–	–	–	–	–	39,453
Total Directors' remuneration	618,480	47,609	143,204	69,186	–	–	16,627	282,642		1,177,748
Other KMP (Group)										
Mr R Church	236,080	–	120,556	8,952	–	–	2,520	164,501	53.5	532,609
Mr A Guimarães	228,974	38,235	115,126	10,875	41,124	231,959 ⁶	(28,329)	220,820 ⁷	39.1	858,784
Total Other KMP remuneration (Group)	465,054	38,235	235,682	19,827	41,124	231,959	(25,809)	385,321		1,391,393
Total KMP remuneration (Group)	1,083,534	85,844	378,886	89,013	41,124	231,959	(9,182)	667,963		2,569,141

1. Leave benefits include the movement in annual leave and long service leave entitlements.
2. The percentage of total remuneration consisting of performance rights, based on the value of the performance rights expensed in the consolidated statement of profit or loss and other comprehensive income during TY23.
3. Amounts disclosed for the remuneration of directors and other KMP exclude insurance premiums paid by the Company in respect of directors' and officers' liability insurance contracts, as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to insurance contracts is set out in this Director's Report.
4. Includes superannuation contribution of US\$13,605 relating to TY23 cash bonus.
5. Inclusive of superannuation contribution on Cash STI.
6. Included in this amount is an accrual of an ex-gratia payment of US\$183,650 which was paid on 2 February 2024.
7. Mr A Guimarães' share-based payments expense includes the accelerated vesting of performance rights for accounting purposes, which were retained upon cessation of employment with the company on 14 November 2023. Unvested LTI performance rights will remain on foot to be tested in the ordinary course and vest to the extent the applicable performance conditions are met.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED

The relative percentage proportions of remuneration that are linked to performance conditions, those that are not and those that are fixed are as follows:

NAME	NOT RELATED TO PERFORMANCE CONDITIONS		RELATED TO PERFORMANCE CONDITIONS					
	FIXED REMUNERATION		STI (PERFORMANCE RIGHTS)		LTI (PERFORMANCE RIGHTS)		CASH BONUS	
	2024	TY23	2024 ¹	TY23	2024	TY23	2024	TY23
Executive Director								
Dr J Fowles	62.0%	46.7%	8.5%	8.9%	29.5%	25.3%	–	19.1%
Non-Executive Directors								
Mr P Botten	100.0%	100.0%	–	–	–	–	–	–
Ms L Rachid	100.0%	100.0%	–	–	–	–	–	–
Mr T Fraga	100.0%	100.0%	–	–	–	–	–	–
Mr P Turnbull	100.0%	100.0%	–	–	–	–	–	–
Ms J Palmer	100.0%	–	–	–	–	–	–	–
Ms M Holzberger	100.0%	–	–	–	–	–	–	–
Mr C Davey	100.0%	100.0%	–	–	–	–	–	–
Other KMP (Group)								
Mr R Church	63.5%	46.5%	11.2%	11.2%	25.3%	19.7%	–	22.6%
Mr M Brummelhuis ²	90.4%	–	–	–	9.6%	–	–	–

1. STI performance rights relate to vesting of FY23 and TY23 deferred STI incentives.

2. Start date from 24 June 2024.

Further information on performance rights is set out in Note 25 of the consolidated financial statements.

Share-based Remuneration

As at 31 December 2024, there were 6,572,766 performance rights issued under the 2022 PRP, representing approximately 0.86% of the Company's total number of shares issued. Subsequent to year end, 165,495 performance rights have vested and converted to ordinary shares as outlined on page 50.

The terms and conditions of each grant of performance rights over unissued ordinary shares in the Company affecting remuneration in the current or a future financial year are as follows:

GRANT DATE	DATE VESTED AND EXERCISABLE	EXPIRY DATE	EXERCISE PRICE PER PERFOR- MANCE RIGHT	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE	% VESTED	PERFORMANCE CONDITION ACHIEVED
Performance rights						
23 March 2022	1 July 2024	30 June 2025	\$-	A\$1.815	79.97%	2024 Performance Condition
6 May 2022	1 July 2024	30 June 2025	\$-	A\$1.525	79.97%	2024 Performance Condition
24 November 2022	1 July 2025	30 June 2026	\$-	A\$1.707	-	To be determined
16 December 2022	1 July 2025	30 June 2026	\$-	A\$1.559	-	To be determined
31 March 2023	1 July 2025	30 June 2026	\$-	A\$1.508	-	To be determined
14 November 2023	1 July 2024	30 June 2025	\$-	A\$2.400	100%	2023 Performance Condition
14 November 2023	1 July 2024	30 June 2026	\$-	A\$1.509	-	To be determined
23 November 2023	1 July 2024	30 June 2025	\$-	A\$2.120	100%	2023 Performance Condition
23 November 2023	1 July 2026	30 June 2027	\$-	A\$1.321	-	To be determined
23 May 2024	1 January 2025	31 December 2025	\$-	A\$1.791	-	To be determined
23 May 2024	1 January 2027	31 December 2027	\$-	A\$0.859	-	To be determined
1 October 2024	1 January 2027	31 December 2027	\$-	A\$0.597	-	To be determined
1 October 2024	24 June 2026	23 June 2027	\$-	A\$1.422	-	To be determined

Number of Performance Rights provided as Remuneration during period

Details of performance rights over unissued ordinary shares in the Company provided as remuneration to each director and each of the other KMP, including their personally related parties, are set out below:

NAME	NUMBER OF PERFOR- MANCE RIGHTS GRANTED DURING THE PERIOD	FAIR VALUE PER PERFOR- MANCE RIGHT AT GRANT DATE	VALUE OF PERFOR- MANCE RIGHTS AT GRANT DATE	NUMBER OF PERFORMANCE RIGHTS VESTED DURING THE PERIOD	NUMBER OF PERFORMANCE RIGHTS FORFEITED	VALUE OF PERFORMANCE RIGHTS FORFEITED
Executive Director						
Dr J Fowles						
- Performance rights (LTI)	506,475	A\$0.859	435,062	-	-	-
- Performance rights (STI)	121,594	A\$1.791	217,775	-	-	-
Other KMP (Group)						
Mr R Church						
- Performance rights (LTI)	290,850	A\$0.859	249,840	-	-	-
- Performance rights (STI)	93,482	A\$1.791	167,426	-	-	-
Mr M Brummelhuis						
- Performance rights (LTI)	113,284	A\$0.597	67,631	-	-	-
- Performance rights (Recruitment award) ¹	99,174	A\$1.422	141,025	-	-	-
Total KMP - Performance rights	1,224,859		1,278,759	-	-	-

1. Two-year time-based award granted on recruitment.

Long term performance rights granted during the current financial year which are subject to market-based performance conditions, have been valued using a Monte Carlo simulation approach. The fair values of the STI and recruitment award performance rights were based on the Company's closing share price at grant date less the present value of estimated dividends payable prior to the time of exercise.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED

Shares issued on the Conversion of Performance Rights Provided as Remuneration

Details of fully paid ordinary shares in the Company issued, as a result of the exercise and conversion of remuneration performance rights to each director and other KMP, during the financial period, including their personally related parties, are set out below:

NAME	GRANT DATE	DATE OF EXERCISE OF PERFORMANCE RIGHTS	NUMBER OF ORDINARY SHARES ISSUED	VALUE AT CONVERSION DATE US\$ ¹	AMOUNT PAID PER PERFORMANCE RIGHT
Executive Directors					
Dr J Fowles					
– Performance rights (LTI)	6 May 2022	26 July 2024	461,469	560,513	\$–
– Performance rights (STI)	23 November 2023	16 July 2024	85,176	106,831	\$–
			546,645	667,344	\$–
Other KMP (Group)					
Mr R Church					
– Performance rights (LTI)	6 May 2022	20 July 2024	221,029	268,468	\$–
– Performance rights (STI)	23 November 2023	2 July 2024	79,329	94,784	\$–
			300,358	363,252	\$–
			847,003	1,030,596	\$–

1. The value at conversion date of performance rights that were granted as part of their remuneration and were converted during the financial year has been determined as the intrinsic value of the performance rights at that date.

Details of Remuneration – Performance Rights

For each grant of performance rights in the current or previous financial years which resulted in a share-based payment expense to directors and other KMP, the percentage of the grant that vested and percentage that was forfeited because the individual did not meet the service and/or pre-determined performance conditions is set out below:

NAME	FINANCIAL PERIOD GRANTED	VESTED %	FORFEITED %	FINANCIAL PERIOD IN WHICH SHARE OPTIONS OR PERFORMANCE RIGHTS MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST US\$
Executive Director					
Dr J Fowles					
– Performance rights (LTI)	30 June 2022	79.97	20.03	31 December 2024	–
– Performance rights (LTI)	30 June 2023	–	–	31 December 2025	80,586
– Performance rights (STI)	31 December 2023	100.00	–	31 December 2024	–
– Performance rights (STI)	31 December 2024	–	–	31 December 2025	–
– Performance rights (LTI)	31 December 2023	–	–	31 December 2025	2,083
– Performance rights (LTI)	31 December 2023	–	–	31 December 2026	86,416
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	191,429
Other KMP (Group)					
Mr R Church					
– Performance rights (LTI)	30 June 2022	79.97	20.03	31 December 2024	–
– Performance rights (LTI)	30 June 2023	–	–	31 December 2024	41,780
– Performance rights (STI)	31 December 2023	100.00	–	31 December 2024	–
– Performance rights (STI)	31 December 2024	–	–	31 December 2025	–
– Performance rights (LTI)	31 December 2023	–	–	31 December 2026	49,626
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	109,931
Mr M Brummelhuis					
– Performance rights (Recruitment Award ¹)	31 December 2024	–	–	31 December 2026	68,845
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	29,767

1. Two-year time-based award granted on recruitment.

No performance rights will vest if the service and/or pre-determined performance conditions are not met, therefore the minimum value of the performance rights yet to vest is \$Nil.

The maximum value of performance rights yet to vest was determined as the amount of the grant date fair value of the performance rights that is yet to be expensed in the consolidated statement of profit or loss and other comprehensive income.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED

Movement of Performance Rights over Unissued Ordinary Shares in the Company during 2024

During 2024 performance rights over unissued ordinary shares in the Company were issued to directors and other KMP, including their personally related parties.

The movement of performance rights over unissued ordinary shares in the Company held by directors and other KMP, including their personally related parties, during the period was as follows:

	BALANCE AS AT 31 DECEMBER 2023	GRANTED AS REMUNER- ATION	VESTED AND EXERCISED PERFORM- ANCE RIGHTS	PERFORM- ANCE RIGHTS FORFEITED	BALANCE AS AT 31 DECEMBER 2024	TOTAL VESTED AND EXERCIS- ABLE AS AT 31 DECEMBER 2024	TOTAL UNVESTED AS AT 31 DECEMBER 2024
Executive Director							
Dr J Fowles	1,306,263	628,069	(546,645)	(115,583) ¹	1,272,104	–	1,272,104
Other KMP							
Mr R Church	715,984	384,332	(300,358)	(55,360) ¹	744,598	–	744,598
Mr M Brummelhuis	–	212,458	–	–	212,458	–	212,458
Total KMP – Performance rights	2,022,247	1,224,859	(847,003)	(170,943)	2,229,160	–	2,229,160

1. Performance rights forfeited during the year relate to the partial vesting of the 2022 LTI. Refer to 2024 LTI outcomes on page 67.

All performance rights granted during 2024 were issued under the 2022 Performance Rights Plan.

Movement in Ordinary Shares during 2024

The following table sets out the movement in ordinary shares held directly, indirectly, or beneficially by directors and other KMP and their personally related parties during the reporting period:

	BALANCE AS AT 31 DECEMBER 2023	RECEIVED AS REMUNERATION	RECEIVED AND EXERCISED PERFORM- ANCE RIGHTS	SHARES ACQUIRED	SHARES SOLD	BALANCE AS AT 31 DECEMBER 2024
Executive Director						
Dr J Fowles	853,150	–	546,645	150,000	–	1,549,795
Non-Executive Directors						
Mr P Botten	50,000	–	–	66,760	–	116,760
Ms L Rachid	52,960	–	–	8,000	–	60,960
Mr T Fraga	21,100	–	–	–	–	21,100
Mr P Turnbull	183,000	–	–	–	–	183,000
Ms J Palmer	–	–	–	10,400	–	10,400
Ms M Holzberger	–	–	–	11,794	–	11,794
Other KMP						
Mr R Church	75,730	–	300,358	–	(75,730)	300,358
Mr M Brummelhuis	–	–	–	–	–	–
Total KMP	1,235,940	–	847,003	246,954	(75,730)	2,254,167

None of the ordinary shares are held nominally by any director or any of the other KMP. 'Held nominally' refers to the situation where the ordinary shares are in the name of the director or other KMP, but they are not the beneficial owner.

Other Transactions with Directors and Other KMP

A formal Related Party Protocol requires the approval by the Audit, Risk and Governance Committee and, thereafter, the Board of all new related party transactions.

During 2024, Ms Fraga, a family member of Mr Tadeu Fraga, an Independent NED, remained employed by the Group as People and Culture Co-ordinator in Brazil. The total value of her remuneration (including share-based payments expense) for 2024 was US\$124,586. Ms Fraga's employment with the Karoon Group commenced prior to the appointment of Mr Fraga.

Loans to Directors and Other KMP

There were no loans to directors or other KMP during 2024.

Rounding

The amounts in the financial report are rounded to the nearest hundred thousand dollars unless otherwise indicated, under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

This Directors' Report, incorporating the Remuneration Report, is made in accordance with a resolution of the directors. On behalf of the directors:



Mr Peter Botten
Independent Non-Executive Chair

27 February 2025

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Karoon Energy Ltd for the year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Karoon Energy Ltd and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Graeme McKenna'.

Graeme McKenna
Partner
PricewaterhouseCoopers

Melbourne
27 February 2025

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Karoon Energy Ltd (the 'Company') is a public company limited by shares and is listed on the ASX. It is incorporated and domiciled in Australia.

The registered office and principal place of business of Karoon Energy Ltd is Suite 3.02, Level 3, 6 Riverside Quay, Southbank VIC 3006.

The consolidated financial statements are for the consolidated entity consisting of the Company and its subsidiaries.

The consolidated financial statements are presented in United States dollars.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 ¹ US\$M
Revenue	3(a)	776.5	412.9
Cost of sales	4(a)	(397.4)	(164.5)
Gross profit		379.1	248.4
Other income	3(b)	11.7	2.6
Finance costs	4(b)	(69.3)	(15.9)
Net foreign currency gains/(losses)		3.3	(8.1)
Other expenses	4(c)	(79.0)	(41.4)
Change in fair value of contingent consideration	18(ii)	(6.5)	(3.5)
Profit/(Loss) before income tax		239.3	182.1
Income tax expense	5(a)	(111.8)	(59.6)
Profit/(Loss) for financial period attributable to equity holders of the Company		127.5	122.5
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from the translation of financial statements into presentation currency		(12.0)	11.4
Net change in fair value of cash flow hedges and cost of hedging	20	4.9	1.9
Other comprehensive income/(loss) for financial period, net of income tax		(7.1)	13.3
Total comprehensive income/(loss) for financial period attributable to equity holders of the Company, net of income tax		120.4	135.8
Earnings per share attributable to equity holders of the Company:			
Basic earnings per ordinary share (cents per share)	6	16.07	20.18
Diluted earnings per ordinary share (cents per share)	6	15.97	20.03

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

1. Refer to Note 1 for change in Karoon's financial year end.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	NOTE	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 ¹ US\$M
Current assets			
Cash and cash equivalents	8	341.2	170.4
Receivables	9	61.8	56.4
Inventories	10	4.4	18.7
Other financial assets	18	0.6	0.2
Other assets		9.6	6.6
Total current assets		417.6	252.3
Non-current assets			
Oil and gas assets	12	1,180.2	1,391.0
Exploration and evaluation assets	13	275.3	175.3
Property, plant and equipment		3.2	3.1
Intangible assets		0.8	0.3
Deferred tax assets	5	42.9	95.2
Inventories	10	10.5	10.8
Other assets		11.0	4.5
Total non-current assets		1,523.9	1,680.2
Total assets		1,941.5	1,932.5
Current liabilities			
Trade and other payables	11	52.6	68.3
Borrowings	17	–	0.1
Current tax liabilities		37.4	16.8
Other financial liabilities	18	87.6	86.0
Lease liabilities	14	51.8	48.7
Provisions	15	0.2	0.2
Total current liabilities		229.6	220.1
Non-current liabilities			
Trade and other payables	11	6.4	7.2
Borrowings	17	333.5	264.4
Other financial liabilities	18	55.4	136.5
Lease liabilities	14	125.9	175.7
Provisions	15	214.3	214.6
Total non-current liabilities		735.5	798.4
Total liabilities		965.1	1,018.5
Net assets		976.4	914.0
Equity			
Contributed equity	19	1,174.6	1,210.8
Accumulated losses		(457.8)	(193.3)
Reserves	19	259.6	(103.5)
Total equity		976.4	914.0

