

2024 FOURTH QUARTER REPORT

For the period ending 31 December 2024

30 January 2025 | ASX: KAR



HIGHLIGHTS

- 2024 fourth quarter production (4Q24) on a Net Revenue Interest (NRI) basis was 2.59 MMboe, 3% lower than the third quarter (3Q24). Total 2024 full year NRI production was 10.4 MMboe.
- 4Q24 sales volumes of 3.14 MMboe were 53% higher than 3Q24 due to the timing of Baúna liftings, resulting in sales revenue of US\$222.2 million. This took sales revenue for the 2024 full year to US\$776.5 million, a record for Karoon.
- A medical treatment and a lost time injury were reported during the quarter.
- Karoon has completed its exploration program in the US Gulf of Mexico, with two of the three wells successful. The Company has revised its NRI Who Dat East 2C Contingent Resource up 190%, from 5.4 MMboe to 15.7 MMboe, and is currently evaluating resources in Who Dat South following better than expected results. Who Dat West did not encounter significant hydrocarbons. The operator, LLOG, has commenced development studies for Who Dat East and South.
- The 2024 full year results are scheduled to be released on Thursday 27 February 2025. 2024 guidance is largely unchanged, except for a reduction in capex to US\$135 – 138 million (see page 7 for details).
- A flotel-supported maintenance campaign on the FPSO, with the aim of improving Baúna production systems reliability, is expected to commence shortly.
- Karoon is in constructive negotiations with Altera & Ocyan (A&O) regarding the potential acquisition of the Baúna FPSO.
- A vessel has been secured to undertake an intervention in SPS-88 in Baúna. Operations are expected to commence in late first/early second quarter of 2025, with the well back onstream before mid-year.
- After completion of the current US\$25m buyback, the Board intends to undertake additional on-market share buybacks in 2025 totalling US\$75 million (subject to market conditions, capital requirements and shareholder approvals). The buybacks are over and above the 20–40% of NPAT to be returned under Karoon’s capital management framework (see separate release).
- Initial 2025 production guidance is 9.0 – 10.5 MMboe (NRI basis), while unit production costs (NWI basis) are expected to be US\$12.5 – 17.5/bbl. Capex guidance for 2025 is US\$99 – 117 million. This excludes the potential FPSO purchase and will be revised should the transaction be completed (see page 8 for details).

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Karoon share	Three months ended ¹				Year to Dec ¹		
	Sep 24	Dec 24	% Change	Dec 23	2024	2023	% Change
NWI Production (MMboe) ²	2.85	2.76	-3	2.64	11.0	9.2	+21
NRI Production (MMboe) ³	2.68	2.59	-3	2.62	10.4	9.1	+13
Sales Volume (MMboe) ³	2.06	3.14	+53	2.56	10.7	8.7	+22
Sales Revenue (US\$m) ³	144.9	222.2	+53	209.0	776.5	680.0	+14
Capital Expenditure (US\$m)	21.5	36.1	+68	2.1	136.4	104.5	+31
Net Cash/(Debt) (US\$m)	(41.8)	(8.8)	+79	(103.7)	(8.8)	(103.7)	+92
TRI Rate ⁴	0.41	0.77	NA	0	0.77	0	NA
Number of Tier 1 & 2 Process Safety Events	1	0	NA	0	2	0	NA

1. Numbers are unaudited and may not reconcile due to rounding.

2. Includes Baúna Project and Who Dat assets based on Karoon's Net Working Interest.

3. Includes Baúna Project and Who Dat assets, with Who Dat production/sales volumes/sales revenue based on Karoon's Net Revenue Interest (after government and overriding royalties).

4. 12 month rolling average per 200,000 hours

Karoon's CEO and MD, Dr Julian Fowles, said:

"Despite a number of operational challenges in the last quarter of 2024, including a 12 day shut-in to repair two FPSO anchor chains at Baúna and an active hurricane season in the US Gulf of Mexico, CY24 full year production of 10.4 MMboe (NRI basis) was a record for the Company. Full year sales revenue of US\$776.5 million was also the highest ever achieved by Karoon.

