

TRANSFORMING .....  
OUR FUTURE



## THROUGH A FOCUSED STRATEGY

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## FORWARD-LOOKING STATEMENTS

This Interim Financial 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 report. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Investors 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 Interim Financial Report necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements speak only as of the date of this 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.

## DIRECTORS' REPORT

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 (ASX code: KAR).

The Board of Directors submits its Directors' Report on Karoon Energy Ltd (the 'Company') and its subsidiaries (the 'Group') for the half-year ended 30 June 2024 (the 'financial half-year').

The Directors' Report is presented in US dollars, unless otherwise indicated.

### 1H24 FINANCIAL SUMMARY

	1H24 6 MONTHS TO 30 JUNE 2024	TY23 6 MONTHS TO 31 DEC 2023
Production volume (MMboe)	5.08	5.47
Sales volume (MMboe)	5.45	5.07
Unit production costs <sup>1</sup> (US\$/boe)	13.51	11.09
Weighted average net realised price (US\$/boe)	75.07	81.51
<b>US\$ Million</b>		
Sales revenue	409.4	412.9
Underlying EBITDAX <sup>2,3,5</sup>	266.8	286.3
EBITDAX <sup>2,3</sup>	246.9	253.2
Net interest and other finance costs	(20.2)	(6.6)
Depreciation and amortisation <sup>4</sup>	(83.0)	(61.2)
Underlying net profit before income tax <sup>2,5</sup>	162.3	215.2
Underlying net profit after income tax <sup>2,5</sup>	115.8	144.7
Net profit/(loss) after income tax	61.8	122.5
Operating cash flows	224.3	303.4
Net assets	977.4	914.0
Investment Expenditure:		
– Oil and gas assets	16.2	3.4
– Exploration and evaluation capital expenditure	61.6	6.6
– Other plant and equipment <sup>6</sup>	0.5	0.7

- Unit production costs are based on operating costs as disclosed in Note 4(a) of the Financial Statements adjusted for depreciation on the FPSO right-of-use asset and related finance cost to reflect the expense related to the FPSO charter lease.
- EBITDAX (earnings before interest, tax, depreciation, depletion, amortisation and exploration expense), underlying EBITDAX, underlying net profit before income tax and underlying net profit after income tax are non-IFRS measures that are unaudited but are derived from financial statements, which have been subject to review by the Company's auditor. These measures are presented to provide further insight into Karoon's performance.
- Includes depreciation on FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease, refer Note 1 above.
- Excludes depreciation on FPSO charter lease right-of-use asset refer Note 1 above.
- Underlying EBITDAX, underlying net profit before income tax ('NPAT') and underlying net profit after tax ('NPAT') have been adjusted for the following items:

	1H24 6 MONTHS TO 30 JUNE 2024		TY23 6 MONTHS TO 31 DEC 2023	
	NPAT	EBITDAX	NPAT	EBITDAX
Statutory results	61.8	246.9	122.5	253.2
Change in fair value of contingent consideration	3.1	4.7	2.3	3.5
Realised losses on cash flow hedges	7.1	10.7	5.6	8.5
Foreign exchange losses/(gains)	(0.3)	(0.3)	5.8	8.1
Social investment/sponsorships	-	-	-	2.2
Advisory and transaction costs	4.8	4.8	10.8	10.8
Capital distributions impact on current tax expense	-	-	(8.0)	-
Cumulative translation adjustment impact on deferred tax	39.3	-	5.7	-
Total adjustments	54.0	19.9	22.2	33.1
<b>Underlying results</b>	<b>115.8</b>	<b>266.8</b>	<b>144.7</b>	<b>286.3</b>

- Excludes leased right-of-use asset additions.