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. Refer to Note 1 for change in Karoon's financial year end.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

NOTE	CONTRIBUTED EQUITY US\$M	ACCUMULATED LOSSES US\$M	DISTRIBUTION RESERVE US\$M	SHARE-BASED PAYMENTS RESERVE US\$M	FOREIGN CURRENCY TRANSLATION RESERVE US\$M	HEDGING RESERVES US\$M	TOTAL EQUITY US\$M
Balance as at 1 July 2023	907.5	(315.8)	-	56.4	(166.5)	(8.0)	473.6
Profit for financial period	-	122.5	-	-	-	-	122.5
Other comprehensive income (loss)	-	-	-	-	11.4	1.9	13.3
Total comprehensive income/(loss) for financial period	-	122.5	-	-	11.4	1.9	135.8
Transactions with owners in their capacity as owners:							
Ordinary shares issued	312.3	-	-	-	-	-	312.3
Transaction costs associated with issue of shares	(9.0)	-	-	-	-	-	(9.0)
Share-based payments expense 25(c)	-	-	-	1.3	-	-	1.3
	303.3	-	-	1.3	-	-	304.6
Balance as at 31 December 2023¹	1,210.8	(193.3)	-	57.7	(155.1)	(6.1)	914.0
Profit for financial period	-	127.5	-	-	-	-	127.5
Other comprehensive income (loss)	-	-	-	-	(12.0)	4.9	(7.1)
Total comprehensive income/(loss) for financial period	-	127.5	-	-	(12.0)	4.9	120.4
Transactions with owners in their capacity as owners:							
Dividends paid	-	(24.2)	-	-	-	-	(24.2)
Transaction costs associated with issue of shares	(0.4)	-	-	-	-	-	(0.4)
Deferred tax adjustment on transaction costs arising on ordinary shares issued in prior period	1.4	-	-	-	-	-	1.4
Transfer to distribution reserve 19	-	(367.8)	367.8	-	-	-	-
Ordinary shares bought back (on-market) and cancelled	(37.2)	-	-	-	-	-	(37.2)
Share-based payments expense 25(c)	-	-	-	2.4	-	-	2.4
	(36.2)	(392.0)	367.8	2.4	-	-	(58.0)
Balance as at 31 December 2024	1,174.6	(457.8)	367.8	60.1	(167.1)	(1.2)	976.4

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Refer to Note 1 for change in Karoon's financial year end.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

		12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 ¹ US\$M
	NOTE		
Cash flows from operating activities			
Receipts from customers		800.8	443.3
Payments to suppliers and employees		(271.7)	(106.2)
Payments for exploration and evaluation expenditure expensed		(4.8)	(3.3)
Payments for cash flow hedges		(5.0)	(2.7)
Interest received		10.3	1.0
Borrowing and other costs of finance paid		(52.0)	(9.2)
Income taxes paid		(43.0)	(19.5)
Net cash flows from (used in) operating activities	8	434.6	303.4
Cash flows from investing activities			
Acquisition of oil and gas assets		(88.0)	(636.8)
Acquisition of exploration and evaluation assets		-	(83.0)
Interest received on deposit		-	0.1
Payments for oil and gas assets		(26.0)	(4.2)
Purchase of plant and equipment and computer software		(0.9)	(0.9)
Payments for exploration and evaluation expenditure capitalised		(106.0)	(3.3)
Release of security deposits		2.3	-
Net cash flows (used in) investing activities		(218.6)	(728.1)
Cash flows from financing activities			
Proceeds from issue of debt instruments		350.0	-
Principal elements of lease payments		(39.4)	(19.2)
Proceeds from issue of ordinary shares		-	312.3
Payment of equity raising costs		(0.6)	(8.8)
Share buy-back (on-market)		(37.2)	-
Proceeds from borrowings		-	274.0
Repayment of borrowings		(274.1)	(29.9)
Dividends paid		(24.2)	-
Transaction costs paid		(11.7)	(8.6)
Net cash flows from (used in) financing activities		(37.2)	519.8
Net increase/(decrease) in cash and cash equivalents		178.8	95.1
Cash and cash equivalents at beginning of the period		170.4	74.8
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(8.0)	0.5
Cash and cash equivalents at end of the period	8	341.2	170.4

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Refer to Note 1 for change in Karoon's financial year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

SECTION A: ABOUT THESE STATEMENTS

NOTE 1. GENERAL INFORMATION

The consolidated financial statements are for the consolidated entity consisting of the Company and its subsidiaries (the 'Group'). Information on the nature of the operations and principal activities of the Group described in the Directors' Report.

Change in the Financial Year End

In July 2023, the Company's Board resolved to change the financial year end for the Company and all its controlled entities incorporated in Australia (refer to Note 21 on Subsidiaries) from 30 June to 31 December in accordance with the requirements of section 323D(2A) of the *Corporations Act 2001* (Cth). The change in year end was made in order to:

- streamline the preparation of annual statutory financial statements with the Company's Brazilian subsidiaries' annual financial and tax year, which ends on 31 December, and
- align with relevant oil and gas industry peers.

This annual report of the Group covers a 12-month period, beginning on 1 January 2024 and ending on 31 December 2024 (current period). The audited financial information for the Transitional Year annual report, for the 6-month period ended 31 December 2023, has been presented as comparatives in this report.

Accordingly, the Group's consolidated financial statements for the current period as presented in this report for the period 1 January 2024 to 31 December 2024 and prior period of 1 July 2023 to 31 December 2023 are not directly comparable.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') and the *Corporations Act 2001* (Cth). The Company is a for-profit entity for the purpose of preparing financial statements.

The financial statements have been prepared on a going concern basis. For further details please refer to the liquidity risk section in Note 20(d).

Rounding

The amounts in the financial statements are rounded to the nearest hundred thousand dollars unless otherwise indicated, under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

Historical Cost Convention

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention as modified, when relevant, by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

Key Accounting Estimates, Assumptions and Judgements

Revenues, expenses and the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In applying the Group's material accounting policies, the Board and management evaluate estimates and judgements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in the relevant notes as follows:

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS	NOTE	PAGE
Revenue from contracts with customers	Note 3	91
Income tax	Note 5	93
Impairment of oil and gas assets, Estimates of reserves quantities, Determining the lease term of contracts with renewal options	Note 12	101
Capitalised exploration and evaluation expenditure	Note 13	104
Provision for restoration	Note 15	106
Fair value measurement of financial instruments	Note 18	110
Share-based payments	Note 25	126

Compliance with International Financial Reporting Standards

Compliance with Australian Accounting Standards ensures that the consolidated financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Climate Change

In preparing the financial statements, the impact of climate change and current climate-related legislation has been considered.

The impact of climate change is considered as a material judgement in a number of areas in the financial statements such as:

- Impairment of oil and gas assets (refer Note 12); and
- Provision for restoration (refer Note 15).

The Group continues to monitor climate related policy and its impact on the financial statements.

New, Revised or Amended Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new, revised and/or amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the financial period ended 31 December 2024.

New and revised Australian Accounting Standards and amendments thereof and Interpretations effective for the financial period include:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

The initial adoption of all of these new, revised and/or amended Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on either the amounts reported for the current or previous years.

NOTE 1. GENERAL INFORMATION CONTINUED*New standards and interpretations not yet adopted*

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group is currently assessing the impact but no material impact is currently expected.

New standards and interpretations effective for the period commencing from 1 January 2025 include:

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments
- AASB 18 Presentation and Disclosure in Financial Statements

New Sustainability Standards issued by ISSB in June 2023 and AASB in October 2023

The International Sustainability Standards Board (ISSB) issued its inaugural sustainability disclosure standards (IFRS S1 General Requirements for Disclosure of Sustainability – related Financials Information ‘IFRS S1’ & IFRS S2 Climate related Disclosures ‘IFRS S2’) on 26 June 2023 which forms a comprehensive global baseline of sustainability disclosures designed to meet the information needs of capital market stakeholders.

IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1.

The AASB issued the final ASRS Standard (ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information) on 20 September 2024. The ASRS Standard is first applicable for Karoon for the annual reporting period commencing 1 January 2025.

The Group is actively following the development, issuance and applicability of the sustainability standards in Australia.

(b) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2024 and the results of all subsidiaries for the financial period then ended.

Karoon Group’s interests in subsidiaries are set out in Note 21 and the Group consolidates these subsidiaries as it exercises control over these entities and is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to affect their returns through its power to direct the activities of these entities.

All group subsidiaries have been aligned to have a financial year end of 31 December in accordance with relevant Brazilian and Peruvian tax and accounting regulations respectively.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies applied by the Group.

(c) Foreign Currency Transactions and Balances

Functional and Presentation Currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary or branch operates (the 'functional currency').

The functional currency of the Company is Australian dollars. The Group's Brazilian, Peruvian and USA subsidiaries have a functional currency of US\$.

The presentation currency of the consolidated financial statements is US\$.

Transactions and Balances

Foreign currency transactions and year end balances are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions and at year end exchange rates in accordance with AASB 121 *'The Effects of Changes in Foreign Exchange Rates'*, respectively, and the difference is recognised in the consolidated statement of profit or loss and other comprehensive income as net foreign currency gains/(losses), except when they are attributable to part of the net investment in a foreign operation.

Group Companies

The results and financial position of entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency in accordance with AASB 121 *'The Effects of Changes in Foreign Exchange Rates'*, and all resulting foreign exchange differences are recognised in other comprehensive income.

On consolidation, foreign exchange differences arising on translation of foreign currency financial statements are transferred directly to the foreign currency translation reserve in the consolidated statement of financial position. The relevant differences are recognised in the consolidated statement of profit or loss and other comprehensive income during the financial period when the investment in the entity is disposed.

SECTION B: GROUP PERFORMANCE

NOTE 2. SEGMENT INFORMATION

(a) Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group's Executive Management Team (identified as the 'chief operating decision maker') in assessing performance and in determining the allocation of resources.

Following the acquisition and subsequent integration of the non-operated Who Dat assets in the USA, as well as the inaugural US bond issue, the Group has revised the presentation of operating segments for 2024.

The operating segments are based on the nature and geographical location of the Group's operations; as follows:

- Brazil – in which the Group is currently involved in the exploration, development and production of hydrocarbons; and
- USA – following the acquisition of LLOG interests in the Mississippi Canyon Blocks in the Gulf of Mexico in the prior period, the Group is currently involved in the exploration, development and production of hydrocarbons; and
- Corporate/other – includes head office costs incurred in Australia, net financing and other corporate costs not specifically attributable to an operating segment.

The accounting policies of the reportable operating segments are the same as the Group's accounting policies.

Comparative information for the period ended 31 December 2023 has been restated to be presented on the same basis.

Segment revenues and results do not include transfers between segments as intercompany balances are eliminated on consolidation.

Segment revenue is derived from external customers who market to a range of end customers. Karoon USA's revenue is reported on a Net Revenue Interest (NRI) basis, meaning it reflects the Group's share of oil revenue after accounting for royalties and other interests payable to third parties. The Group has two major customers which respectively account for greater than 99% of revenue.

The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. Reportable segment assets and segment liabilities are equal to consolidated total assets and total liabilities respectively. These assets and liabilities are allocated in accordance with the operations of the segment.

(b) Operating Segments

SEGMENT PERFORMANCE	NOTE	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
Result for financial period ended 31 December 2024					
Revenue					
Crude oil sales		606.1	153.8	-	759.9
Gas sales		-	13.2	-	13.2
NGL sales		-	3.4	-	3.4
Total revenue from contracts with customers	3(a)	606.1	170.4	-	776.5
Expenses					
Cost of sales					
Operating costs		(68.5)	(29.8)	-	(98.3)
Royalties and other government take		(50.9)	-	-	(50.9)
Depreciation and amortisation – production asset		(82.4)	(81.1)	-	(163.5)
Depreciation and amortisation – FPSO right-of-use asset		(45.2)	-	-	(45.2)
Change in inventories		(16.2)	-	-	(16.2)
Transportation costs		(12.3)	(11.0)	-	(23.3)
Total cost of sales	4(a)	(275.5)	(121.9)	-	(397.4)
Gross profit		330.6	48.5	-	379.1
Other income					
Interest income		-	-	11.6	11.6
Other income		0.1	-	-	0.1
Total other income	3(b)	0.1	-	11.6	11.7
Other expenses					
Costs of unsuccessful wells		-	(15.1)	-	(15.1)
Advisory and transaction costs		-	-	(4.8)	(4.8)
Business development and integration costs		(1.1)	-	(3.0)	(4.1)
Exploration and evaluation expenditure expensed		(3.9)	(0.8)	(0.1)	(4.8)
Corporate overheads		(13.7)	(4.9)	(13.7)	(32.3)
Realised losses on cash flow hedges		-	-	(12.2)	(12.2)
Depreciation and amortisation – non-oil and gas assets		(0.7)	(0.1)	(0.5)	(1.3)
Share-based payments expense		(0.2)	(0.1)	(2.1)	(2.4)
Social Investments/sponsorships		(2.0)	-	-	(2.0)
Total other expenses	4(c)	(21.6)	(21.0)	(36.4)	(79.0)
Finance costs					
Finance charges on lease liabilities		(11.7)	-	-	(11.7)
Discount unwinding on provision for restoration		(6.3)	(2.7)	-	(9.0)
Interest expense		-	-	(33.5)	(33.5)
Other finance costs		-	-	(15.1)	(15.1)
Total finance costs	4(b)	(18.0)	(2.7)	(48.6)	(69.3)
Net foreign currency gains/(losses)		0.1	-	3.2	3.3
Change in fair value of contingent consideration		(6.5)	-	-	(6.5)
Profit/ (loss) before income tax		284.7	24.8	(70.2)	239.3
Income tax (expense)/ benefit	5(a)	-	-	(111.8)	(111.8)
Profit/ (loss) for financial period		284.7	24.8	(182.0)	127.5

NOTE 2. SEGMENT INFORMATION CONTINUED

SEGMENT PERFORMANCE	NOTE	BRAZIL US\$M	USA US\$M	CORPORATE/ OTHER US\$M	CONSOLIDATED US\$M
Result for financial period ended 31 December 2023					
Revenue					
Crude oil sales		409.1	3.4	-	412.5
Gas sales		-	0.4	-	0.4
Total revenue from contracts with customers	3(a)	409.1	3.8	-	412.9
Expenses					
Cost of sales					
Operating costs		(29.6)	(0.6)	-	(30.2)
Royalties and other government take		(45.0)	-	-	(45.0)
Depreciation and amortisation – production asset		(59.2)	(1.6)	-	(60.8)
Depreciation and amortisation – FPSO right-of-use asset		(33.4)	-	-	(33.4)
Change in inventories		12.7	-	-	12.7
Transportation costs		(7.5)	(0.3)	-	(7.8)
Total cost of sales	4(a)	(162.0)	(2.5)	-	(164.5)
Gross profit		247.1	1.3	-	248.4
Other income					
Interest income		-	-	2.5	2.5
Other income		0.1	-	-	0.1
Total other income	3(b)	0.1	-	2.5	2.6
Other expenses					
Advisory and transaction costs		-	-	(10.8)	(10.8)
Business development and other project costs		(0.4)	-	(0.3)	(0.7)
Exploration and evaluation expenditure expensed		(3.3)	-	-	(3.3)
Corporate overheads		(7.0)	-	(7.0)	(14.0)
Realised losses on cash flow hedges		-	-	(8.5)	(8.5)
Depreciation and amortisation – non-oil and gas assets		(0.3)	-	(0.2)	(0.5)
Share-based payments expense		(0.4)	-	(1.0)	(1.4)
Social Investments/sponsorships		(2.2)	-	-	(2.2)
Total other expenses	4(c)	(13.6)	-	(27.8)	(41.4)
Finance costs					
Finance charges on lease liabilities		(6.8)	-	-	(6.8)
Discount unwinding on provision for restoration		(3.0)	(0.2)	-	(3.2)
Interest expense		-	-	(2.5)	(2.5)
Other finance costs		-	-	(3.4)	(3.4)
Total finance costs	4(b)	(9.8)	(0.2)	(5.9)	(15.9)
Net foreign currency gains/(losses)		0.5	-	(8.6)	(8.1)
Change in fair value of contingent consideration		(3.5)	-	-	(3.5)
Profit/(loss) before income tax		220.8	1.1	(39.8)	182.1
Income tax (expense)/benefit	5(a)	-	-	(59.6)	(59.6)
Profit/(loss) for financial period		220.8	1.1	(99.4)	122.5

FINANCIAL PERIOD ENDED 31 DECEMBER 2024	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
Total segment assets	945.7	882.4	113.4	1,941.5
Total segment liabilities	536.2	84.9	344.0	965.1

FINANCIAL PERIOD ENDED 31 DECEMBER 2023	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
Total segment assets	1,105.0	789.3	38.2	1,932.5
Total segment liabilities	672.3	68.3	277.9	1,018.5

(c) Other Segment Information

Additions to non-current assets, other than financial assets (refer Note 20), during the reporting periods were:

FINANCIAL PERIOD ENDED 31 DECEMBER 2024	BRAZIL US\$M	USA US\$M	CORPORATE/ OTHER US\$M	CONSOLIDATED US\$M
Property, plant and equipment [^]	0.2	0.4	0.7	1.3
Exploration and evaluation assets	9.9	86.1	-	96.0
Oil and gas assets [^]	1.1	23.1	-	24.2

[^] Includes right-of-use assets.