While the Baúna Project production is starting to benefit from the work completed to clear the most production-critical maintenance issues, FPSO efficiency in CY24 was 84.5%, well below our long term expectations of 90-95%. A key focus in 2025 will be to increase FPSO efficiency towards that goal. The first step, a flotel-supported campaign to substantially reduce the maintenance backlog and improve equipment redundancy, is expected to commence shortly, once remaining regulatory approvals are received. This, together with the reinstatement of production from SPS-88, which we expect back online at rates of 2,000 – 2,500 bopd before mid-year, is expected to help mitigate natural decline in 2025. We will also be focusing on improving our safety performance relative to 2024 levels.

Longer term, given the significance of the FPSO to our operations, we see measurable operational and economic advantages in having direct control over the vessel. The Company is in negotiations to acquire the FPSO from the current owner and operator, A&O, subject to finalising terms. Further details will be provided if and when a binding agreement is reached.

Karoon's Strategy Seminar, planned for 7 February, will be deferred until after the status of this highly strategic proposed transaction is known.

In the US, the Who Dat gross production for the quarter was 3% lower than in 3Q24, primarily due to the planned annual platform shutdown and gas compressor maintenance. As a mature asset, without interventions Who Dat production, is expected to naturally decline by approximately 15% pa on average. During 2024, natural decline was largely offset by well interventions, sidetracks and production system optimisations. 2025 production will also benefit later in the second half from two well interventions, in line with our long term aim to offset decline rates through periodic infield activities.

Additionally, following the positive results at Who Dat East and Who Dat South, the Operator and joint venture partners have commenced work on potential development options for these discoveries. An update to Who Dat South resources and Who Dat East prospective resources is expected to be included in the annual Reserves and Resources Statement next month. Given their size and proximity to existing production infrastructure, we believe it is likely that they will both prove to be value-accretive development candidates. Together with the potential Neon field development in Brazil, which is progressing towards a Board decision on whether to enter FEED, we now have a range of attractive organic growth opportunities that could potentially create substantial value for shareholders.

Over 2024, net debt fell from US\$104 million to just US\$9 million at 31 December 2024, despite the Baúna production disruptions, active exploration campaign at Who Dat and share buybacks. Following a review of our expected capital requirements in 2025, considering the current share price and applying capital allocation discipline, the Board intends to undertake a series of additional on-market share buybacks totalling a further US\$75 million, subject to various conditions. Together with the two US\$25 million share buybacks announced in 2024, this represents an intended total investment of US\$125 million in Karoon shares over the 18 month period from July 2024 to December 2025, over and above the 20-40% NPAT shareholder distributions (see separate release for further details)."

OPERATIONAL & FINANCIAL SUMMARY¹

		Sep 24	Three months ended		Dec 23
			Dec 24	% Change	
Production					
Baúna					
Oil	MMbbl	1.99	1.92	-4	2.53
Who Dat^{2,5}					
Oil, Condensate & NGLs (NWI ³)	MMbbl	0.61	0.59	-4	0.07
Natural Gas (NWI ³)	Bcf	1.51	1.50	-1	0.25
Total Who Dat (NWI ³)	MMboe	0.86	0.84	-3	0.11
Total Who Dat (NRI ⁴)	MMboe	0.68	0.67	-3	0.09
Total (Baúna & Who Dat NWI)	MMboe	2.85	2.76	-3	2.64
Total (Baúna & Who Dat NRI)	MMboe	2.68	2.59	-3	2.62
Sales					
Baúna					
Oil	MMbbl	1.40	2.46	+75	2.47
Who Dat⁵					
Oil, Condensate & NGLs (NRI ⁴)	MMbbl	0.47	0.50	+6	0.05
Sales Gas (NRI ⁴)	Bcf	1.13	1.07	-5	0.20
Total	MMboe	0.66	0.68	+3	0.08
Total sales	MMboe	2.06	3.14	+52	2.55
Revenue					
Baúna					
Oil	US\$m	106.6	184.5	+73	205.2
Who Dat					
Oil, Condensate & NGLs (NRI ⁴)	US\$m	35.1	34.4	-2	3.4
Sales Gas (NRI ⁴)	US\$m	3.2	3.3	+3	0.4
Total	US\$m	38.3	37.7	-1	3.8
Total revenue	US\$m	144.9	222.2	53	209.0
Average realised prices					
Baúna oil	US\$/bbl	75.98	74.97	-1	83.02
Who Dat oil, condensate and NGLs	US\$/bbl	75.09	68.44	-9	73.33
Who Dat Sales Gas	US\$/mcf	2.83	3.07	+8	2.22