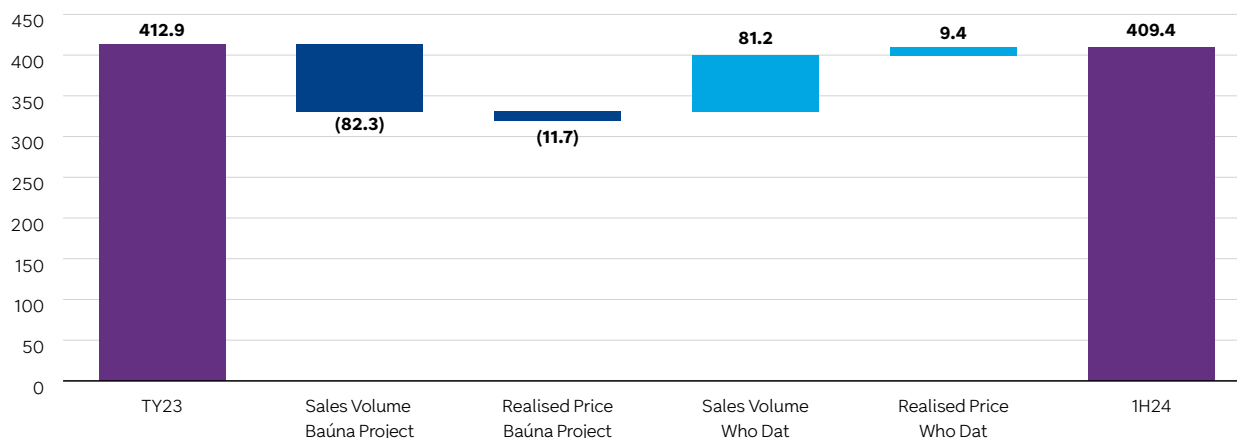
## DIRECTORS' REPORT CONTINUED

### REVIEW OF FINANCIALS

#### Net Profit Result

Sales revenue for the financial half-year of US\$409.4 million was slightly lower than revenue in the six months ended 31 December 2023 (TY23), due to lower sales volumes and realised oil prices from the Baúna Project, partially offset by a full period of Who Dat revenue. The decrease in sales volumes from the Baúna Project reflected a three week scheduled shutdown for maintenance, FPSO reliability issues, the shut-in of the SPS-88 well for the full period and natural decline.

#### Revenue Comparison (US\$m)

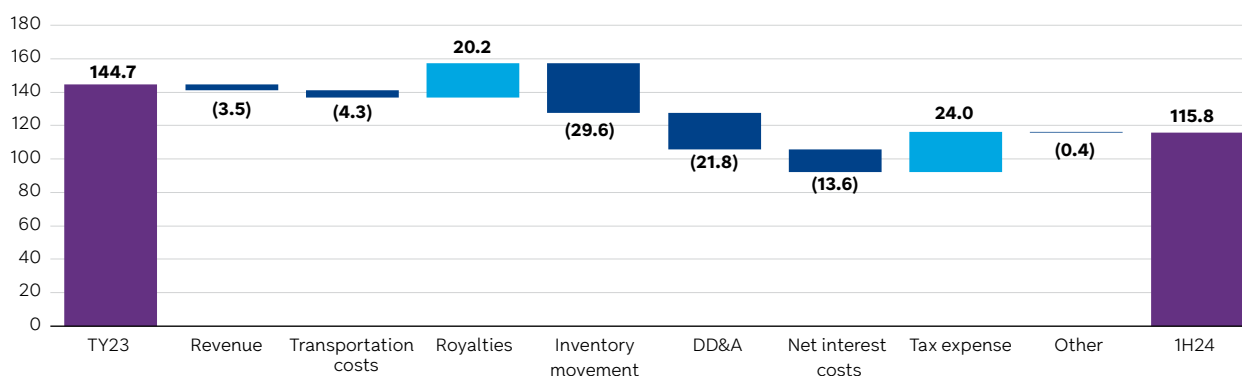


As Karoon's production cost base is largely fixed, lower production in the financial half-year relative to TY23 led to an increase in unit production costs (comprising operating costs and FPSO charter lease costs), from US\$11.09/boe to US\$13.51/boe. This included Who Dat unit production costs on a Net Revenue Interest basis. The cost of sales for the period was US\$201.2 million, which was higher than in TY23 (US\$164.5 million), primarily due to a full period of production from Who Dat and costs associated with a cargo lifted in TY23 which was recognised as revenue in the financial half-year. The cost of sales includes depreciation associated with the right-of-use asset (the FPSO lease) but does not include finance charges on the FPSO right-of-use lease of US\$6.2 million (TY23: US\$6.8 million), which are disclosed as part of finance costs. Transportation costs rose to US\$12.1 million (TY23: US\$7.8 million), largely due to a full period of pipeline tariffs related to Who Dat. Royalties and other government take declined from US\$45.0 million to US\$24.8 million due to lower production and revenue from Baúna. Royalties for Who Dat are not reported in the cost of sales as they are already reported in net revenue.