FINANCIAL PERIOD ENDED 31 DECEMBER 2023	BRAZIL US\$M	USA US\$M	CORPORATE/ OTHER US\$M	CONSOLIDATED US\$M
Property, plant and equipment [^]	0.8	-	0.1	0.9
Exploration and evaluation assets	2.9	86.4	0.3	89.6
Oil and gas assets [^]	0.6	639.6	-	640.2

[^] Includes right-of-use assets.

NOTE 3. REVENUE AND OTHER INCOME

Karoon recognises revenue from the sale of hydrocarbons under contracts with customers at a point in time when the performance obligations are considered met, which is when control of the products or services provided are transferred to the customer. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

Where part or all of the transaction price is variable, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Revenue from contracts with customers

The transaction price may not be finalised at the date control passes to the customer. In such cases, a provisional transaction price is determined with reference to quoted commodity prices.

The Group estimates variable consideration based on available information from contract negotiations and market indicators.

Interest Income

Interest income on financial assets at amortised cost is recognised in other income using the effective interest method in accordance with requirements of AASB 9 'Financial Instruments'.

NOTE 3. REVENUE AND OTHER INCOME CONTINUED

(a) Revenue

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Crude oil sales	759.9	412.5
Gas sales	13.2	0.4
NGL sales	3.4	–
Total revenue from contracts with customers	776.5	412.9

(b) Other Income

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Interest income	11.6	2.5
Sundry income	0.1	0.1
Total other income	11.7	2.6

NOTE 4. EXPENSES

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
(a) Cost of sales		
Operating costs	98.3	30.2
Royalties and other government take	50.9	45.0
Depreciation and amortisation – oil and gas assets	208.7	94.2
Change in inventories	16.2	(12.7)
Transportation and marketing costs	23.3	7.8
Total cost of sales	397.4	164.5
(b) Finance costs		
Finance charges on lease liabilities	11.7	6.8
Discount unwinding on provision for restoration	9.0	3.2
Interest expense	33.5	2.5
Other finance costs	15.1	3.4
Total finance costs	69.3	15.9
(c) Other Expenses		
Cost of unsuccessful wells ⁽ⁱ⁾	15.1	–
Advisory and transaction costs	4.8	10.8
Business development and other project costs	4.1	0.7
Exploration and evaluation expenditure expensed	4.8	3.3
Corporate overheads	32.3	14.0
Realised losses on cash flow hedges	12.2	8.5
Depreciation and amortisation – non-oil and gas assets	1.3	0.5
Share-based payments expense	2.4	1.4
Social investments/sponsorships	2.0	2.2
Total other expenses	79.0	41.4

(i) Costs of unsuccessful wells of \$15.1 million relates to the Who Dat West (MC-629-1) well. Drilling commenced in December 2024 reaching total depth in January 2025, with management determining the well as unsuccessful with no significant hydrocarbon zones encountered, as a result all costs incurred in the period have been expensed.

NOTE 5. INCOME TAX

Income Taxes and Other Taxes

Current tax expense, deferred tax assets and deferred tax liabilities for the Group are recognised in accordance with the requirements of AASB 112 *'Income Taxes'*.

Tax Consolidation

The Company and its wholly owned Australian subsidiaries are part of an income tax-consolidated group under Australian taxation law. The Company is the head entity in the income tax-consolidated group. Tax (expense)/benefit, deferred tax liabilities and deferred tax assets arising from temporary tax differences of the members of the income tax-consolidated group are recognised in the separate financial statements of the members of the income tax-consolidated group using the 'stand-alone taxpayer' approach, by reference to the carrying amounts in the separate financial statements of each company and the tax values applying under tax consolidation. Current tax liabilities and tax assets and deferred tax assets arising from unused tax losses and tax credits of members of the income tax-consolidated group are recognised by the Parent Company (as head entity of the income tax-consolidated group).

Due to the existence of a tax funding agreement between the companies in the income tax-consolidated group, each company contributes to the income tax payable or receivable in proportion to their contribution to the income tax-consolidated group's taxable income. Differences between the amounts of net tax assets and tax liabilities are derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to, the head entity.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Income Tax

The Group is subject to income taxes in Australia, Brazil, USA and other jurisdictions where it has foreign operations. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the relevant tax laws. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the financial period in which such determination is made.

Assessing the future utilisation of tax losses and temporary tax differences requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future utilisation of these tax losses and temporary tax differences becomes probable, this could result in significant changes to deferred tax assets recognised, which would in turn impact future financial results.

NOTE 5. INCOME TAX CONTINUED

The table below provides details of the income tax recognised during the period in the consolidated statement of profit or loss and other comprehensive income and directly in equity:

		12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
	NOTE		
(a) Income Tax Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income			
<i>Tax expense/(income) comprises:</i>			
Current income tax		55.9	26.3
Current income tax under/(over)		4.9	-
Deferred income tax		51.0	33.3
Total income tax expense/(benefit)		111.8	59.6
The prima facie tax on profit/(loss) before income tax is reconciled to tax expense/(benefit) as follows:			
Prima facie tax expense/(benefit) on profit before income tax, calculated at the Brazilian tax rate of 34%		81.4	61.9
Add/(subtract) the tax effect of:			
Share-based payments expense (non-cash)		0.7	0.3
Other non-deductible items		0.4	4.4
Other tax benefits		-	(8.3)
Social investments/sponsorships ⁽ⁱ⁾		(2.0)	(2.2)
Adjustments for current tax of previous financial years		4.5	-
Difference in overseas tax rates		5.7	0.6
Utilisation of losses		(5.8)	-
Foreign exchange differences – translation adjustment		60.9	5.7
Foreign exchange differences – permanent differences		(25.6)	(2.8)
Non-assessable income		(4.2)	-
Tax credits available		(4.2)	-
Total income tax expense/(benefit)		111.8	59.6
(b) Amounts Recognised Directly in Equity			
Aggregate current and deferred tax arising during the financial period and not recognised in net profit or loss, but directly debited or credited in equity:			
Deferred tax – debited/(credited) directly in contributed equity	19(b)	(1.4)	-
Deferred tax – debited/(credited) directly in hedging reserves	19(d)(iii)	2.7	1.2
Total tax debited/(credited) directly in equity		(1.3)	1.2

(i) This is a scheme which under Brazilian tax law permits a company when paying tax to direct a portion of this payment to specific government approved projects. There is no net cost to the Company as this amount replaces tax payable. It is classified as an expense in the financial statements.

	BALANCE AS AT 1 JANUARY 2024 US\$M	(CHARGED) CREDITED TO PROFIT OR LOSS US\$M	(CHARGED) CREDITED DIRECTLY TO EQUITY US\$M	BALANCE AS AT 31 DECEMBER 2024 US\$M
(c) Deferred Tax Balances				
<i>Temporary differences</i>				
Provisions and accruals	40.9	(1.7)	–	39.2
Depreciation of oil and gas assets	(48.6)	(32.0)	–	(80.6)
Equity raising transaction costs	–	(0.6)	1.4	0.8
Unrealised foreign currency (gains)/losses	(24.8)	41.4	–	16.6
Translation adjustment	33.1	(60.9)	–	(27.8)
Fair value movement of financial liabilities	68.5	(27.2)	–	41.3
Farm-out expenditures	0.1	(0.1)	–	–
Right-of-use assets	(67.1)	29.0	–	(38.1)
Lease liabilities	87.9	(31.4)	–	56.5
Hedge premium	(3.2)	2.6	–	(0.6)
Net changes of cash flow hedges	3.1	–	(2.7)	0.4
Exploration and evaluation assets	–	(14.0)	–	(14.0)
Other	0.4	1.0	–	1.4
Total temporary differences	90.3	(93.9)	(1.3)	(4.9)
<i>Unused tax losses</i>				
Tax losses	4.9	42.9	–	47.8
Total unused tax losses	4.9	42.9	–	47.8
Net deferred tax assets/(liabilities)	95.2	(51.0)	(1.3)	42.9

NOTE 5. INCOME TAX CONTINUED

	BALANCE AS AT 1 JULY 2023 US\$M	(CHARGED) CREDITED TO PROFIT OR LOSS US\$M	(CHARGED) CREDITED DIRECTLY TO EQUITY US\$M	NET FOREIGN CURRENCY DIFFERENCE ON TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES US\$M	BALANCE AS AT 31 DECEMBER 2023 US\$M
<i>Temporary differences</i>					
Provisions and accruals	31.0	9.9	-	-	40.9
Depreciation of oil & gas assets	-	(48.6)	-	-	(48.6)
Unrealised foreign currency (gains)/losses	(20.7)	(4.1)	-	-	(24.8)
Translation adjustment	38.8	(5.7)	-	-	33.1
Fair value movement of financial liabilities	61.4	7.1	-	-	68.5
Farm-out expenditures	0.1	-	-	-	0.1
Right-of-use assets	(79.9)	12.8	-	-	(67.1)
Lease liabilities	94.6	(6.7)	-	-	87.9
Hedge premium	(5.3)	2.1	-	-	(3.2)
Net changes of cash flow hedges	4.3	-	(1.2)	-	3.1
Other	0.4	-	-	-	0.4
Total temporary differences	124.7	(33.2)	(1.2)	-	90.3
<i>Unused tax losses</i>					
Tax losses	-	4.7	-	0.2	4.9
Total unused tax losses	-	4.7	-	0.2	4.9
Net deferred tax assets/(liabilities)	124.7	(28.5)	(1.2)	0.2	95.2

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
(d) Unrecognised Deferred Tax Assets		
A deferred tax asset has not been recognised in the consolidated statement of financial position as the benefits of which will only be realised if the conditions for deductibility occur:		
Unrecognised temporary tax differences relating to deferred tax assets at a tax rate of 34% ⁽ⁱ⁾	16.5	16.5
Tax losses: Peruvian operating losses at a tax rate of 32%	-	6.4
Unrecognised deferred tax assets	16.5	22.9

(i) The amount for unrecognised temporary tax differences at 31 December 2024 and 31 December 2023 relates to the impairment of the Goiás exploration asset, which was fully impaired at 30 June 2018.

NOTE 6. EARNINGS PER SHARE

Basic earnings per ordinary share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for any bonus elements in ordinary shares issued during the financial period.

Diluted Earnings Per Share

Diluted earnings per ordinary share adjusts the figures used in the determination of basic earnings per ordinary share to take into account dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Profit/(loss) for the financial period used to calculate basic and diluted earnings per ordinary share:	127.5	122.5
(a) Basic earnings per ordinary share (cents per share)	16.07	20.18
(b) Diluted earnings per ordinary share (cents per share)	15.97	20.03
Weighted average number of ordinary shares on issue during the financial period used in calculating basic earnings per ordinary share	793,823,809	606,743,713
Weighted average number of potential ordinary shares	4,986,359	4,720,331
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per ordinary share	798,810,168	611,464,044

Potential ordinary shares

Performance rights over unissued ordinary shares of the Company outstanding at the end of the financial period are considered to be potential ordinary shares and have been included in the determination of diluted earnings per ordinary share to the extent to which they are dilutive. The potential ordinary shares have not been included in the determination of basic earnings per ordinary share.

NOTE 7. DIVIDENDS

Dividends paid to members during the period were as follows:

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
(a) Dividends paid during the period		
Interim ordinary dividend ¹	24.2	-
(b) Dividends declared subsequent to the reporting period (not recorded as a liability)		
Final ordinary dividend ^{2,3}	24.1	-
(c) Dividend franking account		
Balance of franking account available for subsequent reporting periods	-	12.7

The above amount is calculated from the balance of the Company's franking account as at the end of the financial period. Franking credits are based on the Australian tax rate of 30%.

SECTION C: WORKING CAPITAL

NOTE 8. CASH AND CASH EQUIVALENTS

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Cash at bank and on hand	341.2	170.4
Total cash and cash equivalents	341.2	170.4

Reconciliation of Profit/(Loss) for Financial Period to Net Cash Flows From Operating Activities

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Profit/(loss) for financial period	127.5	122.5
Add (subtract)		
Non-cash items included in profit/(loss) for financial period:		
Depreciation and amortisation	210.0	94.7
Amortisation of finance costs	3.3	2.0
Change in fair value of derivative financial instruments	7.6	3.1
Change in fair value of contingent consideration	6.5	3.5
Discount unwinding on provision for restoration	9.0	3.2
Share-based payments expense	2.4	1.3
Net foreign currency losses (gains)	(3.9)	10.3
Items classified as investing/financing activities:		
Cost of unsuccessful wells	15.1	–
Net foreign currency gains (losses)	–	(0.8)
Change in operating assets and liabilities:		
(Increase)/decrease in assets		
Receivables – current	1.8	27.5
Oil inventories	16.2	(12.9)
Deferred tax assets	50.9	28.3
Other financial assets – derivative financial instruments	(0.3)	2.8
Other assets – current	(2.6)	0.9
Other assets – non-current	(8.6)	(1.4)
Increase/(decrease) in liabilities		
Trade and other payables – current	(20.1)	5.5
Trade and other payables – non-current	(0.8)	1.4
Current tax liabilities	20.6	11.5
Net cash flows from operating activities	434.6	303.4

NOTE 9. RECEIVABLES

Receivables are generally non-interest-bearing amounts and normally have 30–45 days terms. They are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised initially at fair value.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Trade receivables	50.5	40.0
Other receivables	11.3	16.4
Total current receivables	61.8	56.4

(a) Impairment of Receivables and Financial Risk Management

Information concerning the impairment of the Group's receivables and the respective exposure to financial risks on receivables is set out in Note 20 'Financial Risk Management'.

NOTE 10. INVENTORIES

Inventories are measured at the lower of cost and net realisable value in accordance with the requirements of AASB 102 'Inventories'. Cost for petroleum products, which comprise extracted crude oil stored in the FPSO, are valued using the absorption cost method.

Other inventories are represented by assets acquired from third parties, in the form of casing and other drilling inventory to be consumed or used in exploration and evaluation activities or production activities. They are presented as current assets unless inventories are not expected to be consumed or used in exploration and evaluation activities within 12 months. The cost of casing and other drilling inventory includes direct materials, direct labour and transportation costs.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Current		
Petroleum inventories – at cost	2.3	18.5
Casing and other drilling inventory	2.1	0.2
Total current inventories	4.4	18.7
Non-current		
Casing and other drilling inventory	10.5	10.8
Total non-current inventories	10.5	10.8

NOTE 11. TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. They are presented as current liabilities unless payment is not due within twelve months from the reporting date.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Current		
Trade payables	35.9	55.6
Sundry payables and accruals (refer note (b) below)	16.7	12.7
Total current trade and other payables	52.6	68.3
Non-current (unsecured)		
Sundry payables and accruals	6.4	7.2
Total non-current trade and other payables	6.4	7.2

(a) Financial Risk Management

Information concerning the Group's exposure to financial risks on payables is set out in Note 20 'Financial Risk Management'.

(b) Wages, Salaries, Annual Leave and Personal Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period. These liabilities are recognised within sundry payables and accruals. They are measured at the amounts expected to be paid when the liabilities are settled plus related on-costs. Expenses for non-vesting personal leave are recognised when the leave is taken and are measured at the rates paid or payable.

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Trade and other payables are unsecured and usually paid within 30 days of recognition.

SECTION D: OPERATIONAL ASSETS AND LIABILITIES

NOTE 12. OIL AND GAS ASSETS

Production assets

Production assets include the costs to acquire, construct, install or complete production and infrastructure facilities, capitalised borrowing costs, transferred exploration and evaluation assets, development wells and the estimated cost of dismantling and restoration. Subsequent capital costs, including major maintenance, are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Assets in development

When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated and approval of commercial development occurs, the field enters its development phase. The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings. When the committed development expenditure programs are completed and commercial production commences, these costs are subject to amortisation.

Amortisation of production assets

Amortisation is calculated using the units of production method for an asset or group of assets from the date of commencement of production.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Impairment of oil and gas assets

The Group assesses whether oil and gas assets are impaired at least on a semi-annual basis. This requires review of the indicators of impairment and in the event indicators of impairment are identified, an estimation of the recoverable amount of the cash-generating unit (CGU) to which the assets belong. The Group has two CGUs, namely Baúna and Who Dat.

As at 31 December 2024, the Group's net assets exceeded its market capitalisation and impairment testing was performed in relation to the Baúna and Who Dat cash generating units. The recoverable amount of each CGU was estimated using a fair value less costs of disposal (FVLCD) calculation. For oil and gas assets, these calculations are based on a number of variables and assumptions, including estimates of hydrocarbon reserves and resources, commodity prices, discount rates, future production profiles, operating and future development costs, and fiscal regimes.