1. Numbers are unaudited and may not reconcile due to rounding.
2. Numbers pending final reconciliation.
3. NWI – Net working interest.
4. NRI – Net revenue interest (after deducting government and overriding royalties).
5. After fuel and flare at the facility.

BAÚNA PROJECT, SANTOS BASIN, BRAZIL

Equity interest: 100%. Operator: Karoon

Baúna Project (BM-S-40) production in 4Q24 was 1.92 MMbbl, 4% lower than the 3Q24. Production was shut-in on 11 December (Brasilia Time) following the failure of two of the 16 FPSO mooring anchor chains. Production recommenced on 22 December (Brasilia Time) after the completion of repairs. Karoon and the FPSO owner and operator, A&O, are reviewing root causes for the failures to help mitigate risks of recurrence.

FPSO efficiency¹ for 4Q24 was 84.6%. This was higher than the 82.9% achieved in the prior quarter which was impacted by works on the gas compressors and main production header in July and August. FPSO efficiency for the full year (excluding scheduled shutdowns) was 84.5%. 4Q24 production averaged approximately 20,900 bopd, or approximately 23,600 bopd excluding the impact of the anchor chain shut in.

¹ FPSO efficiency is defined as the proportion of actual and potential production.

A medical treatment case and a lost time injury were reported at Baúna in 4Q24. Together with Karoon's contractors, additional steps are being taken to strengthen the focus on safety.

Five cargoes were lifted during the period, totalling 2.46 MMbbl, with the cargoes sold to refineries in North America and Europe. Sales volumes during the quarter were higher than 3Q24 due to the sale of a 0.5 MMbbl cargo that was offloaded and in transit, therefore held as inventory, last quarter. The average realised price for the cargoes, net of selling expenses, was US\$74.97/bbl, 1% lower than the average realised price in the prior quarter due to lower global oil prices.

A flotel (a floating hotel moored adjacent to the FPSO), has been contracted to accommodate extra manpower for a planned maintenance program, which is expected to commence shortly, following the receipt of remaining regulatory approvals. The aim of the program is to reduce materially the maintenance backlog and improve equipment redundancy on the FPSO. The maintenance campaign is scheduled to take approximately 60 days, during which the FPSO will be shut down for up to 30 days.

A lightweight well intervention vessel has been contracted to replace the faulty gas lift valve in the SPS-88 completion string, support vessels have been secured and regulatory approvals to undertake the activity received. Operations are expected in the late first or early second quarter of 2025, with SPS-88 back online at forecast rates of 2,000 – 2,500 bopd before the end of 2Q25.

WHO DAT ASSETS, OFFSHORE GULF OF MEXICO, US

Equity interests: Who Dat and Dome Patrol – 30%, Abilene – 16%. Operator: LLOG

Gross Who Dat production in 4Q24 was 29,576 boepd, 3% lower than the prior quarter (30,543 boepd). Production was impacted by an extension of the planned 10 - 14 days shut-down for maintenance to 18 days due to Hurricane Rafael, and a gradual ramp up, over approximately 10 days, to bring Who Dat back to full production. Production on an NRI basis, net to Karoon, was 0.67 MMboe, 3% lower than the 0.68 MMboe produced in the third quarter of 2024.