Karoon's underlying net profit after income tax for the financial half-year was US\$115.8 million (TY23: US\$144.7 million), while the statutory net profit after income tax was US\$61.8 million (TY23: US\$122.5 million). In addition to lower gross profit, the decrease in statutory net profit after tax reflected the following items:

- Finance costs of US\$30.6 million (TY23: US\$15.9 million), which included interest expense of US\$14.7 million (TY23: US\$2.5 million), finance charges on right-of-use assets of US\$6.2 million (TY23: US\$6.8 million) largely relating to the FPSO right-of-use asset in relation to the Baúna operations, and a US\$4.4 million (TY23: US\$3.2 million) discount unwinding on the net present value of the provision for restoration.
- Realised losses on cash flow hedges of US\$10.7 million (TY23: US\$8.5 million).
- Corporate costs of US\$14.2 million (TY23: US\$14.0 million).

#### Underlying Net Profit After Tax Comparison (US\$m)



## DIRECTORS' REPORT CONTINUED

### Cash Flows

Net cash inflows from operations for the financial half-year were US\$224.3 million, compared to US\$303.4 million in TY23. The decrease reflected lower receipts from hydrocarbon sales as well as a full period of operating costs associated with Who Dat. Borrowing and other costs of finance paid also increased to US\$20.1 million (TY23: US\$9.2 million), reflecting additional costs associated with the funds drawn down from the reserve-based lending facility in December 2023 to fund the Who Dat acquisition and relating to the bond issuance.

Cash outflows from investing activities for the financial half-year were US\$157.6 million (TY23: US\$728.1 million), which included a US\$86.0 million contingent consideration paid to Petrobras for the Baúna acquisition, US\$51.3 million of capital expenditure relating to the Who Dat East exploration/appraisal well and a signature bonus of US\$5.0 million for two deepwater blocks in Brazil. In addition, US\$19.5 million was spent on the G2 and G4 wells as part of the Who Dat development campaign.

Cash inflows from financing activities for the financial half-year were US\$47.9 million. US\$350 million was raised through a high yield bond issue, which was offset by the repayment of US\$274.1 million drawn under the Company's reserve-based lending facility and principal elements of right-of-use lease payments of US\$18.9 million.

### Financial Position

At the end of June 2024, the Group had cash and cash equivalents of US\$282.2 million (31 December 2023: US\$170.4 million) and total liquidity (cash and undrawn debt facilities) of US\$528.2 million.

The Group's current assets increased from US\$252.3 million to US\$358.2 million, largely due to the improved cash and cash equivalents balance. Current liabilities increased marginally from US\$220.1 million to US\$224.0 million.

During the financial half-year, total assets increased from US\$1,932.5 million to US\$1,954.0 million, total liabilities decreased from US\$1,018.5 million to US\$976.6 million and total equity increased from US\$914.0 million to US\$977.4 million. The major changes in the consolidated statement of financial position included:

- Working capital movements discussed above.
- A reduction in oil and gas assets, with capital expenditure, including on the Who Dat development campaign, more than offset by depreciation of US\$104.0 million.
- 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.
- An increase in exploration and evaluation assets from US\$175.3 million to US\$236.9 million largely from exploration/appraisal drilling of Who Dat East.
- 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 and the utilisation of some of the tax credits generated from contingent consideration payments made to Petrobras.
- A reduction of lease liabilities in relation to payments for the charter of the FPSO.