Estimates of future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. Future commodity prices are reviewed at least annually. The discount rates applied to the future forecast cash flows are based on the weighted average cost of capital, adjusted for risks where appropriate, including the risk profile of the countries in which the asset operates.

For the current financial year, the recoverable amount of the Baúna and Who Dat CGUs was estimated using the following key assumptions:

- Brent oil prices (real – 2024), US\$71.6 in 2025, US\$77.9 in 2026, US\$76.5 in 2027, and US\$75.0 in 2028 and beyond;
- Henry Hub gas prices (real – 2024), US\$3.4 in 2025, US\$3.4 in 2026, US\$3.5 in 2027, and US\$3.5 in 2028 and beyond;
- Post-tax nominal discount rates ranging between 10.5% to 12.3% have been applied reflecting the Group's assessment of the risks specific to the assets; and
- Resource estimates – for oil and gas properties the resources are as disclosed in the reserves and resources statement on page 36 of the Annual Report.

The recoverable amount of these CGUs is most sensitive to the estimates of hydrocarbon reserves and resources, future oil prices and discount rates. Risks associated with climate change are considered in the recoverable amount calculations and is considered in relation to the oil price forecast and this will continue to be monitored.

The Group did not identify any impairment of these CGUs as at 31 December 2024.

In the event of any adverse changes or if future circumstances vary from the above assumptions, the recoverable amount of the Group's oil and gas assets could change materially and result in impairment losses. Due to the interrelated nature of the assumptions, movements in any one variable can have an impact on others and individual variables rarely change in isolation. Additionally, management can be expected to respond to some movements, to mitigate downsides and take advantage of upsides, as circumstances allow.

NOTE 12. OIL AND GAS ASSETS CONTINUED**KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS CONTINUED***Estimates of reserves quantities used in amortisation and impairment/impairment reversal calculations*

The estimated quantities of Proved plus Probable (“2P”) hydrocarbon reserves reported by the Group are integral to the calculation of amortisation expense and to the assessment of impairment or impairment reversals.

Estimated reserves quantities are based on management’s interpretations of geological and geophysical models, reservoir engineering and production engineering analyses and models, and assessments of the technical feasibility and commercial viability of producing the reserves, taking into consideration reviews by an independent third party. An external reserves assessment is planned to be undertaken at least every 3 years.

Assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The Group prepares its reserves estimates in accordance with the Petroleum Resources Management System (SPE-PRMS 2018) published by the Society of Petroleum Engineers and the Australian Securities Exchange Listing rules. All estimates of reserves reported by the Group are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator.

Estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. These changes may impact depreciation, amortisation, asset carrying values, restoration provisions and deferred tax balances. If proved and probable reserves estimates are revised downwards, earnings could be affected by a higher depreciation and/or amortisation charge or immediate write-down of the assets carrying value.

Right-of-use assets

The right-of-use assets are initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset), and subsequently at cost less any accumulated depreciation, impairment losses and adjustment for remeasurement of the lease liability.

The FPSO vessel lease has a fixed term to February 2026 with renewal options available. Refer to Note 14 ‘Leases’ for the lease liabilities related to right-of-use assets held by Karoon at the end of the financial period.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS*Determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal options. The Group applies judgement in evaluating whether it is reasonably certain or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. At inception of the lease, the Group included the renewal periods as part of the lease term for the FPSO right-of-use asset as there will be a significant negative effect on production if a replacement asset is not readily available.

	NOTE	PRODUCTION ASSET US\$M	DEVELOPMENT ASSET US\$M	RIGHT OF USE ASSETS US\$M	CONSOLIDATED TOTAL US\$M
Financial period ended 31 December 2023					
Balance at beginning of financial period		579.8	–	218.9	798.7
Acquisitions during the period		636.8	–	–	636.8
Additions during the period	2(c)	0.6	2.8	–	3.4
Disposals during the period		(0.8)	–	–	(0.8)
Tax credits received		(11.0)	–	–	(11.0)
Depreciation expense		(60.8)	–	(33.4)	(94.2)
Net increase in provision for restoration ⁽ⁱ⁾	15(b)	58.1	–	–	58.1
Carrying amount at end of financial period		1,202.7	2.8	185.5	1,391.0
At 31 December 2023					
At cost		1,440.8	2.8	349.0	1,792.6
Accumulated depreciation		(238.1)	–	(163.5)	(401.6)
Carrying amount at end of financial period		1,202.7	2.8	185.5	1,391.0
Financial period ended 31 December 2024					
Balance at beginning of financial period		1,202.7	2.8	185.5	1,391.0
Acquisitions during the period	23	1.9	–	–	1.9
Additions during the period	2(c)	7.1	15.2	–	22.3
Disposals during the period		(0.6)	–	–	(0.6)
Tax credits received		(4.3)	–	–	(4.3)
Remeasurement of lease arrangements	14	–	–	(5.4)	(5.4)
Depreciation expense		(163.5)	–	(45.2)	(208.7)
Net decrease in provision for restoration	15(b)	(16.0)	–	–	(16.0)
Completions and transfers		18.0	(18.0)	–	–
Carrying amount at end of financial period		1,045.3	–	134.9	1,180.2
At 31 December 2024					
At cost		1,446.4	–	343.6	1,790.0
Accumulated depreciation		(401.1)	–	(208.7)	(609.8)
Carrying amount at end of financial period		1,045.3	–	134.9	1,180.2

(i) The prior period net increase in provision for restoration included the addition of restoration obligations relating to the acquisition of Karoon's interests in the US GoM Assets, offset by an increase in the discount rate on total restoration provisions (refer Note 15).

NOTE 13. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Expenditure in respect of each area of interest is accounted for using the 'successful efforts' method of accounting. The 'successful efforts' method requires all exploration and evaluation expenditure in relation to an area of interest to be expensed in the period it is incurred, except the cost of successful wells, the costs of acquiring interests in new exploration assets, and appraisal costs relating to determining development feasibility, which are capitalised as exploration and evaluation assets.

Exploration and evaluation assets are recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

- it is expected to be recovered through sale or successful development and exploitation of the area of interest; or
- relates to an exploratory discovery for which at balance date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet complete, or additional appraisal work is underway or planned.

All exploration expenditure in relation to directly attributable general administration costs, geological and geophysical costs, seismic and pre-tenure costs is expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

For exploration wells, costs directly associated with drilling the wells are initially capitalised on a well-by-well basis pending the evaluation of whether potentially economic reserves of hydrocarbons have been discovered. If no recoverable hydrocarbons are identified, or discoveries are deemed non-commercial, then the capitalised costs are expensed.

As capitalised exploration and evaluation expenditure is not available for use, it is not amortised.

Cash flows associated with exploration and evaluation expenditure expensed are classified as operating activities in the consolidated statement of cash flows, whereas cash flows associated with capitalised exploration and evaluation expenditure are classified as investing activities.

When the technical feasibility and commercial viability of extracting economically recoverable reserves have been demonstrated, any related capitalised exploration and evaluation expenditure is reclassified as development expenditure in the consolidated statement of financial position. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Petroleum tenement acquisition costs are capitalised, along with licence costs paid in connection with a right to explore in an existing exploration area.

Impairment of Capitalised Exploration and Evaluation Expenditure

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the asset level whenever facts and circumstances (as defined in AASB 6 *Exploration for and Evaluation of Mineral Resources*) suggest that the carrying amount of the asset may exceed its recoverable amount. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Capitalised Exploration and Evaluation Expenditure

Capitalised exploration and evaluation expenditure is carried forward on the basis that exploration and evaluation operations in the areas of interest have not at the end of the reporting period reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related exploration tenement itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could affect the future recoverability include the level of economically recoverable reserves, future technological changes which could impact the cost of development, future legal changes (including changes to environmental and restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, the relevant capitalised amount will be impaired in the consolidated statement of profit or loss and other comprehensive income and net assets will be reduced during the financial period in which this determination is made.

Information on the reasonable existence or otherwise of economically recoverable reserves is progressively gained through geological analysis and interpretation, drilling activity and prospect evaluation during a normal exploration tenement term. A reasonable assessment of the existence or otherwise of economically recoverable reserves can generally only be made, therefore, at the conclusion of those exploration and evaluation activities.

		12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
	NOTE		
The reconciliation of exploration and evaluation expenditure carried forward is set out below:			
Balance at beginning of financial period		175.3	85.7
Net increase in provision for restoration	15(b)	6.7	–
Acquisitions during the period	23	–	83.0
Additions during the period	2(c)	111.1	6.6
Cost of unsuccessful wells	4(c)	(15.1)	–
Tax credits received		(2.7)	–
Carrying amount at end of financial period		275.3	175.3

NOTE 14. LEASES

The Group has lease contracts for property, an FPSO vessel and other equipment used in its operations. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially recognised at the present value of the lease payments expected to be paid over the lease term, discounted using the Group's estimated incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made and is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options.

NOTE 14. LEASES CONTINUED**Right-of-use assets**

The Group has applied judgement to determine the lease term for lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the measurement of lease liabilities and right-of-use assets recognised.

Refer to Note 12 'Oil and Gas assets' for the right-of-use assets held by Karoon at the end of the financial period.

Lease liabilities

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Current	51.8	48.7
Non-current	125.9	175.7
Total lease liabilities	177.7	224.4
Reconciliation		
Balance at beginning of financial period	224.4	247.6
Additions during the period	0.6	0.2
Remeasurement of lease arrangements	(5.4)	–
Adjustment to fixed lease payments	(2.2)	(4.2)
Accretion of interest during the period	11.7	6.8
Payments made during the period	(51.1)	(26.1)
Net foreign currency differences	(0.3)	0.1
Total lease liabilities	177.7	224.4

NOTE 15. PROVISIONS

Provisions are recognised by the Group in accordance with the requirements of AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and AASB 119 'Employee benefits'.

Restoration Costs

A provision for restoration is provided by the Group where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the estimated costs of decommissioning and removing an asset and restoring the site. These costs are capitalised within the cost of the associated assets and the provision is stated in the consolidated statement of financial position at total estimated present value. These costs are based on judgements and assumptions regarding removal dates, technologies, industry practice and relevant legislation. Over time, the liability is increased for the change in the present value based on a risk free rate appropriate to the risks inherent in the liability. The costs of restoration are brought to account in the consolidated statement of profit or loss and other comprehensive income through amortisation of the associated assets over the economic life of the projects with which these costs are associated. The unwinding of the discount is included as an accretion charge within finance costs.

Long Service Leave

A provision has been recognised for employee entitlements relating to long service leave measured at the discounted value of estimated future cash outflows. In determining the provision, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. The cash outflows are discounted using market yields with terms of maturity that match the expected timing of cash outflows.

Employee entitlements relating to long service leave are presented as a current provision in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Provision for Restoration

Restoration costs are a normal consequence of operating in the oil and gas industry. A provision has been recognised for the Group's restoration obligations for the Baúna and US GoM fields.

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation and appropriate discount rate. The ultimate costs of restoration are uncertain and cost estimates could be subject to revisions in subsequent years due to many factors including changes to the relevant legal and legislative requirements, the emergence of new restoration techniques or experience at other fields. Risks associated with climate change also continue to be monitored. Likewise, the appropriate future discount rates used in the calculation may be subject to change according to the risks inherent in the liability. The discount rate used to determine the restoration obligation at 31 December 2024 was based on applicable government bond rates with a tenure aligned to the tenure of the liability.

Changes to any of the estimates could result in a significant change to the level of provisioning required, which would in turn impact future financial results.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Current		
Provision for long service leave (refer note (a) below)	0.2	0.2
Total current provisions	0.2	0.2
Non-current		
Provision for long service leave (refer note (a) below)	0.1	-
Provision for restoration (refer note (b) below)	214.2	214.6
Total non-current provisions	214.3	214.6

(a) Provision for Long Service Leave

A provision was recognised for employee entitlements relating to long service leave based on the measurement and recognition criteria relating to long service leave entitlements as described in the policy above.

The current portion of this provision includes all the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

(b) Reconciliation of provision for restoration

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Balance at beginning of financial period	214.6	153.3
Additions during the period (refer note (i) below)	6.7	60.1
Discount unwinding on provision for restoration	9.0	3.2
Change in provision	(16.1)	(2.0)
Total provision for restoration	214.2	214.6

(i) During the period a provision was recognised for US restoration obligations relating to the US Who Dat East and Who Dat South exploration wells based on the measurement and recognition criteria relating to restoration obligations as described in the policy above. In the prior period a provision was recognised for US restoration obligations relating to the Who Dat production wells.

Each year Karoon submits to the ANP, its Annual Work Program and Budget (PAT) including the decommissioning and abandonment of the Baúna field. The ANP has until 31 March to publish the PAT obligation arising from its review of the information submitted. Karoon has until the 30 June of that year to satisfy that obligation.

In June 2024, Karoon provided the ANP a surety bond totalling BRL\$547.6 million (US\$88.5 million equivalent at 31 December 2024) in respect of existing decommissioning obligations relating to the Baúna field. A parent company guarantee totalling BRL \$117.7 million (US\$19.0 million equivalent at 31 December 2024) was provided previously.

NOTE 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**(a) Contingent Liabilities**

As at reporting date, the Group believes that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

- (i) As part of the acquisition of Pacific Exploration and Production Corp's equity interest of Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 during the 2017 financial year, the Group agreed to pay Pacific Exploration and Production Corp. a deferred contingent consideration of \$5.0 million payable on first production reaching a minimum of 1 million barrels of oil equivalent from the Blocks. The deferred contingent obligation has not been provided for as at 31 December 2024, as it is dependent on uncertain future events.
- (ii) In the ordinary course of business, the Group is subject to audits from relevant government revenue authorities in the jurisdictions in which it operates which could result in an amendment to historical tax positions.
- (iii) The Concession Contracts for Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165, S-M-1356, S-M-1482, S-M-1537 and S-M-1166 require Karoon Petróleo & Gás Ltda to acquire a minimum proportion of goods and services from Brazilian suppliers, with the objective to stimulate industrial development, promote and diversify the Brazilian economy, encourage advanced technology and develop local capabilities. The minimum Brazilian local content requirement under the Concession Contracts during the exploration and appraisal phase is up to 55%. If Karoon Petróleo & Gás Ltda fails to comply with this minimum requirement, Karoon Petróleo & Gás Ltda may be subject to a fine by the ANP.
- (iv) There are also other matters such as legal claims and exposures, which arise from the Group's ordinary course of business. No material loss to the Group is expected to result.

(b) Contingent Assets

The Group has no contingent assets as at 31 December 2024 (31 December 2023: \$Nil).

SECTION E: CAPITAL FUNDING AND RISK MANAGEMENT

NOTE 17. BORROWINGS

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Current		
Syndicated loan facility – secured	-	0.1
Total current borrowings	-	0.1
Non-current		
Long term bonds issued	350.0	-
Syndicated loan facility – secured	-	274.0
Less: transaction costs ⁽ⁱ⁾	(16.5)	(9.6)
Total non-current borrowings	333.5	264.4
Total borrowings	333.5	264.5

(i) Includes remaining unamortised transaction costs associated with long term bonds issued and the syndicated loan facility.

As at 31 December 2024, Karoon Energy Ltd's corporate credit rating was B (outlook stable) from Standard & Poor's and B (outlook stable) from Fitch.

Loans – Secured

In November 2023, Karoon Energy Ltd's wholly owned subsidiaries, KEI (Brazil Santos) Pty Ltd, KEI Finance 1 Pty Ltd and Karoon Petróleo & Gás Ltda, entered into a new facility ("New Facility") with commitments totalling US\$340 million. The New Facility is a syndicated revolving credit facility provided by lenders comprising Deutsche Bank AG, ING Belgium SA/NV, Macquarie Bank Limited and Shell Western Supply and Trading Limited.

The New Facility is secured against various group assets (including Baúna/Patola and Who Dat) and guaranteed by various Group members which comprise no less than 90% of EBITDAX and 90% of total assets.

The New Facility is an amortising reserves based loan, bears interest at a rate comprising a benchmark rate of term SOFR plus the applicable margin, and has a maturity date of 30 September 2028. The availability of funds under the New Facility remains subject to semi-annual redetermination and the facility reduction schedule (commencing 31 March 2026).

Borrowings relating to amounts drawn to fund a portion of the Who Dat acquisition consideration were subsequently repaid during May 2024 from the net proceeds of the issuance of Notes.

As at the balance date, the New Facility was undrawn.

Notes – Secured

In May 2024, Karoon USA Finance Inc issued US\$350 million of Second Priority Senior Secured Notes ("Notes") with a coupon of 10.50%, which are due for repayment in May 2029. The Notes are guaranteed by Karoon Energy Ltd and certain subsidiaries of the Group. Payment of interest on the Notes, termed coupons, is payable semi-annually in arrears.

The net proceeds from the issuance of Notes were applied to repayment of amounts outstanding under the New Facility with the balance retained as cash.

Brent Oil Price Hedging

In accordance with the terms of the New Facility and linked to any drawn amounts, Karoon enters into hedging arrangements in respect of oil price from time to time over a proportion of production and over a period of up to 24 months. During the period ended 31 December 2024, Karoon entered into a collar structure consisting of 4.264 million bought put options and 4.264 million sold call options, covering the period from March 2024 to December 2025.