The average realised price for Who Dat liquids (including oil, condensate and NGLs) was down 9% on the previous quarter, at US\$68.44/bbl, reflecting the decline in global oil prices. However, the Who Dat average realised sales gas price increased 8%, to US\$3.07/mcf. The increase reflected higher Henry Hub gas prices in December due to increased demand resulting from seasonal winter temperatures.

COMMERCIAL AND CORPORATE

CAPITAL EXPENDITURE¹

US\$m	Sep 24	Three months ended		Dec 23
		Dec 24	% Change	
Exploration and appraisal	18.2	31.4	+73	-
Development, plant and equipment	3.3	4.7	+42	2.1
Total	21.5	36.1	+68	2.1

1. Numbers are unaudited and may not reconcile due to rounding.

Total capital expenditure (on an accruals basis) for 4Q24 was US\$36.1 million, of which US\$31.4 million was mainly on the Who Dat exploration wells.

CASH, LIQUIDITY AND CASH FLOWS

US\$m	Sep 24	Three months ended		Dec 23
		Dec 24	% Change	
Cash	308.2	341.2	+11	170.4
Drawn Debt	(350.0)	(350.0)	0	(274.1)
Net Cash/ (Debt)	(41.8)	(8.8)	+79	(103.7)
Undrawn Available Facilities ¹	340.0	340.0	0	0.0
Total Liquidity	648.2	681.2	+5	170.4

1. Facility limit increased to US\$340 million following the incorporation of the Who Dat assets into the borrowing base.

2. Debt facilities expired on 30 September 2023 (refer to ASX release dated 26.10.23 "September 2023 Quarterly report").

As at 31 December 2024, Karoon's net debt position was US\$8.8m million, comprising US\$341.2 million in cash and cash equivalents and US\$350.0 million of drawn debt.

Cash inflows during the quarter consisted of proceeds from the sale of hydrocarbons of US\$215.5 million, which included receipts from revenue recognised in the previous quarter. In addition to operating costs and royalty payments, major cash outflows during the period included US\$18.4 million of bond coupon interest, US\$12.3 million spent on the share buyback announced in October 2024, US\$24.2 million for the interim dividend payment and US\$31.2 million spent on capital items primarily related to the Who Dat exploration wells.

HEDGING

Following the Who Dat acquisition and commodity hedging executed to support the related draw down on the RBL, outstanding hedge volumes have continued to run off, with 697,500 bought put options and 697,500 sold call options expiring out of the money during the quarter.

Given the RBL commodity hedging requirement is linked to amounts drawn on the RBL, and the RBL is currently undrawn, no additional hedges were put in place over the quarter. The Company's current hedging position is detailed in the table below:

Period	Bought Put Options Volume (MMbbl)	Put Option Strikes (US\$/bbl)	Sold Call Options Volume (MMbbl)	Call Option Strikes (US\$/bbl)
2025 (Jan-Dec)	1.569	58	1.569	92

EXPLORATION, APPRAISAL AND POTENTIAL DEVELOPMENT UPDATE

SANTOS BASIN, S-M-1037, S-M-1101

Equity interest: 100%. Operator: Karoon

Over the quarter, the Neon project team made good progress on deliverables for Phase 2 "Select", including updating the Neon reservoir models based on reprocessed seismic datasets, seismic inversion reservoir characterisation products and finalised core studies. These reservoir models will form the basis for updated reservoir development studies, aimed at optimising the development plan and capex requirements, generating production profiles and estimating the recoverable resource range.

The Company also continued to actively screen potential production units, with the objective of identifying the optimal candidate for redeployment on Neon. Redeployment and modification of an FPSO is expected to provide both project cost and schedule benefits, and hence improved value. In addition, other studies focused on optimising the costs and economics of a potential development were ongoing.