## DIRECTORS' REPORT CONTINUED

### REVIEW OF OPERATIONS

#### Production

Karoon's production for the financial half-year, based on Karoon's working interest in the Baúna Project and Who Dat on a Net Revenue Interest (NRI) basis, was 5.08 MMboe, down 7% from the six months ended 31 December 2023 (TY23). Lower production from the Baúna Project was partially offset by a full six months' contribution from Who Dat (the acquisition of which was completed on 21 December 2023).

#### Brazil

##### Production

##### *Concession BM-S-40 Baúna Oil Field and the Patola Development (KAR 100%, Operator: KAR)*

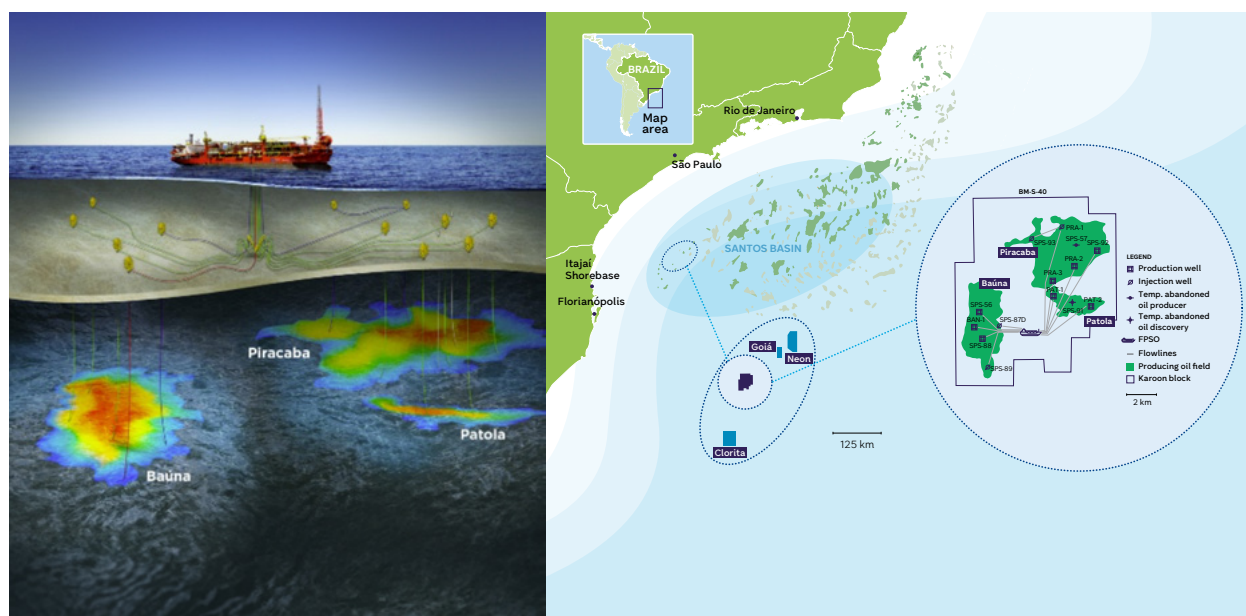
The Baúna Project is a conventional oil operation located in the BM-S-40 production license located approximately 210 kilometres offshore in the southern Santos Basin of Brazil. The Baúna Project comprises three light oil fields (Baúna, Piracaba and Patola). Oil within these three fields is produced via eight production wells which are connected through sea-bed flowlines to a floating production, storage and offloading facility (FPSO), the Cidade de Itajaí, which Karoon charts from Altera&Ocyan. The FPSO has a nameplate capacity of approximately 80,000 barrels of liquid per day and storage capacity of 631,000 barrels of oil.

Production from the Baúna Project for the financial half-year was 3.54 MMbbl, 34% lower than in TY23. The decrease in production was due to a three week scheduled shutdown (from 20 May to 11 June 2024, Brasilia Time), FPSO reliability issues, the shut in of the SPS-88 well for the entire financial half-year and natural decline. FPSO efficiency (excluding scheduled downtime) fell from 92.8% in TY23 to 85.3%. A heightened level of maintenance and inspection activities is underway to support the ongoing integrity and reliability of the FPSO.