Covenants

The Group has complied with all loan covenants throughout the reporting period.

NOTE 18. OTHER FINANCIAL ASSETS AND LIABILITIES

The Group's other financial liabilities include derivative financial instruments designated as cash flow hedges, and a derivative financial instrument relating to contingent consideration for the acquisition of an asset.

Derivatives designated as hedging instruments

The Group has entered into derivative financial instruments to hedge its exposure to cash flow risk from movements in oil price (commodity price risk) arising from highly probable forecasted future oil sales. At the inception of a hedge relationship, the Group documents the risk management objective and strategy for undertaking the hedge transaction. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including, if required, the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Derivative financial instruments are presented as current assets or liabilities to the extent they are expected to be realised or settled within twelve months after the end of the reporting period. Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ('OCI') and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The Group designates only the change in fair value of the spot element of the derivative transaction contracts (the intrinsic value of the option) as the hedging instrument in cash flow hedging relationships. The change in fair value of the value of the option contract in relation to time value of money is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

For all financial hedged derivative transaction contracts, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flows is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Assets		
Current		
Derivative financial instruments – cash flow hedges ⁽ⁱ⁾	0.6	0.2
Total assets	0.6	0.2
Liabilities		
Current		
Embedded derivative – contingent consideration payable ⁽ⁱⁱ⁾	87.6	86.0
Total current other financial liabilities	87.6	86.0
Non-current		
Embedded derivative – contingent consideration payable ⁽ⁱⁱ⁾	55.4	136.5
Total non-current other financial liabilities	55.4	136.5
Total other financial liabilities	143.0	222.5

(i) The Group has entered into Brent oil price derivative hedges, via a collar structure consisting of bought put and sold call options covering the period from March 2024 to December 2025. The purpose of the hedges is to protect operating cash flows from a portion of crude oil sales against the risk of lower oil prices while retaining significant exposure to oil price upside. The hedges are also a requirement of the syndicated loan facility (refer Note 17).

The bought put and sold call options have been designated as cash flow hedges, and in the current period, changes in the fair value of the options and costs of hedging of \$7.5m pre-tax (\$4.9m net of tax) have been recognised in the hedging reserves within equity (refer Note 19). \$12.2m pre-tax has been reclassified to profit or loss. No losses were recognised in profit or loss for hedge ineffectiveness during the period.

At 31 December 2024, the Group had the following outstanding hedges:

FINANCIAL PERIOD	BOUGHT PUT STRIKE (US\$/BBL)	PUT VOLUME (‘000 BBL)	SOLD CALL AVERAGE STRIKE (US\$/BBL)	CALL VOLUME (‘000 BBL)
2025: 1 January 2025 to 31 December 2025	58	1,569	92	1,569
		1,569	92	1,569

(ii) Reconciliation of contingent consideration payable

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Balance at beginning of financial period	222.5	219.0
Payments	(86.0)	–
Unrealised fair value changes recognised in profit or loss during the period	6.5	3.5
Total contingent consideration payable at fair value	143.0	222.5

The contingent consideration arrangement for the acquisition of Baúna requires Karoon’s wholly owned subsidiary, Karoon Petr6leo & G6s Ltda., to pay Petrobras contingent consideration of up to US\$285 million.

NOTE 18. OTHER FINANCIAL ASSETS AND LIABILITIES CONTINUED

The contingent consideration accrues interest at 2% per annum from 1 January 2019 with any amounts payable by 31 January after the completion of the relevant testing period. The relevant testing periods are each calendar year from 2022 to 2026 inclusive and are based on the achievement of annual average Platts Dated Brent oil prices thresholds commencing at ≥US\$50 and ending at ≥US\$70 a barrel.

After the testing of each year, any amount deemed not payable is cancelled and not carried forward. The amount payable each calendar year excluding interest depending on achievement of certain oil prices is disclosed below:

AVERAGE BRENT PRICE (IN US\$ UNITS)	CY2022	CY2023	CY2024	CY2025	CY2026	TOTAL
B < 50	–	–	–	–	–	–
50 ≤ B < 55	3	3	3	2	2	13
55 ≤ B < 60	17	17	17	8	4	63
60 ≤ B < 65	34	34	34	15	6	123
65 ≤ B < 70	53	53	53	24	10	193
B ≥ 70	78	78	78	36	15	285

At 31 December 2024, based on the Group's internal assessment of future oil prices and industry consensus, the amount payable continues to accrue at the maximum amount payable plus interest. \$87.6m, the amount payable in respect of the 2024 calendar year, was paid in January 2025. The fair value of the total amount payable has been revised upwards by \$6.5m due to a revision in the discount rate.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS*Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The fair value of the contingent consideration is based on the Group's internal assessment of future oil prices, which considers industry consensus and observable prices, inflation and an appropriate risk-free rate. Changes in assumptions relating to these factors could affect the reported fair value of the financial instrument. A discount rate of 2.80% and interest per annum of 2% have been applied in the calculation of the present value at 31 December 2024.

NOTE 19. CONTRIBUTED EQUITY AND RESERVES WITHIN EQUITY*Ordinary shares are classified as equity*

Transaction costs directly attributable to the issue of new ordinary shares, share options or performance rights are shown in equity as a deduction, net of any related income tax, from the proceeds. Transaction costs are the costs that are incurred directly in connection with the issue of new ordinary shares, and which would not have been incurred had those ordinary shares not been issued. These directly attributable transaction costs include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and marketing costs.

Where the Company acquires its own ordinary shares, as a result of a share buy-back, those ordinary shares are cancelled. No gain or loss is recognised, and the consideration paid to acquire the ordinary shares, including any transaction costs directly attributable, net of any related income tax, is recognised directly as a reduction from equity.

(a) Contributed Equity

	AS AT 31 DECEMBER 2024 NUMBER	AS AT 31 DECEMBER 2023 NUMBER	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Ordinary shares, fully paid	764,369,698	801,234,076	1,174.6	1,210.8
Total contributed equity	764,369,698	801,234,076	1,174.6	1,210.8

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Voting rights of shareholders are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held.

Ordinary shares participate in dividends as declared from time to time and the proceeds on winding up of the Company in proportion to the number of fully paid ordinary shares held.

(b) Movement in Ordinary Shares

DATE	DETAILS	NOTE	NUMBER OF ORDINARY SHARES	US\$M
1 July 2023	Opening balance in previous financial period		563,359,327	907.5
27 November 2023	Ordinary shares issued		188,420,971	251.1
12 December 2023	Ordinary shares issued		45,922,434	61.2
	Transaction costs arising on ordinary shares issued		-	(9.0)
	Performance rights conversion	25(a)	3,531,344	-
31 December 2023	Balance at end of financial period		801,234,076	1,210.8
	Deferred tax adjustment on transaction costs arising on ordinary shares issued in prior period		-	1.4
	Transaction costs arising on ordinary shares issued in prior period		-	(0.4)
	Ordinary shares bought back (on-market) and cancelled		(38,989,915)	(37.2)
	Performance rights conversion	25(a)	2,125,537	-
31 December 2024	Balance at end of financial period		764,369,698	1,174.6

(c) Capital Management

The Board controls the capital of the Company in order to ensure that the Group can fund its operations and continue as a going concern. The aim is to maintain a capital structure that ensures the lowest cost of capital to the Company.

The Chief Executive Officer and Managing Director manages the Company's capital by monitoring future rolling cash flows and adjusting its capital structure, as required, in consultation with the Board to meet Group business objectives. As required, the Group will balance its overall capital structure through the issue of new ordinary shares, share buy-backs and utilising short-term and long term loan facilities when necessary.

There were no externally imposed capital management restrictions on the Group during the financial period.

NOTE 19. CONTRIBUTED EQUITY AND RESERVES WITHIN EQUITY CONTINUED**(d) Reserves Within Equity****(i) Share-based Payments Reserve**

The share-based payments reserve is used to recognise the grant date fair value of equity-settled share-based payments to Executive Directors, other key management personnel and employees as part of their remuneration, as described in the policy under Note 25 'Share based payments'.

(ii) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of financial statements into the presentation currency as described in Note 1(c). The relevant amounts included in the foreign currency translation reserve will be recognised in the consolidated statement of profit or loss and other comprehensive income when each relevant investment in the entity is disposed.

(iii) Hedging Reserves

The Group has entered into Brent oil price derivative hedges. Refer to Note 18(i) for more details.

The Group designates only the change in fair value of the spot element of the derivative transaction contracts (the intrinsic value of the option) as the hedging instrument in cash flow hedging relationships. The change in fair value of the value of the option contract in relation to time value of money is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

The following is a reconciliation of the movement of the hedging reserves:

	COST OF HEDGING RESERVE US\$M	INTRINSIC VALUE OF OPTIONS US\$M	TOTAL HEDGING RESERVES US\$M
Balance at beginning of financial period	(6.1)	–	(6.1)
Change in fair value of cash flow hedges and cost of hedging recognised in OCI	(4.6)	–	(4.6)
Reclassified from OCI to profit or loss – included in other expenses	12.2	–	12.2
Deferred tax	(2.7)	–	(2.7)
Balance at end of financial period	(1.2)	–	(1.2)

(iv) Distribution Reserve

The distribution reserve is used to record distributable profits generated by the Parent entity, Karoon Energy Ltd.

NOTE 20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), commodity price risk, credit risk and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of financial risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rates and commodity prices.

The overall financial risk management strategy of the Group is governed by the Board through the Audit, Risk and Governance Committee and is primarily focused on ensuring that the Group is able to finance its business plans, while minimising potential adverse effects on financial performance. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate, commodity price and credit risks, use of derivative financial instruments and investment of excess cash. Financial risk management is carried out by the Company's finance function under policies approved by the Board. The finance function identifies, evaluates and if necessary, hedges financial risks in close co-operation with the Chief Executive Officer and Managing Director. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities.

The Group's financial instruments consist of cash and cash equivalents, receivables, security deposits, trade and other payables, lease liabilities, borrowings, derivative financial instruments designated as cash flow hedges, and embedded derivatives.

The totals for each category of financial instruments in the consolidated statement of financial position are as follows:

	NOTE	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Financial assets			
Cash and cash equivalents	8	341.2	170.4
Receivables	9	61.8	56.4
Other financial assets	18	0.6	0.2
Total financial assets		403.6	227.0
Financial liabilities			
Trade and other payables (refer note (i) below)		57.1	73.8
Borrowings (refer note (ii) below)	17	350.0	274.1
Other financial liabilities (refer note (iii) below)	18	143.0	222.5
Lease liabilities	14	177.7	224.4
Total financial liabilities		727.8	794.8

(i) Trade and other payables above exclude amounts relating to annual leave liabilities, which are not considered a financial instrument.

(ii) Borrowings exclude transaction costs which are not considered a financial instrument.

(iii) Other financial liabilities relate to the contingent consideration payable to Petrobras as part of the acquisition of Baúna (refer Note 18).

(a) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Company's functional currency.

The Group's revenue, significant operating expenditure including the FPSO charter lease and a large component of capital obligations are predominantly denominated in US\$.

The Group's remaining foreign exchange risk exposures relate to administrative and business development expenditures incurred at the corporate level in A\$; and operating and capital expenditures incurred by the Group in relation to operating the Baúna production asset in Brazil in Brazilian REAL. These items are translated to US\$ equivalents at each period end, and the associated gain or loss is taken to the consolidated statement of profit and loss and other comprehensive income.

The Group manages foreign exchange risk at the corporate level by monitoring forecast cash flows in currencies other than US\$ and ensuring that adequate Brazilian REAL and A\$ cash balances are maintained. Foreign currencies are bought on the spot market in excess of immediate requirements. Where currencies are purchased in advance of requirements, these balances do not usually exceed 3 months' requirements. The appropriateness of A\$ and Brazilian REAL holdings are reviewed regularly against future commitments and current A\$ and Brazil REAL market expectations.

Periodically, sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used. Foreign currency hedging transactions were not entered into during the financial period or previous financial periods.

The Group is not exposed to material translation exposures at the end of the current financial period as the majority of its financial assets and liabilities are denominated in US\$ and as such, no foreign currency sensitivity analysis has been disclosed.

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED**(a) Market Risk continued****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of financial assets and financial liabilities will fluctuate because of changes in market interest rates. Interest rate risk is managed on a Group basis at the corporate level. This risk is managed through the use of cash flow forecasts supplemented by sensitivity analysis.

As at 31 December 2024 and 31 December 2023, there was no interest rate hedging in place.

The Group's interest rate risk arises from any borrowings at floating rates and cash and cash equivalents and security deposits which earn interest at floating rates. As long term borrowings and the majority of cash and cash equivalents are held in US\$'s, the primary exposure is to US\$ interest rates.

An analysis of the Group's exposure to interest rate risk for financial assets and financial liabilities at the end of the financial period is set out below:

	FLOATING INTEREST RATE US\$M	FIXED INTEREST RATE US\$M	NON- INTEREST BEARING US\$M	FAIR VALUE US\$M	CARRYING AMOUNT US\$M
31 DECEMBER 2024					
Financial assets					
Cash and cash equivalents	207.4	133.5	0.3	341.2	341.2
Receivables	-	-	61.8	61.8	61.8
Other financial assets	-	-	0.6	0.6	0.6
Total financial assets	207.4	133.5	62.7	403.6	403.6
Financial liabilities					
Trade and other payables	-	-	57.1	57.1	57.1
Borrowings	-	350.0	-	350.0	350.0
Other financial liabilities	-	143.0	-	143.0	143.0
Lease liabilities	-	-	177.7	177.7	177.7
Total financial liabilities	-	493.0	234.8	727.8	727.8
31 DECEMBER 2023					
Financial assets					
Cash and cash equivalents	164.5	5.9	-	170.4	170.4
Receivables	-	-	56.4	56.4	56.4
Other financial assets	-	-	0.2	0.2	0.2
Total financial assets	164.5	5.9	56.6	227.0	227.0
Financial liabilities					
Trade and other payables	-	-	73.8	73.8	73.8
Borrowings	274.1	-	-	274.1	274.1
Other financial liabilities	-	222.5	-	222.5	222.5
Lease liabilities	-	-	224.4	224.4	224.4
Total financial liabilities	274.1	222.5	298.2	794.8	794.8

Interest Rate Sensitivity Analysis

The following table details the Group's sensitivity to a 1% p.a. increase or decrease in interest rates, with all other variables held constant. The sensitivity analysis is based on the balance of floating interest rate amounts held at the end of the financial period.

The sensitivity analysis is not fully representative of the inherent interest rate risk, as the financial period end exposure does not necessarily reflect the exposure during the course of a financial period. These sensitivities should not be used to forecast the future effect of movements in interest rates on future cash flows.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Change in profit/(loss) before income tax		
– Increase of interest rate by 1% p.a.	2.1	(1.0)
– Decrease of interest rate by 1% p.a.	(2.1)	1.0
Change in financial instruments		
– Increase of interest rate by 1% p.a.	2.1	(1.0)
– Decrease of interest rate by 1% p.a.	(2.1)	1.0

(b) Commodity Price Risk

The Group is exposed to commodity price fluctuations associated with the production and sale of oil. Commodity price risk is managed on a Group basis at the corporate level. To mitigate commodity price risk, in the current and prior periods, the Group has entered into Brent oil price cash flow hedges. In the current period, the Group entered into Brent oil price cash flow hedges via a collar structure consisting of bought put and sold call options covering the period from March 2024 to December 2025. During the financial period, approximately 30% of actual production volume was hedged. At reporting date, the Group held hedging financial instruments with a net asset carrying value of \$0.6m (refer Note 18). At 31 December 2024, a 10% increase or decrease in the Brent oil price would have no material impact on the hedge related balances within the financial statements.

Commodity Price Sensitivity Analysis – Contingent Consideration

As part of the acquisition of Baúna, the Group agreed to pay Petrobras contingent consideration of up to \$285 million plus interest of 2% per annum accruing from 1 January 2019. The fair value of the contingent consideration has been accounted for as an embedded derivative and estimated by calculating the present value of the future expected cash outflows. The estimates are based on the Group's internal assessment of future oil prices. A discount rate of 2.80% and inflation factor of 2% have also been applied. Refer to Note 18 for more details.

The following table details the Group's sensitivity to a 10% increase or decrease in its internal assessment of future oil prices on the contingent consideration payable to Petrobras. At 31 December 2024, with the US\$70 per barrel threshold triggered over calendar years 2022–2026, the maximum contingent consideration payable has been recognised and as such a 10% increase in the oil price would have no impact on the financial statements.

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Change in profit/(loss) before income tax		
– Increase of oil price by 10%	–	–
– Decrease of oil price by 10%	13.1	21.9
Change in financial liabilities		
– Increase of oil price by 10%	–	–
– Decrease of oil price by 10%	(13.1)	(21.9)

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED**(c) Credit Risk**

The maximum exposure to credit risk at the end of the financial period is the carrying amount of the financial assets as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents and security deposits held with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and refundable tax credits.