The next milestone for the Neon project is expected in or around April 2025 (Decision Gate 2), when Karoon will decide whether to progress the project into the 'Define' phase (FEED entry). This phase 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 prior to any Final Investment Decision.

SANTOS BASIN, S-M-1537

Equity interest: 100%. Operator: Karoon

No work took place on Block S-M-1537 during the quarter.

SANTOS BASIN, S-M-1356, S-M-1482

Equity interest: 100%. Operator: Karoon

Studies are continuing to assess the potential prospectivity of these blocks.

US GULF OF MEXICO, MC 508, MC 509, MC 421, MC 464, MC 465, MC 545, MC 589, MC 629

Equity interests: Various. Operator: LLOG

Who Dat East (KAR: 40%)

In October 2024, Karoon increased its 2C Contingent Resource estimates for Who Dat East from 5.4 MMboe to 15.7 MMboe (NRI)² after integrating the results of the MC 509-1 (LLOG) appraisal/exploration well. The revised Contingent Resource estimates include data from wireline logs, fluid samples and subsurface studies.

The Joint Venture, led by operator, LLOG, has commenced development concept studies. The results will assist the technical and commercial assessment of the potential development of Who Dat East.

Who Dat South (KAR:30%)

During the quarter, the Who Dat South exploration well, MC 545-1 (LLOG), located 11 kilometres west of the Who Dat FPS and 6 kilometres from the Who Dat G subsea manifold, was drilled by the operator, LLOG, to a final total depth of 7,014 metres Measured Depth (MD). The well encountered several hydrocarbon-bearing sandstone intervals through the targeted Miocene zones³.

Preliminary interpretation indicated the hydrocarbon-bearing zones have an aggregate True Vertical Thickness (TVT) of 67 metres. This comprised approximately 51 metres TVT in the 12-¼” hole section and a further 16 metres in the 8-½” hole section based on logging while drilling and drilling parameters. The results exceeded 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. Karoon’s estimate of Who Dat South resources is being reevaluated based on the data gathered from the well and will be included in the annual Reserves and Resource Statement to be released next month.

The well was suspended as a potential future producer pending the completion of Joint Venture studies on potential development concept options.

Who Dat West (KAR: 35%)

The Who Dat West exploration well, MC 629-1, was spudded on 24 December 2025 and reached final Total Depth (TD) of 7,147 metres in January 2025. No significant hydrocarbon bearing intervals were interpreted within the drilled section and the well has been plugged and abandoned.

SUSTAINABILITY

In December 2024, Karoon signed an offtake agreement with Suzano S.A. for the purchase of 100,000 Verra certified ARR (Afforestation, Reforestation & Revegetation) carbon credits per year on a five year term. This enables Karoon to build a portfolio of REDD+ and ARR credits and ensures the Company can meet its commitment to remain Carbon Neutral⁴ on Scope 1 and 2 emissions through the use of high quality and verified carbon credits.

² Refer ASX release dated 30.10.24 “Who Dat East Contingent Resource Update”. Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

³ Refer ASX release dated 29.10.24 “Who Dat South exploration update”.

⁴ Carbon Neutral refers to firstly, reducing or avoiding operational Scope 1 and 2 greenhouse gas (GHG) emissions and, secondly, acquiring carbon offsets to balance the remaining Scope 1 and Scope 2 emissions.

GUIDANCE FOR CALENDAR YEAR 2024¹

Karoon's 2024 full year results will be released to the market on Thursday 27 February 2025.

Full year unit production cost guidance has been narrowed to US\$14 – 15/boe. Capex for 2024 is expected to be lower than prior guidance, at US\$135 - 138 million, due to the deferral of some of the Who Dat West costs from 2024 into 2025, due to the timing of drilling. The reduction in Other capex to US\$7 - 8 million also reflects the deferral of some costs into 2025. Finance costs (net of income interest income) and other operating costs guidance has been narrowed.