Revenue from the Baúna Project in the financial half-year was US\$315.0 million, 23% lower than in TY23 due to lower production and a lower average realised oil price. Eight cargoes were lifted and sold during the financial half-year, compared to ten cargoes lifted and sold with an 11<sup>th</sup> cargo lifted and in transit at year end in TY23.

Given production costs for the Baúna Project are largely fixed, the fall in production resulted in an increase in unit production costs, from US\$11.09/bbl to US\$15.60/bbl.

BAÚNA PROJECT	1H24	TY23
Production (MMbbl)	3.54	5.38
Sales (MMbbl)	3.97	4.97
Revenue (US\$ million)	315.0	409.1
Average realised oil price (US\$/bbl)	79.33	82.31
Production cost (US\$/bbl)	15.60	11.09



## DIRECTORS' REPORT CONTINUED

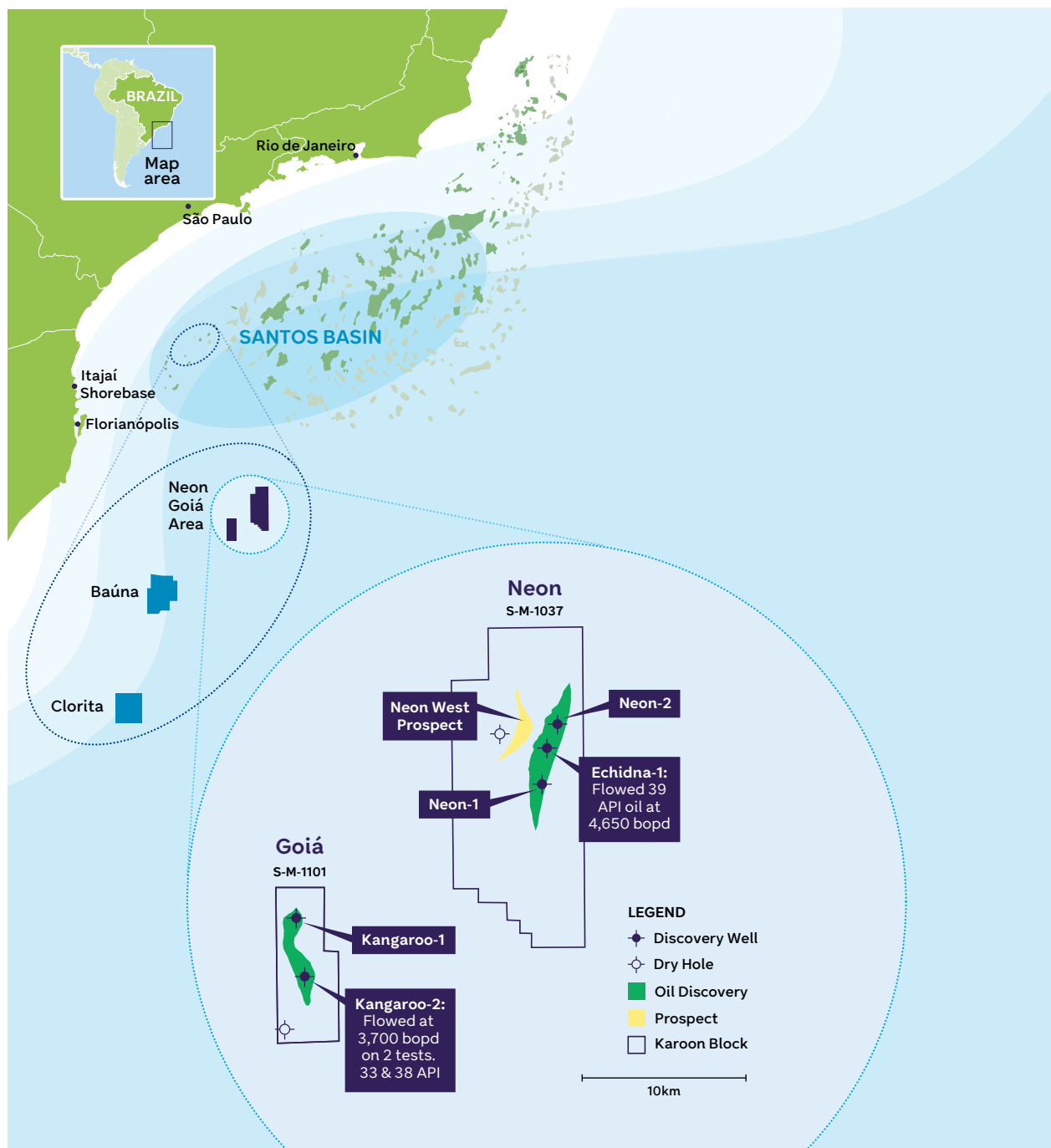
### EXPLORATION

#### Santos Basin Exploration Blocks S-M-1037 (KAR 100%, Operator: KAR)

During the financial half-year, the Neon Foundation Project (the proposed development of the Neon field, located approximately 60 kilometres northeast of the Baúna Project) entered the 'Concept Select' phase (Decision Gate 1). The leading potential development concept incorporates a redeployed FPSO located at Neon, which could potentially become a hub for the development of existing and potential nearby resources.