Credit risk is managed on a Group basis at the corporate level. To minimise credit risk, the Group has adopted a policy of only dealing with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result being the Group's exposure to bad debts is minimised. The Group does not currently hold collateral, nor does it securitise its receivables.

The Group has policies in place to ensure that services are made to customers with an appropriate credit history.

Cash and cash equivalents and security deposit counterparties are limited to credit quality banks and financial institutions. For banks and financial institutions in Australia, only independently rated counterparties with a minimum rating of Aa3/A2 are accepted. For banks and financial institutions in Brazil, only independently rated counterparties with a minimum rating of Baa1 are accepted. For banks and financial institutions in Brazil, with independently rated counterparty ratings below Baa1, exposure cannot exceed the short-term country specific cash requirements unless they are associated banks of an International Bank with a higher credit rating. Cash and cash equivalents are held offshore by the Group's Brazilian subsidiary out of London with an International Bank with a rating of Baa1. The Group's credit exposure and external credit ratings of its counterparties are monitored on a periodic basis. Where commercially practical, the Group seeks to limit the amount of credit exposure to any one bank or financial institution.

(i) Impairment of Financial Assets

The Group has two types of financial assets that are subject to AASB 9 '*Financial Instruments*' 'expected credit loss' model: receivables and security deposits. The Group has applied the AASB 9 general model approach to measure expected credit losses for all receivables and security deposits.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was considered not significant given the counterparties and/or the short maturity.

Expected Credit Loss

When required, the carrying amount of the relevant financial asset is reduced through the use of a loss allowance account and the amount of any loss is recognised in the consolidated statement of profit or loss and other comprehensive income. When measuring expected credit losses, balances are reviewed based on available external credit ratings, historical loss rates and the days past due.

Receivables

The Group's receivables are considered to have low credit risk on the basis that there is a very low risk of default and the debtors have a strong (robust) capacity to meet their obligations in the short-term. The average DPO is 30 to 45 days and debtors have a healthy credit risk rating. Accordingly, for receivables management has assessed an impairment test using a 12-month expected credit loss model measure and determined that there are no expected credit losses.

As at 31 December 2024, there were \$Nil (31 December 2023: \$Nil) receivables past due and the loss allowance for receivables recognised during the financial period was \$Nil (31 December 2023: \$Nil).

(ii) Impairment of Assets (Other than Oil and gas assets and Capitalised Exploration and Evaluation Expenditure)

At the end of each reporting period, the Group conducts an internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by ensuring that there are sufficient funds available to meet financial obligations on a day-to-day basis and to meet unexpected liquidity needs in the normal course of business. Emphasis is placed on ensuring there is sufficient funding in place to meet the ongoing operational requirements of the Group's production activities, exploration, evaluation and development expenditure, and other corporate initiatives.

The following mechanisms are utilised to manage liquidity risk:

- preparing and maintaining rolling forecast cash flows in relation to operational, investing and financing activities;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets;
- managing credit risk related to financial assets;
- when necessary, utilising short-term and long term loan facilities;
- investing surplus cash only in credit quality banks and financial institutions; and
- maintaining a reputable credit profile.

At the end of the financial period, the Group held cash and cash equivalents at call of \$341.2m (31 December 2023: \$170.4m) that are expected to readily generate cash inflows for managing liquidity risk. The Group had external borrowings of \$350.0m (31 December 2023: \$274.1m).

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Floating rate		
– Expiring beyond one year (syndicated loan facility)	340.0	–

An analysis of the Group's financial liabilities contractual maturities at the end of the financial period is set out in the tables below. The amounts disclosed in the table are the contractual undiscounted cash flows comprising principal and interest repayments.

	LESS THAN 6 MONTHS US\$M	6-12 MONTHS US\$M	1-3 YEARS US\$M	3-5 YEARS US\$M	OVER 5 YEARS US\$M	TOTAL US\$M
31 DECEMBER 2024						
Financial liabilities						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	52.2	–	4.9	–	–	57.1
Borrowings	18.4	18.4	73.5	405.1	–	515.4
Lease liabilities	30.1	30.6	120.5	13.7	–	194.9
<i>Derivative financial liabilities</i>						
Derivative financial instruments – cash flow hedges	0.1	0.5	–	–	–	0.6
Contingent consideration – embedded derivative	87.6	–	39.4	16.0	–	143.0
Total financial liabilities	188.4	49.5	238.3	434.8	–	911.0

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED

(d) Liquidity Risk continued

	LESS THAN 6 MONTHS US\$M	6-12 MONTHS US\$M	1-3 YEARS US\$M	3-5 YEARS US\$M	OVER 5 YEARS US\$M	TOTAL US\$M
31 DECEMBER 2023						
Financial liabilities						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	67.9	–	5.9	–	–	73.8
Borrowings	0.1	–	91.3	182.7	–	274.1
Lease liabilities	30.0	30.3	119.8	73.2	–	253.3
<i>Derivative financial liabilities</i>						
Contingent consideration – embedded derivative	86.0	–	87.6	58.6	–	232.2
Total financial liabilities	184.0	30.3	304.6	314.5	–	833.4

(e) Fair Value Estimation

For disclosure purposes only, the fair values of financial assets and financial liabilities as at 31 December 2024 and 31 December 2023 are presented in the table under Note 20(a)(ii) and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values estimated for disclosure purposes are based on information that is subject to judgement, where changes in assumptions may have a material impact on the amounts estimated.

The following summarises the significant methods and assumptions used in estimating fair values of financial assets and financial liabilities for disclosure purposes:

Cash and Cash Equivalents

The carrying amount is fair value due to the liquid nature of these assets.

Receivables

The carrying amounts of current receivables are assumed to approximate their fair values due to their short-term nature.

Security Deposits

The carrying amounts of security deposits are assumed to represent their fair values based on their likely realisability profile.

Trade and Other Payables

Due to the nature of these financial liabilities, their carrying amounts are a reasonable approximation of their fair values.

Lease Liabilities

Fair value is calculated based on the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's estimated incremental borrowing rate.

Derivative Financial Instruments – Cash Flow Hedges

The fair value of derivative financial instruments designated as cash flow hedges are obtained from third party valuations. The fair value is determined using valuation techniques which maximise the use of observable market data.

Other Financial Liabilities – Embedded Derivative

The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash outflows. The estimates are based on the Group's internal assessment of future oil prices, which considers industry consensus and observable oil price forecasts. A discount rate of 2.80% and 2% inflation factor has also been applied.

Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique in accordance with AASB 13 '*Fair Value Measurement*':

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments were valued using the Level 2 valuation technique. There has been no change in levels since the prior year.

SECTION F: GROUP STRUCTURE

NOTE 21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described throughout the notes.

NAME	COUNTRY OF INCORPORATION OR REGISTRATION	BUSINESS ACTIVITIES CARRIED ON IN	PERCENTAGE OF EQUITY AND VOTING INTERESTS HELD BY THE GROUP	
			AS AT 31 DECEMBER 2024 %	AS AT 31 DECEMBER 2023 %
Parent Company:				
Karoon Energy Ltd	Australia	Australia		
Unlisted subsidiaries of Karoon Energy Ltd:				
Karoon Energy International Pty Ltd	Australia	Australia	100	100
Karoon Gas Browse Basin Pty Ltd	Australia	Australia	100	100
Karoon Gas (FPSO) Pty Ltd	Australia	Australia	100	100
Unlisted subsidiaries of Karoon Energy International Pty Ltd:				
KEI (Brazil Santos) Pty Ltd	Australia	Australia	100	100
Karoon Peru Pty Ltd	Australia	Australia	100	100
KEI (Peru Z38) Pty Ltd	Australia	Australia	100	100
A.C.N. 672 679 793 Pty Ltd	Australia	Australia	100	100
Unlisted subsidiaries of KEI (Brazil Santos) Pty Ltd:				
KEI Finance 1 Pty Ltd	Australia	Australia	100	100
Karoon Petróleo & Gás Ltda	Brazil	Brazil	100	100
Branch of KEI (Peru Z38) Pty Ltd:				
KEI (Peru Z38) Pty Ltd, Sucursal del Peru	Peru	Peru	100	100
Unlisted subsidiaries of A.C.N. 672 679 793 Pty Ltd				
KUSA Inc.	USA	USA	100	100
Karoon USA Finance Inc	USA	USA	100	–

NOTE 22. PARENT COMPANY FINANCIAL INFORMATION

The financial information for the Parent Company, Karoon Energy Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of Karoon Energy Ltd. They are held for strategic and not trading purposes. Dividends received from subsidiaries are recognised in the profit or loss.

Share-based Payments

The grant by the Company of equity-settled performance rights over its ordinary shares to the employees of subsidiary companies in the Group is treated as a capital contribution to that subsidiary company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

(a) Summary Financial Information

The individual financial statements for the Parent Company show the following aggregate amounts:

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
Statement of financial position		
Current assets	111.4	31.9
Non-current assets	655.3	478.9
Total assets	766.7	510.8
Current liabilities	4.8	9.9
Non-current liabilities	2.9	0.1
Total liabilities	7.7	10.0
Net assets	759.0	500.8
Contributed equity	1,174.6	1,210.8
Accumulated losses	(644.9)	(620.7)
Distribution reserve	367.8	-
Share-based payments reserve	60.1	57.7
Foreign currency translation reserve	(198.6)	(147.0)
Total equity	759.0	500.8
Profit/(Loss) for financial period	367.8	(21.9)
Total comprehensive profit/(loss) for financial period	49.3	0.5

(b) Contingent Liabilities of Parent Company

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
(i) Bank guarantees were provided in respect of property lease rental agreements. These guarantees may give rise to liabilities in the Parent Company if obligations are not met under these guarantees. The bank guarantees given to lessors are fully funded by way of payment of security deposits.	0.2	0.2
(ii) The Company's present intention is to provide the necessary financial support for all Australian incorporated subsidiaries, whilst they remain wholly owned subsidiaries, as is necessary for each company to pay all debts as and when they become due.		

(c) Guarantees Entered into by Parent Company

- A parent company guarantee totalling BRL \$117.7 million (US\$19.0 million equivalent at 31 December 2024) was provided to the ANP in respect of existing decommissioning obligations relating to the Baúna field. A surety bond has been issued to the ANP to replace this guarantee. Management is actively working to have the Parent Company guarantee released.
- Parent Company guarantees have been provided to the ANP guaranteeing a subsidiary's obligations under Concession Agreements covering Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102 and S-M-1537 in Brazil.

NOTE 23. ASSET ACQUISITION**Karoon completes acquisition of interests in the US Gulf of Mexico (GoM)**

Karoon successfully completed the acquisition of interests in the US GoM from LLOG Exploration Offshore, LLC and LLOG Omega Holdings (collectively referred to as "LLOG"), on 21 December 2023. The acquisition comprises a 30% working interest in the Who Dat and Dome Patrol fields, including the associated infrastructure, ~16% working interest in the Abilene field and varying interests in adjacent exploration acreage.

In the prior period, upon completion, Karoon transferred US\$684 million to LLOG. This amount consisted of the initially agreed purchase price of US\$720 million less the US\$36 million deposit which had already been paid. The final payment for the purchase was funded by a US\$274 million drawdown from the company's newly sanctioned US\$340 million debt facility, US\$312 million attained from a fully-underwritten equity issue, and the remainder from existing cash reserves.

During the current period, in accordance with the purchase and sale agreement, the completion price adjustment was agreed by both parties and Karoon made a final settlement payment of \$1.9m to LLOG.

The final purchase price of US\$721.7m has been allocated to the acquired assets and liabilities based on their relative fair values as follows:

	NOTE	31 DECEMBER 2024 US\$M	31 DECEMBER 2023 US\$M
Oil and gas assets	12	1.9	696.9
Provision for restoration	15(b)	-	(60.1)
Exploration and evaluation assets	13	-	83.0
Net purchase price paid		1.9	719.8

The acquisition includes the following equity interests in joint operations:

Field	Location	Unincorporated equity net working interest %		Principal activities	Operator of joint operation
		Dec 24	Dec 23		
Who Dat	US Gulf of Mexico	30	30	Producing and Developing Assets	LLOG
Dome Patrol	US Gulf of Mexico	30	30	Producing and Developing Assets	LLOG
Abilene	US Gulf of Mexico	~16	~16	Producing and Developing Assets	LLOG
Who Dat East	US Gulf of Mexico	40	40	Exploration and evaluation	LLOG
Who Dat South	US Gulf of Mexico	30	30	Exploration and evaluation	LLOG
Who Dat West	US Gulf of Mexico	35	35	Exploration and evaluation	LLOG

SECTION G: OTHER INFORMATION

NOTE 24. COMMITMENTS

	AS AT 31 DECEMBER 2024 US\$M	AS AT 31 DECEMBER 2023 US\$M
(a) Capital and Service Expenditure Commitments		
Contracts for capital and service expenditure in relation to assets not provided for in the consolidated financial statements and payable.		
Capital commitments		
Not later than one year	24.9	16.1
Later than one year but not later than five years	–	–
Total capital commitments	24.9	16.1
Service commitments		
Service commitments predominantly relating to the services contract with the FPSO operator (separate from charter lease of FPSO asset), with a daily rate for operations payable under the contract.		
Not later than one year	27.4	16.8
Later than one year but not later than five years	21.8	15.3
Total service commitments	49.2	32.1
Total capital and service expenditure commitments	74.1	48.2
(b) Exploration Expenditure Commitments		
The Group has guaranteed commitments for exploration expenditure arising from obligations to governments to perform minimum exploration and evaluation work and expend minimum amounts of money pursuant to the award of exploration tenement Blocks S-M-1537, S-M-1356 and S-M-1482, (31 December 2023: Block S-M-1537 S-M-1356 and S-M-1482) not provided for in the consolidated financial statements and payable.		
Not later than one year	–	5.0
Later than one year but not later than five years	1.8	3.5
Later than five years	3.4	4.0
Total guaranteed exploration expenditure commitments	5.2	12.5

Note, the figures above do not include any commitments in relation to Exploration Blocks S-M-1037 and S-M-1101 relating to the Neon and Goiás light oil discoveries. In accordance with Brazilian regulatory requirements, during January 2019 Karoon submitted both a Final Discovery Evaluation Report and Declaration of Commerciality for the discoveries. This transitioned the Blocks for Brazilian regulatory requirements, from the exploration phase to the development phase. However, it does not mean that Karoon has reached, nor is compelled to reach, a final investment decision ("FID") to proceed into a Development of the discoveries.

Estimates for future exploration expenditure commitments to the government are based on estimated well and seismic costs, which will change as actual drilling locations and seismic surveys are completed and are calculated in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

NOTE 25. SHARE-BASED PAYMENTS

Share-based remuneration benefits are provided to the Chief Executive Officer and Managing Director and employees via the Company's PRP. The Group issues equity-settled share-based payments to certain employees.

The fair value of performance rights granted is recognised as a share-based payments expense in the consolidated statement of profit or loss and other comprehensive income. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of performance rights that are expected to vest.

The fair value is measured at grant date. For equity-settled share-based payments the corresponding credit is recognised directly in the share-based payments reserve in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of performance rights that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income.

The fair value of performance rights, granted for \$nil consideration, at grant date is based on the Company's closing share price at that date, with the exception of long term performance rights granted during the current financial period.

Long term performance rights granted during the current financial period, which are subject to market-based performance conditions, have been valued using a Monte Carlo simulation approach.

The share-based payment plans are described below. There has been no cancellation to a plan during the financial period.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS*Share-based Payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the performance right, volatility and dividend yield and making assumptions about them at grant date. The fair value of long term performance rights issued during the current financial year are valued using a Monte Carlo simulation approach taking into account the terms and conditions on which the performance rights were granted.

The cumulative share-based payments expense recognised reflects the extent, in the opinion of management, to which the vesting period has expired and the number of performance rights granted that will ultimately vest. At the end of each reporting period, the unvested performance rights are adjusted by the number forfeited during the reporting period to reflect the actual number of performance rights outstanding.

(a) Performance Rights Plan ("PRP")

The Company currently has two PRPs in place, the 2019 PRP and 2022 PRP. The 2022 PRP was approved by shareholders at the 2022 Annual General Meeting.

Under the PRP, eligible employees are offered performance rights, which subject to performance conditions, can on exercise be converted to fully paid ordinary shares in the Company, or equivalent cash value, for no consideration provided certain conditions have been met. Vesting of STI performance rights is conditional on the achievement of performance measures, over a one-year performance period, and provided the employee remains employed by the Company for an additional year. Vesting of LTI performance rights is conditional on the achievement of performance measures over a three-year performance period. In each case, the Board, on advice from the People and Culture Committee, will be responsible for assessing whether the performance measures have been achieved. When vested, each performance right is, subject to exercise, convertible into one ordinary share of the Company.

Performance rights granted carry no dividend or voting rights.

If there is a change of control of the Company, for all unexercised performance rights issued pursuant to the Company's PRP, a percentage amount of unvested performance rights may vest on the basis of the pro-rata achievement of pre-determined performance conditions.