The 2024 results are subject to the finalisation of the financial statements, Board review and the financial year audit.

Full year 2024 guidance		Previous guidance	Revised guidance
Production²			
Brazil	MMbbl	7.2 – 7.4	7.5(A)
Who Dat (NRI)	MMboe	2.9	2.9(A)
Total production	MMboe	10.1 – 10.3	10.4(A)
Costs			
Unit production costs (NRI) ³	US\$/boe	13 – 15	14 – 15
Unit production costs (NWI) ³	US\$/boe	NA	13 – 14
Business development, share-based payments & Neon studies	US\$m	11 – 12	11 – 12
Unit DD&A (NRI) ⁴	US\$/boe	16 – 17	15 – 16
Unit DD&A (NWI) ⁴	US\$/boe	NA	14 – 15
Finance costs and interest (net of interest income) ⁵	US\$m	42 – 48	45 – 48
Other operating costs ⁶	US\$m	31 – 35	33 – 35
Investment expenditure			
Neon	US\$m	3 – 4	3 - 4
Other capex ⁷	US\$m	11 – 12	7 - 8
Who Dat	US\$m	130 – 140	125 - 126
Total capex	US\$m	144 – 156	135 - 138
Petrobras consideration ⁸	US\$m	86	86

NOTES:

- Guidance is subject to various risks (including "Key Risks" set out in the TY23 Annual Report).
- Production for 2024 is actual, as reported in 2024 quarterly production reports.
- 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.
- Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 'Leases' and non-oil and gas related depreciation. NRI unit DD&A is based on Karoon's Net Revenue Interest production, after government and third party royalties, while NWI unit DD&A is based on Karoon's Net Working Interest production.
- Finance Costs and Interest: includes fees, interest on debt and financial instruments, interest income and withholding taxes associated with intra-group and cross border funds movements in support of capital management.
- Other Operating costs: includes staff costs, IT, other corporate costs and non-oil and gas related depreciation. Excludes royalties and other government take, social investment/sponsorships in lieu of tax, foreign exchange gains/losses, hedge costs and non-underlying transaction costs relating to the inaugural bond issue of US\$4.8 million (see 1H24 results).
- Includes signature bonuses paid to ANP in July 2024.
- Contingent consideration (including accrued interest) paid to Petrobras in January 2024.

GUIDANCE FOR CALENDAR YEAR 2025¹

Full year 2025 guidance

Production ²		
Brazil	MMbbl	6.7 – 7.7
Who Dat (NRI)	MMboe	2.3 – 2.8
Total production	MMboe	9.0 – 10.5
Costs		
Unit production costs (NWI) ³	US\$/boe	12.5 – 17.5
Flotel	US\$m	17 – 26
Exploration expenses, share based payments and business development	US\$m	11 – 14
Unit DD&A (NWI) ⁴	US\$/boe	15 – 16
Finance costs and interest (net of interest income) ⁵	US\$m	50 – 60
Other operating costs ⁶	US\$m	33 – 37
Investment expenditure		
Neon	US\$m	2 – 3
Other capex ⁷	US\$m	39 – 47
Who Dat	US\$m	58 – 67
Total capex	US\$m	99 – 117
Petrobras consideration ⁸	US\$m	88

NOTES:

- Guidance is subject to various risks (including “Key Risks” set out in the TY23 Annual Report).
- Production assumes drilling results and expected future development projects, including well interventions, are delivered in accordance with their currently expected schedules.
- Unit Production Costs are based on daily operating costs associated with Baúna and Who Dat production, Baúna FPSO lease costs (pre AASB 16) and Karoon’s Net Working Interest production.
- Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’ and non-oil and gas related depreciation and is based on Karoon’s Net Working Interest production.
- Finance Costs and Interest: includes fees, interest on debt and financial instruments, interest income and withholding taxes associated with intra-group and cross border funds movements in support of capital management.
- Other Operating costs: includes staff costs, IT, other corporate costs and non-oil and gas related depreciation. Excludes royalties and other government take, social investment/sponsorships in lieu of tax, foreign exchange gains/losses, hedge costs and non-underlying transaction costs.
- Includes capex for Baúna including costs for the SPS-88 well intervention which is subject to finalising remaining contracts for support vessels and final regulatory approval.
- Contingent consideration (including accrued interest) paid to Petrobras in January 2025.