Further studies are underway to address all aspects of the development concept, including how to mitigate a low case reservoir outcome and higher costs. Ongoing reprocessing of seismic data is also taking place, to better define the potential range of gross volume estimates.

The next major milestone is expected to be Decision Gate 2 in early CY25, when Karoon will decide whether to progress the project into the next phase, the 'Define' phase.

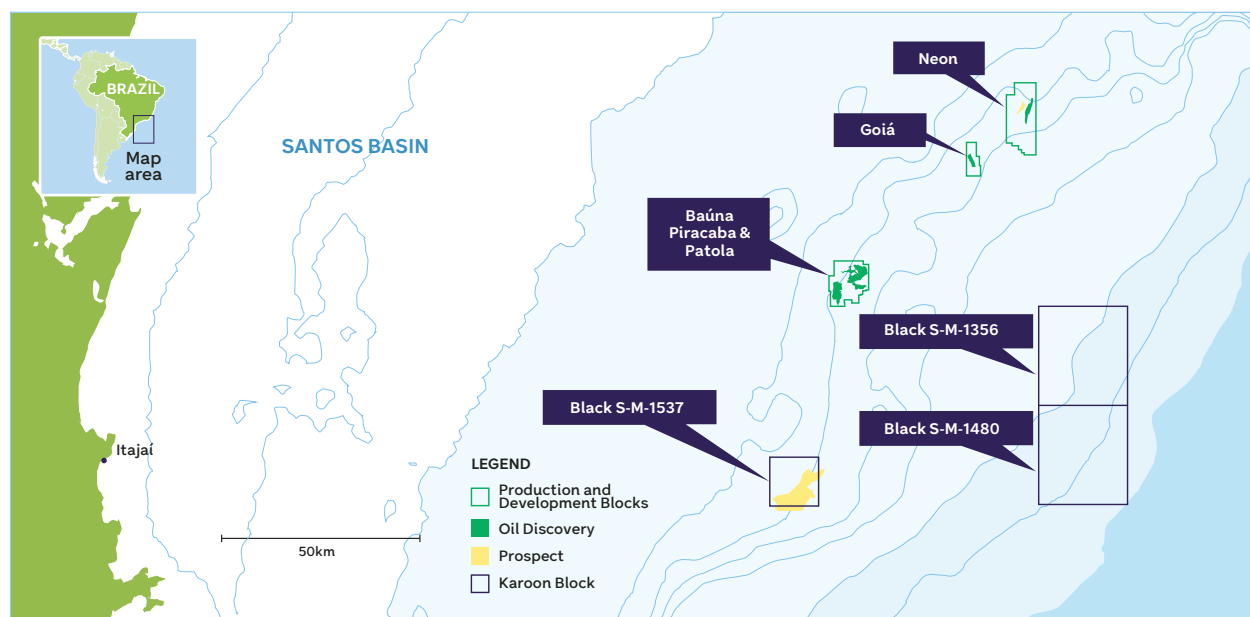


## DIRECTORS' REPORT CONTINUED

### Santos Basin Exploration Blocks S-M-1356 and S-M-1482 (KAR 100%, Operator: KAR)

In late 2023, Karoon participated in the ANP 4<sup>th</sup> Permanent Offer Bid Round for Concession Contracts and was successful in its bid to secure a 100% interest in two deepwater blocks (S-M-1356 and S-M-1482), with a US\$5 million signature bonus. The deepwater blocks lie approximately 80 kilometres southeast of the Baúna Project. The deepwater blocks were executed by the ANP on 25 June and 26 June 2024, respectively, and gazetted in early July 2024.