During the financial period, the Group granted 628,069 performance rights (31 December 2023: 296,634) over unissued ordinary shares in the Company to the Chief Executive Officer and Managing Director. The performance rights were provided to the Chief Executive Officer and Managing Director and were subject to approval by shareholders at the TY2023 Annual General Meeting. Performance rights issued to Directors are approved on a case-by-case basis by shareholders at relevant general meetings.

The following summary reconciles the outstanding performance rights over unissued ordinary shares in the Company at the beginning and end of the financial period:

	12 MONTHS ENDED 31 DECEMBER 2024 NUMBER	6 MONTHS ENDED 31 DECEMBER 2023 NUMBER
Balance at beginning of financial period	5,708,599	9,063,068
Granted during financial period	3,560,384	1,257,634
Vested and converted during financial period	(2,125,537)	(3,531,344)
Cash-settled during financial period	-	(914,161)
Forfeited during financial period	(570,680)	(166,598)
Balance at end of financial period	6,572,766	5,708,599
Vested and exercisable at end of financial period	64,748	177,689

(i) The weighted average fair value of performance rights granted during the financial period was A\$0.94 (31 December 2023: A\$1.54). Fair values of STI performance rights were based on the Company's closing share price at grant date whereas LTI performance rights were based on a Monte Carlo simulation valuation at grant date. Refer to details at Note 26(b) below.

(ii) The weighted average exercise price of performance rights converted during the financial year was A\$Nil (2023: A\$Nil).

Performance rights issued during the financial period were issued under the 2022 PRP.

Performance rights outstanding as at 31 December 2024 had a weighted average remaining contractual life of 845 days (31 December 2023: 791 days). Details of performance rights outstanding at the end of the financial year are:

GRANT DATE	DATE OF EXPIRY	NUMBER
23 March 2022	30 June 2025	42,421
24 November 2022	30 June 2026	432,577
16 December 2022	30 June 2026	1,506,332
31 March 2023	30 June 2026	105,561
23 November 2023	30 June 2025	22,327
23 November 2023	30 June 2026	12,649
23 November 2023	30 June 2027	890,515
23 May 2024	31 December 2025	367,102
23 May 2024	31 December 2027	2,647,554
1 October 2024	23 June 2027	99,174
1 October 2024	31 December 2027	446,554
Total performance rights		6,572,766

NOTE 25. SHARE-BASED PAYMENTS CONTINUED**(b) Fair Value of Performance Rights**

The fair value of each LTI performance right issued during the financial period was estimated on grant date using the Monte Carlo valuation methodology. The Monte Carlo valuation methodology takes into account the exercise price, the term of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right. The fair value of STI performance rights issued during the current or previous financial periods were based on the Company's closing share price at grant date.

The Group applied the following assumptions and inputs in estimating the weighted average fair value for LTI performance rights:

	12 MONTHS ENDED 31 DECEMBER 2024	6 MONTHS ENDED 31 DECEMBER 2023
Weighted average exercise price	\$A Nil	\$A Nil
Weighted average life of performance rights	1,289 days	1,310 days
Weighted average share price	A\$1.78	A\$2.12
Expected share price volatility	42.89%	44.71%
Risk free interest rate	4.01%	4.34%
Dividend yield	3.95%	1.36%
Weighted average performance rights value	A\$0.84	A\$1.32

Historical volatility was the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

(c) Share-based Payments Expense

Total expenses arising from share-based payment transactions recognised during the financial period, included as part of other expenses in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	12 MONTHS ENDED 31 DECEMBER 2024 US\$M	6 MONTHS ENDED 31 DECEMBER 2023 US\$M
Share-based payments expense (non-cash)	2.4	1.3
Share-based payments expense (cash-settled)	-	0.1
Total share-based payments expense	2.4	1.4

NOTE 26. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

(a) Subsidiaries

Interests in subsidiaries are set out in Note 21.

During the financial period, the Parent Company provided accounting, administrative and technical services to subsidiaries at cost or at cost plus a mark-up where required under relevant tax transfer pricing legislation. These allocations were based on costs recharged on a relevant time allocation of employees and consultants and associated office charges.

Other transactions that occurred were provision of funding by the Parent Company to its overseas subsidiaries via an increase in contributed equity and intercompany loans to the Australian subsidiaries. The intercompany loans provided are at a Nil% interest rate (2023: Nil%) and no fixed term for repayment and therefore will not be repaid within 12 months. Loans are unsecured and are repayable in cash. The Parent Company also received dividends from its Australian subsidiaries during the period.

Where equity-settled performance rights are issued to employees of subsidiaries within the Group, the transaction is recognised as an investment in the subsidiary by the Parent Company and in the subsidiary, a share-based payments expense and an equity contribution by the Parent Company.

The above transactions are eliminated on consolidation.

(b) Remuneration of Key Management Personnel

Directors and other key management personnel remuneration is summarised as follows:

	12 MONTHS ENDED 31 DECEMBER 2024 US\$000	6 MONTHS ENDED 31 DECEMBER 2023 US\$000
Short-term employee benefits	2,163	1,548
Post-employment benefits	177	130
Long term employee benefits (non-cash)	128	(9)
Termination benefits	-	232
Share-based payments expense	892	668
Total key management personnel remuneration	3,360	2,569

Detailed remuneration disclosures for the Directors and other key management personnel are provided in Section 10 of the audited Remuneration Report on pages 53 to 77. Termination of the Executive Director's and other key management personnell's employment is subject to a minimum notice period as disclosed on page 68 of the audited Remuneration Report.

Apart from the details disclosed in this note, no Director or other key management personnel has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' or other key management personnel interests subsisting as at 31 December 2024.

(c) Other Transactions with Directors and Other KMP

During the financial period, Ms Carolina Fraga, a family member of Mr Tadeu Fraga, a Non-Executive Director, remained employed by the Group as P&C Co-ordinator in Brazil. The total value of her remuneration (including share-based payments expense) during the financial period was US\$124,586. Ms Fraga's employment with the Karoon Group commenced prior to the appointment of Mr Fraga.

NOTE 27. REMUNERATION OF EXTERNAL AUDITORS

	12 MONTHS ENDED 31 DECEMBER 2024 US\$'000	6 MONTHS ENDED 31 DECEMBER 2023 US\$'000
The auditor of Karoon Energy Ltd is PricewaterhouseCoopers.		
Remuneration received or due and receivable by the external auditors of the Company for:		
– Audit and review of financial statements of Karoon Energy Ltd Group (PricewaterhouseCoopers Australia)	314	173
– Audit and review of financial statements of controlled entities (Related Practices of PricewaterhouseCoopers Australia)	150	109
Sub-total	464	282
Other assurance services	77	51
Other services		
Other audit-related services ⁽ⁱ⁾	383	–
Total remuneration for external auditors	924	333

(i) Other audit-related services relate to comfort letter procedures performed by the auditor pursuant to the long term bond issuance (refer Note 17).

NOTE 28. SUBSEQUENT EVENTS

On 30 January 2025, Karoon Energy Ltd announced a 2025 Capital Returns Plan and a US\$75 million on-market buyback. The buyback is expected to be completed by 31 December 2025, subject to all necessary approvals.

On 26 February 2025, the Board of Directors of Karoon Energy Ltd declared a final dividend of 5.0 Australian cents per share in respect of the 2024 financial year. Consequently, the financial effect of the dividend has not been brought to account in the 2024 financial statements and will be recognised in subsequent financial reports.

On 27 February 2025, Karoon and Altera & Ocyan (A&O) entered into a Sale and Purchase agreement for the acquisition of the Baúna FPSO (Cidade de Itajaí) which is currently leased by Karoon from A&O, who also operate and maintain the vessel. The acquisition price is \$115 million plus taxes and other completion costs. Subject to the satisfaction of conditions precedent and regulatory approvals, the transaction is expected to complete in Q2 of 2025. As at reporting date the Baúna FPSO (Cidade de Itajaí) is recognised as a right-of-use asset (refer to Note 12 'Oil and Gas assets') with a corresponding lease liability. The full financial effect of the transaction is still being assessed.

Other than the matters described above, there have been no material events which have arisen since 31 December 2024 and up to the date of this report, of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 31 DECEMBER 2024

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

ENTITY	ENTITY TYPE	BODY CORPORATE COUNTRY OF INCORPORATION	BODY CORPORATE % OF SHARE CAPITAL HELD	COUNTRY OF TAX RESIDENCE
Karoon Energy Ltd	Body corporate	Australia	100	Australia
Karoon Energy International Pty Ltd	Body corporate	Australia	100	Australia
Karoon Gas Browse Basin Pty Ltd	Body corporate	Australia	100	Australia
Karoon Gas (FPSO) Pty Ltd	Body corporate	Australia	100	Australia
KEI (Brazil Santos) Pty Ltd	Body corporate	Australia	100	Australia
Karoon Peru Pty Ltd	Body corporate	Australia	100	Australia
KEI (Peru Z38) Pty Ltd	Body corporate	Australia	100	Australia
KEI Finance 1 Pty Ltd	Body corporate	Australia	100	Australia
A.C.N 672 679 793 Pty Ltd	Body corporate	Australia	100	Australia
Karoon Petróleo & Gás Ltda	Body corporate	Brazil	100	Australia
KUSA Inc.	Body corporate	US	100	US
Karoon USA Finance Inc.	Body corporate	US	100	US

DIRECTORS' DECLARATION

The Directors' declare that:

- (a) in the Directors' opinion, the consolidated financial statements and notes, set out on pages 80 to 130 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with relevant Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial period ended on that date; and
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) in the Directors' opinion, the consolidated entity disclosure statement is true and correct.

Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Managing Director, and Executive Vice President and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This Directors' Declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors:



Mr Peter Botten
Independent Non-Executive Chair



Dr Julian Fowles
Chief Executive Officer and Managing Director

27 February 2025

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the members of Karoon Energy Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Karoon Energy Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 31 December 2024
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 31 December 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Liability limited by a scheme approved under Professional Standards Legislation.



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements, for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit, Risk and Governance Committee.

Key audit matter	How our audit addressed the key audit matter
Assessing the carrying value of oil and gas assets (Refer to note 12) As at 31 December 2024, the Group's consolidated statement of financial position includes oil and gas assets amounting to US\$1,180.2 million. The Group's policy is to assess for indicators of impairment annually or more frequently if indicators of impairment exist. During the year, the Group identified an indicator of impairment and completed an impairment assessment for the Baúna and Who Dat cash generating units (CGUs).	We performed the following procedures, amongst others, in relation to this key audit matter: - Evaluated the Group's assessment of whether there were any indicators of impairment, which included a comparison of the net assets of the Group at year end to its market capitalisation as at 31 December 2024. - Assessed whether the composition of each CGU was consistent with our knowledge of the Group's operations. - Evaluated whether the valuation methodology applied by the Group was consistent with the requirements of Australian Accounting Standards.



Key audit matter

The recoverable amounts of the CGUs were estimated under the fair value less costs of disposal method, using discounted cash flow models.

The impairment assessment required the Group to make significant estimates and forward looking assumptions, as described in Note 12.

This was a key audit matter due to the significance of the carrying value of oil and gas assets to the consolidated statement of financial position and the judgements and assumptions involved in estimating the recoverable amounts of the CGUs.

How our audit addressed the key audit matter

- Considered whether the forecast cash flows used in the impairment models were reasonable by comparing, amongst other procedures:
 - The Brent oil price assumptions to current market forecasts, assisted by PwC valuation experts
 - The estimated oil and gas production levels to the Group's most recent Hydrocarbon Reserves and Resource statement, and
 - The forecast operating costs and capital expenditure to the most recent budgets and internal plans.
- Assessed whether the discount rates applied appropriately reflected the risks of the CGUs, assisted by PwC valuation experts.
- Assessed whether the carrying value of each CGU appropriately included directly attributable assets and liabilities.
- Evaluated the reasonableness of the disclosures made in the Group's consolidated financial report against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2024.

In our opinion, the remuneration report of Karoon Energy Ltd for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Graeme McKenna
Partner

Melbourne
27 February 2025

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in the Annual Report is set out below.

The information was applicable for the Company as at 14 February 2024.

DISTRIBUTION OF SHAREHOLDING

The number of shareholders ranked by size of holding is set out below:

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES ON ISSUE
Less than 1,000	3,773	1,891,043
1,001 to 5,000	5,421	15,034,777
5,001 to 10,000	2,626	20,235,305
10,001 to 100,000	4,016	112,349,971
More than 100,000	390	611,126,154
Total	16,226	760,637,250

There were 1,322 shareholders holding less than a marketable parcel of ordinary shares to the value of A\$500.

SUBSTANTIAL SHAREHOLDERS

The following table shows the substantial shareholders, who together with any associates hold five percent or more of the voting rights in the Company, as notified under the Corporations Act as at 14 February 2024.

Name	Number of shares in notice	Date of notice
Australian Retirement Trust	56,517,802	16 December 2024
First Sentier Investor Holdings Pty Limited	39,010,982	7 February 2025
Samuel Terry Asset Management	44,718,234	30 April 2024
Vanguard Group	41,952,104	20 March 2024

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the Company's ordinary shares are listed below:

SHAREHOLDER		FULLY PAID ORDINARY SHARES	
		NUMBER HELD	% OF ISSUED ORDINARY SHARES
1	HSBC Custody Nominees (Australia) Limited	178,957,208	23.53
2	J P Morgan Nominees Australia Pty Limited	124,182,487	16.33
3	Citicorp Nominees Pty Limited	87,058,161	4.43
4	Samuel Terry Asset Management Pty Ltd <Absolute Return Fund AC>	33,700,000	4.43
5	HSBC Custody Nominees (Australia) Limited – A/C 2	14,807,841	1.95
6	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail client>	13,664,371	1.80
7	BNP Paribas Noms Pty Ltd	11,747,926	1.54
8	Washington H Soul Pattinson and Company Limited	8,250,000	1.08
9	National Nominees Limited	5,824,856	0.77
10	Palm Beach Nominees Pty Limited	5,505,120	0.72
11	Pickard Capital Pty Ltd	3,100,000	0.41
12	Netwealth Investments Limited <Wrap Services A/C>	3,043,754	0.40
13	HSBC Custody Nominees (Australia) Limited <Nt-Comnwth Super Corp A/C>	2,594,029	0.34
14	Greenhill Road Investments Pty Ltd	2,417,227	0.32
15	BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	2,363,579	0.31
16	Mr Kenneth Joseph Hall <Hall Park A/C>	2,050,000	0.27
17	BNP Paribas Nominees Pty Ltd <Clearstream>	1,981,564	0.26
18	BNPP Noms Pty Ltd Hub24 Custodial Serv Ltd	1,778,845	0.23
19	Moorgate Investments Pty Ltd	1,723,380	0.23
20	Ropat Nominees Pty Ltd	1,672,465	0.22
Total		506,422,813	66.58

UNLISTED EQUITY SECURITIES: PERFORMANCE RIGHTS

The following performance rights over unissued ordinary shares of the Company are not quoted:

Size of Holding	NUMBER OF HOLDERS	NUMBER OF UNLISTED PERFORMANCE RIGHTS ON ISSUE
Performance rights issued pursuant to Company's Performance Rights Plans	72	6,407,271
Total	72	6,407,271

VOTING RIGHTS

(a) Ordinary Shares, Fully Paid

Voting rights of shareholders are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll each such attending shareholder is entitled to one vote for every fully paid ordinary share held.

(b) Unlisted Performance Rights

No voting rights.

OTHER INFORMATION

The Company was incorporated as a public company on 11 November 2003.

The Company was admitted to the ASX official list during June 2004 and quotation of its ordinary shares commenced on 8 June 2004.

On 30 November 2018, the Company changed its name from Karoon Gas Australia Ltd to Karoon Energy Ltd.

The register of securities is held at Computershare Investor Services Pty Limited, GPO Box 2975 Melbourne VIC 3001 Australia. Investor enquiries can be made via telephone on 1300 850 505 (within Australia).