Karoon expects to produce 9.0 – 10.5 MMboe in 2025. Production guidance assumes:

- Natural production decline for the Baúna Project and Who Dat assets of approximately 15% pa, as previously communicated to the market.
- The SPS-88 well at Baúna re-commencing production before the end of 2Q25.
- Two well interventions at Who Dat later in 2H25 to mitigate natural decline.
- Baúna FPSO monthly efficiency of 88 – 92% (excluding shutdowns).
- Scheduled production shutdowns for planned maintenance of approximately 30 days for the Baúna Project, but no annual full field maintenance shutdown planned for Who Dat.

Unit production cost and DD&A (depreciation, depletion and amortisation) guidance for CY25 is provided using Who Dat production on a Net Working Interest (NWI) basis rather than Net Revenue Interest (NRI), which formed the basis of CY24 guidance. This better represents Karoon’s actual costs and DD&A for Baúna and Who Dat per boe produced. (NRI production is after government and overriding royalties, which at Who Dat comprise approximately 20% of production).

2025 NWI unit production costs are expected to be US\$12.5 – 17.5/boe (2024 guidance US\$13 – 14/boe). The increase in unit production costs at the mid-point reflects a largely fixed cost base spread over lower production, as well as additional maintenance expenditure, increased vessel logistics rates and inflation.

2025 capex is expected to be US\$99 – 117 million. Who Dat capex of US\$58 – 67 million reflects the remaining spend for the Who Dat West exploration well and the planned infill activities. Neon capex of US\$2 -3 million comprises Phase 2 expenditures up to the DG-2 decision. If the project progresses into the ‘Define’ phase (FEED entry), additional costs will be incurred. Other capex of US\$39 – 47 million includes costs related to the SPS-88 intervention, acquisition of a new production header for the FPSO and equipment required for potential future workover activity at Baúna.

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

FOR FURTHER INFORMATION ON THIS RELEASE, PLEASE CONTACT:

INVESTORS

Ann Diamant - SVP Investor Relations & Communications
M: + 61 407 483 128
E: ann.diamant@karoonenergy.com

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

SHAREHOLDING ENQUIRIES:

Computershare
Tel: 1300 850 505

MEDIA - AUSTRALIA

P&L Corporate Communications

Ian Pemberton
M: + 61 402 256 576
E: ian.pemberton@plcorporate.com.au

MEDIA - BRAZIL

InPress Porter Novelli

Roberta Lopes
M: + 55 21 3723-8109

Daniela Melina
M: + 55 21 99101-0248

Jacqueline Breitinger
M: +55 21 99465 9633
E: karoon@inpresspni.com.br

Abbreviations and conversion factors

Terms & abbreviations	
Boe	Barrel of oil equivalent
Boepd	Barrels of oil equivalent per day
FPSO	Floating production, storage and off-loading facility
FPS	Floating production system
MMbbl	Millions of barrels
MMboe	Millions of barrels of oil equivalent
NRI	Net Revenue Interest
NWI	Net Working Interest

Conversion factors	
Sales gas, 6,000 scf	1 boe
Condensate, 1 barrel	1 boe
NGL, 1 barrel	1 boe

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Forward-looking statements

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

Oil and gas Reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly due to new information or when new techniques become available. Additionally, by their nature, Reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further data becomes available through, for instance, production, the estimates are likely to change. This may result in alterations to production plans, which may in turn, impact the Company's operations. Reserves and resource estimates are by nature forward looking statements and are the subject of the same risks as other forward-looking statements.

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

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

ABOUT KAROON ENERGY LTD

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

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