SCHEDULE OF INTERESTS IN PETROLEUM TENEMENTS

FIELD	EXPLORATION PERMIT/BLOCK	BASIN	OPERATOR	% INTEREST HELD
Baúna	Concession BM-S-40	Santos, Brazil	Karoon	100
Neon	Block S-M-1037	Santos, Brazil	Karoon	100
Goiá	Block S-M-1101	Santos, Brazil	Karoon	100
Clorita	Block S-M-1537	Santos, Brazil	Karoon	100
	Block S-M-1356	Santos, Brazil	Karoon	100
	Block S-M-1482	Santos, Brazil	Karoon	100
	MC 502	Mississippi Canyon, USA	LLOG	30
	MC 503	Mississippi Canyon, USA	LLOG	30
Who Dat	MC W/2 504	Mississippi Canyon, USA	LLOG	30
	MC E/2 546	Mississippi Canyon, USA	LLOG	30
	MC 547	Mississippi Canyon, USA	LLOG	30
Dome Patrol	MC 505	Mississippi Canyon, USA	LLOG	30
Abilene	MC W/2 546	Mississippi Canyon, USA	LLOG	~16
Who Dat South	MC 545	Mississippi Canyon, USA	LLOG	30
	MC 589	Mississippi Canyon, USA	LLOG	30
Who Dat West	MC 629	Mississippi Canyon, USA	LLOG	35
	MC 509 & 421	Mississippi Canyon, USA	LLOG	40
	MC 421	Mississippi Canyon, USA	LLOG	40
Who Dat East	MC 464	Mississippi Canyon, USA	LLOG	40
	MC 465	Mississippi Canyon, USA	LLOG	40
	MC 508	Mississippi Canyon, USA	LLOG	40

GLOSSARY OF TERMS

TERM	DEFINITION
3D seismic	Three-dimensional seismic.
A\$ or AUD	Australian Dollars.
AASB	Australian Accounting Standards Board.
Absolute Emissions	Climate related metric. Industry standard, measuring total mass of Greenhouse Gas Emissions created by working activities, expressed in carbon dioxide equivalent (tCO ₂ e).
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.
API	The American Petroleum Institute gravity, or API gravity, is a measure of how heavy or light a petroleum liquid is compared to water.
APS	IEA developed future scenario; 'A scenario which assumes that all climate commitments made by governments and industries around the world by the end of August 2024, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, as well as targets for access to electricity and clean cooking, will be met in full and on time.'
ARR	Afforestation, Reforestation and Revegetation. A nature-based solution that results in carbon sequestration i.e. a carbon removals offset.
ASRS	Australian Sustainability Reporting Standard. Closely aligned with IFRSS2, Australian mandatory reporting framework for Climate related disclosure, developed by the AASB
ASX	ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange.
ATO	Australian Taxation Office.
Barrel Or Bbl	Barrel of oil, inclusive of condensate. A quantity of 42 United States gallons; equivalent to approximately 159 litres.
Basin	A natural depression on the earth's surface in which sediments, eroded from higher surrounding ground levels, accumulated and were preserved.
Baúna	Concession BM-S-40 containing the producing Baúna, Piracaba and Patola light oil fields in Brazil.
BCF	Billion cubic feet.
Block	A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern.
Boe	Barrel of Oil Equivalent; equivalent to 1 bbl or approximately 159 litres; equivalent to 6000 cubic feet (Mcf) of natural gas.
bopd	Barrels of oil per day.
Carbon Neutral	Condition in which, during a specified period of time, the carbon footprint has been reduced through greenhouse gas (GHG) emission reductions or GHG removal enhancements and, if greater than zero, is then counterbalanced by offsetting.
CO₂e	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide.
Company or Parent Company	Karoon Energy Ltd.
CONAMA	National Brazilian Council for the Environment.
Contingent Resources	Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality). • 1C – Denotes low estimate scenario of contingent resources. • 2C – Denotes best estimate scenario of contingent resources. • 3C – Denotes high estimate scenario of contingent resources.

TERM	DEFINITION
CY	Calendar year beginning 1 January to 31 December.
Director	A Director of Karoon Energy Ltd.
Discovery Well	The first successful well on a new prospect.
DPO	Days Payable Outstanding.
E&P	Exploration and production.
EBITDA	Earnings before Interest, tax, depreciation and amortisation .
EBITDAX	Earnings before Interest, tax, depreciation, amortisation, exploration expense and cost of unsuccessful wells.
Emissions intensity	Total Scope 1 and Scope 2 GHG emissions (kgCO ₂ e) divided by the total production (boe) over the equivalent period.
ESP	Electric submersible pump (downhole equipment).
Essential 8 Maturity	Australian Cyber Security Centre framework for cybersecurity threat protection. 8 Strategies across 4 maturity levels; Application control, Patch applications, Configure Microsoft Office Macros, User application hardening, Restrictive Admin Privileges, Patch Operating systems, Multi-factor Authentication, Regular Backup.
ETS	Emissions Trading System. A system of credit trading designed to incentivise reductions in GHG emissions.
Exploration	The process of identifying, discovering and testing prospective hydrocarbon regions and structures, mainly by interpreting regional and specific geochemical, geological, geophysical survey data and drilling.
FID	Final Investment Decision.
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area although it may refer to both the surface and underground productive formation.
Flaring	The controlled burning of gas produced from oil and gas reservoirs.
FPS	Floating Production System.
FPSO	Floating production, storage and off-loading facility.
FUNAI	National Indigenous People Foundation (Brazil).
FY or financial year	Financial Year.
Gearing	Net debt/(net debt+ book value of equity).
GHG	Greenhouse gas. Inclusive of Carbon Dioxide, Methane, Nitrous Oxide hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃), expressed in terms of the global warming potential of one unit of carbon dioxide.
GHG Protocol	'A Corporate Accounting and Reporting Standard of the GHG Protocol', developed by the World Resources Institute (WRI) covering Scope 1,2 and 3 emissions. Global standard for classifying, calculating and tracking emissions.
GoM	Gulf of Mexico.
GreenPower	A Government accredited renewable energy product operated by NSW Government on behalf of NSW, Victoria and South Australia and offered through energy retailers.

TERM

DEFINITION

GRI	The Global Reporting Initiative is a network-based organisation that promotes sustainability reporting worldwide. The GRI reporting framework sets out principles and indicators that organisations can use to measure and report their environmental, social and governance performance.
GST	Goods and Services Tax in Australia.
GWP	Global Warming Potential.
HPI or HiPo	High Potential Incident.
HSSE	Health, safety, security and environment.
IBAMA	Brazilian Institute of Environmental and Renewable Natural Resources.
IEA	International Energy Agency.
IFRS	International Financial Reporting Standards.
IFRS S1/S2	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB. Globally recognised reporting standards for disclosure of sustainability and climate related data.
IOGP	International Association of Oil and Gas Producers.
IPCC	Intergovernmental Panel on Climate Change.
IPIECA	International Petroleum Industry Environmental Conservation Association.
ISMS	Information Security Management System.
ISSB	International Sustainability Standards Board.
iREC	International renewable energy certificate.
IUAG	Associated Gas Utilization Index.
JV	Joint Venture.
Karoon or Group	Karoon Energy Ltd and its subsidiaries.
KcCO₂e per bbl	Kilograms of carbon dioxide equivalent per barrel of oil.
KMP	Key Management Personnel.
LLOG	LLOG Exploration Offshore, LLC and LLOG Omega Holdings.
Lost Time or Recordable Incident	A recordable incident is any incident that is required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities.
LTI	Lost Time Injury. A fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work cases, due to work-related injuries and according to IOGP definitions. This includes employees and contractors.
LTI	Long-term incentive.
LTIR	Lost time injury rate. (per 200,000 hours).
m	Million.
Market Capitalisation	The product of a company's share price multiplied by the total number of ordinary shares issued by the company.
MMbbl	Millions of barrels (1,000,000 barrels).
MMboe	Millions of barrels of oil equivalent.
MMscf/d	Million standard cubic feet per day.

TERM	DEFINITION
MTC	Medical Treatment Case. An injury requiring prescribed medical treatment, which is beyond the scope of normal first aid.
NED	Non-Executive Director.
Net debt	Total borrowings (excluding transaction costs) less cash and cash equivalents.
Net Zero (Scopes 1 and 2)	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.
NGER	National Greenhouse and Energy Reporting.
NPAT	Net Profit After Tax.
NRI	Net Revenue Interest.
NZE	IEA developed future scenario. 'A scenario which sets out a pathway for the global energy sector to achieve net zero CO ₂ emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. Universal access to electricity and clean cooking are achieved by 2030. The scenario was updated with the latest available data in 2024.'
OMS	Operating Management System.
OPEC	The Organisation of Petroleum Exporting Countries
Operator	One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants.
Performance Rights	Performance rights issued under the PRP.
Permit	A hydrocarbon tenement, lease, license, concession or block.
Petrobras	Petróleo Brasileiro SA.
Process Safety	Tier 1 Process Safety Events: A typical tier 1 process safety event is loss of containment of hydrocarbons greater than 500kg (in any one-hour period). Tier 2 Process Safety Events: A typical tier 2 process safety event is loss of containment of hydrocarbons greater than 50kg but less than 500kg (in any one-hour period).
Prospect	A geological or geophysical anomaly that has been surveyed and defined to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended.
Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. • 1U – Denotes the unrisks low estimate qualifying as Prospective Resources. • 2C – Denotes the unrisks best estimate qualifying as Prospective Resources. • 3C – Denotes the unrisks high estimate qualifying as Prospective Resources.
REAL, Reais or R\$	Brazilian currency.
REBIO	Marine Biological Reserve.
REDD+	Reducing Emissions from Deforestation and forest Degradation, as well as forest conservation, sustainable management of forests, and enhancement of forest carbon stocks.
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. • 1P – Denotes low estimate of Reserves. • 2P – Denotes best estimate of Reserves. • 3P – Denotes high estimate of Reserves.
Reservoir	A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water.

TERM	DEFINITION
Rig	The equipment needed for drilling a well. It includes the onshore and offshore vehicles, mobile platforms or vessel on which the equipment is stored.
Risk	Prospect risk or geologic risk is the assessed chance that the drilling of the prospect will be successful in finding significant volumes of hydrocarbons. The risk is calculated by multiplying the chance of success of each of the petroleum system elements involved in the prospect.
RUMO	Resilience and Union for Marine Organization.
SBCE	Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa. Brazil's GHG Emissions Trading System.
Scope 1 Emissions	Direct GHG emissions occurring from sources controlled or owned by the organisation.
Scope 2 Emissions	Indirect GHGs released from purchased energy.
Scope 3 Emissions	Emissions occurring outside an organisation's boundary, but as a result of its actions.
Seismic survey	A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near vertical plane back to the surface from subsurface boundaries. This data is typically used to determine the depths and form of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures.
SOFR	Secured Overnight Financing Rate.
STEPS	IEA developed future scenario; 'A scenario which reflects current policy settings based on a sector-by-sector and country-by-country assessment of the energy-related policies that were in place by the end of August 2024, as well as those that are under development. The scenario also takes into account currently planned manufacturing capacities for clean energy technologies.'
STI	Short-term incentive.
TCFD	Task Force on Climate Related Financial Disclosures. For more information see www.fsb-tcfd.org/about
tCO₂e	Tonnes of carbon dioxide equivalent.
TRIR	Total Recordable Injury Rate. (per 200,000 hours)
TY23	Transitional Financial year beginning 1 July 2023 and ending on 31 December 2023.
UN SDGs	United Nations Sustainable Development Goals.
US\$	United States dollars.
US, USA	The United States of America.
VER	Verified Emission Reduction. A type of carbon offset certification traded in voluntary or over-the-counter market for carbon credits.

THREE YEAR SUMMARY

6 MONTHS ENDED:		30 Jun 22	31 Dec 22	30 Jun 23	31 Dec 23	30 Jun 24	31 Dec 24
PRODUCTION AND SALES							
Brazil	MMboe	2.1	3.4	3.7	5.4	3.5	3.9
Who Dat (NRI)	MMboe	-	-	-	0.1	1.5	1.4
Total production	MMboe	2.1	3.4	3.7	5.5	5.1	5.3
Sales Volumes	MMboe	2.0	3.4	3.7	5.1	5.5	5.3
Weighted realised Baúna oil price	US\$/bbl	100.79	87.86	73.06	81.51	79.33	75.33
Weighted realised Who Dat oil, condensate and NGL price	US\$/bbl	-	-	-	NM	79.62	71.65
Weighted realised Who Dat gas	US\$/scf	-	-	-	NM	2.95	2.95
INCOME STATEMENT							
Sales Revenue	US\$M	198.6	299.4	267.1	412.9	409.4	367.1
Other income	US\$M	0.6	0.0	0.1	0.1	0.1	0.0
Total Revenue	US\$M	199.2	299.4	267.2	413.0	409.5	367.1
Production costs (incl. FPSO Dep'n and fin costs)	US\$M	(58.5)	(72.5)	(62.5)	(70.4)	(71.3)	(83.9)
Transportation costs	US\$M	0.0	0.0	0.0	(7.8)	(12.1)	(11.2)
Royalties & Levies	US\$M	(22.4)	(30.3)	(36.4)	(45.0)	(24.8)	(26.1)
Business Development, share-based payments & Neon studies	US\$M	(4.6)	(3.7)	(3.1)	(2.2)	(3.4)	(3.3)
Corporate	US\$M	(8.0)	(9.2)	(11.5)	(14.0)	(14.2)	(17.7)
Change in inventories	US\$M	11.6	(6.0)	(5.5)	12.7	(16.9)	0.7
Underlying EBITDAX	US\$M	117.3	177.6	148.1	286.3	266.8	225.6
Exploration costs	US\$M	(1.5)	(1.7)	(2.2)	(3.3)	(1.4)	(3.4)
Underlying EBITDA	US\$M	115.8	175.9	145.9	283.0	265.4	222.2
D&A (ex FPSO)	US\$M	(25.9)	(48.0)	(38.4)	(61.2)	(83.0)	(81.8)
Group EBIT	US\$M	89.9	128.0	107.5	221.8	182.4	140.4
Interest income	US\$M	0.1	1.1	2.9	2.5	4.3	7.3
Finance costs	US\$M	(3.7)	(3.7)	(6.3)	(9.1)	(24.5)	(33.2)
Net interest costs	US\$M	(3.6)	(2.6)	(3.4)	(6.6)	(20.2)	(25.9)
Group PBT	US\$M	86.3	125.4	104.1	215.2	162.3	114.5
Tax expense (Underlying)	US\$M	(22.7)	(42.6)	(41.0)	(70.5)	(46.5)	(16.2)
Underlying NPAT	US\$M	63.6	82.8	63.1	144.7	115.8	98.2
Adjustments (post tax)	US\$M	(30.3)	(5.2)	22.3	(22.2)	(54.0)	(32.5)
Reported NPAT	US\$M	33.3	77.6	85.4	122.5	61.8	65.7
FLOW OF FUNDS							
Net cash flows provided by operating activities	US\$M	70.3	167.1	138.8	303.4	224.3	210.3
Net cashflows from Investing activities (excl. M&A)	US\$M	(52.5)	(142.4)	(129.3)	(8.4)	(71.6)	(59.0)
CFO less CFI (excl. M&A)	US\$M	17.9	24.7	9.5	295.0	152.7	151.3
Acquisition/divestments	US\$M	(42.2)	-	(84.5)	(719.7)	(86.0)	(2.0)
BALANCE SHEET							
Total Assets	US\$M	1,164.1	1,256.8	1,190.4	1,932.5	1,954.0	1,941.5
Total cash	US\$M	157.7	163.2	74.8	170.4	282.2	341.2
Total debt (ex lease liabilities and transaction costs)	US\$M	30.0	30.0	30.0	274.1	350.0	350.0
Net debt/(cash) ex lease liabilities and transaction costs	US\$M	(127.7)	(133.2)	(44.8)	103.7	67.8	8.8
Shareholders equity	US\$M	276.2	379.1	473.6	914.0	977.4	976.4
Gearing (net debt ex leases/ (net debt ex leases + equity)	%	-86%	-54%	-10%	10%	6%	1%
Return on average shareholder equity	%	12%	24%	20%	18%	7%	7%
Return on assets	%	3%	7%	7%	10%	3%	3%
HSSE METRICS							
Fatalities	#	-	-	-	-	-	-
High Potential Incidents	#	-	-	1	-	5	4
Lost Time Injuries (LTI)	#	3	1	-	-	1	1
Medical Treatment cases	#	-	2	-	-	1	1
Restricted Work Cases	#	-	1	-	-	-	-
Work Exposure Hours	# of hours	614,000	1,026,000	922,000	494,000	491,397	552,195
Total Recordable Injury Rate	# per 200,000 hours	0.85		0.00		0.77	
Lost Time Injury Rate	# per 200,000 hours	0.48		0.00		0.38	

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Peter Botten
Independent Non-Executive Chair

Dr Julian Fowles
Chief Executive Officer and Managing Director

Mr Peter Turnbull
Independent Non-Executive Director

Ms Luciana Bastos De Freitas Rachid
Independent Non-Executive Director

Mr Carlos Tadeu da Costa Fraga
Independent Non-Executive Director

Ms Joanne Palmer
Independent Non-Executive Director

Ms Melissa Holzberger
Independent Non-Executive Director

COMPANY SECRETARY

Mr Daniel Murnane

AUDIT, RISK AND GOVERNANCE COMMITTEE MEMBERS

Ms Joanne Palmer
(Chair of Committee)

Mr Peter Turnbull

Mr Peter Botten

PEOPLE AND CULTURE COMMITTEE MEMBERS

Mr Peter Turnbull
(Chair of Committee)

Mr Peter Botten

Ms Melissa Holzberger

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE MEMBERS

Ms Luciana Bastos De Freitas Rachid
(Chair of Committee)

Mr Peter Turnbull

Mr Peter Botten

Mr Carlos Tadeu da Costa Fraga

REGISTERED OFFICE

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EXTERNAL AUDITOR

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SHARE REGISTRAR

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SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the ASX.
The home exchange is Melbourne VIC.

ASX code: KAR

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