The forward plan is to undertake studies to assess the prospectivity of these two blocks.



### Santos Basin Exploration Block S-M-1537 (KAR 100%)

Geological and geophysical studies continued on the S-M-1537 block, located 50 kilometres south of Baúna. This included petroleum system modelling aimed at better defining the Clorita Prospect, which is targeting the same high quality Oligocene oil prone turbidite reservoirs of the Baúna field. In addition, Karoon is evaluating the potential value of resistivity based CSEM (Controlled Source Electromagnetics) methods to help identify possible reservoir intervals within the Oligocene.

## DIRECTORS' REPORT CONTINUED

### UNITED STATES OF AMERICA

#### Production

Who Dat assets (KAR working interests – Who Dat and Dome Patrol – 30%, Abilene – 16%, Operator: LLOG)

On 21 December 2023, Karoon completed the acquisition of non-operating interests in the Who Dat, Dome Patrol and Abilene producing fields, associated infrastructure and adjacent exploration permits in the US Gulf of Mexico. Who Dat is a conventional deepwater oil and gas operation operated by LLOG. It consists of 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 Who Dat floating production system (FPS) which has a nameplate capacity of 40,000 bopd and 150 MMscfpd.

Production from Who Dat in the financial half-year was 1.54 MMboe net to Karoon on a Net Revenue Interest (NRI) basis. This compares to 0.1 MMboe in TY23, which represented 11 days of production. Gross production averaged approximately 34,800 boepd in the financial half-year. Two wells were brought online in February 2024 (G2 and G4) as part of a development program on the field. However, production rates were impacted by well and production system constraints. Karoon, together with its Who Dat joint venture partners, worked together to identify, evaluate and implement opportunities to optimise and sustain production. In conjunction with improved management of the facility constraints, this resulted in an increase in gross production at Who Dat to more than 42,000 boepd by late June 2024. The Who Dat joint venture is seeking further medium term opportunities to potentially mitigate natural decline, including infill drilling and sidetracks from existing wells.

Revenue from Who Dat (net to Karoon) in the financial half-year was US\$94.4 million, up from US\$3.8 million in TY23, reflecting a full six months of production (11 days in TY23).

WHO DAT	1H24	TY23
Production on Net Revenue Interest basis (MMboe)	1.54	0.1
Sales (MMboe)	1.48	0.1
Realised oil, condensate and NGLs price (US\$/bbl)	79.67	NM
Realised sales gas price (US\$/mscf)	2.95	NM
Revenue (US\$ million)	94.4	3.8
Production cost on Net Revenue Interest basis (US\$/boe)*	8.74	NA

\* 1H24 unit production costs on a net working interest basis was US\$7.18/boe.



## DIRECTORS' REPORT CONTINUED

### Exploration/Appraisal

#### Who Dat East MC 464, MC 465, MC 508, MC 509, MC 421 (Karoon working interest 40%, Operator: LLOG)

Who Dat East lies approximately 27 kilometres east of the Who Dat FPS. In the financial half-year, the Who Dat East joint venture drilled the Who Dat East appraisal/exploration well to a total depth of 7,670 metres measured depth (MD). The well discovered high liquids yield gas condensate in four intervals between 4,500 – 7,600 metres MD in the target Mid Miocene turbidite sandstones, with a total net pay of 45 metres MD. The well was suspended as a potential future producer. Further geotechnical, laboratory analyses of samples and preliminary development studies are currently underway to update the resource potential of the hydrocarbon zones at Who Dat East. The results of these analyses are expected to be completed in late 2024/early 2025.

During the financial half-year, a Unit Area encompassing the Who Dat East leases was awarded to allow their exploration and development as a single area.

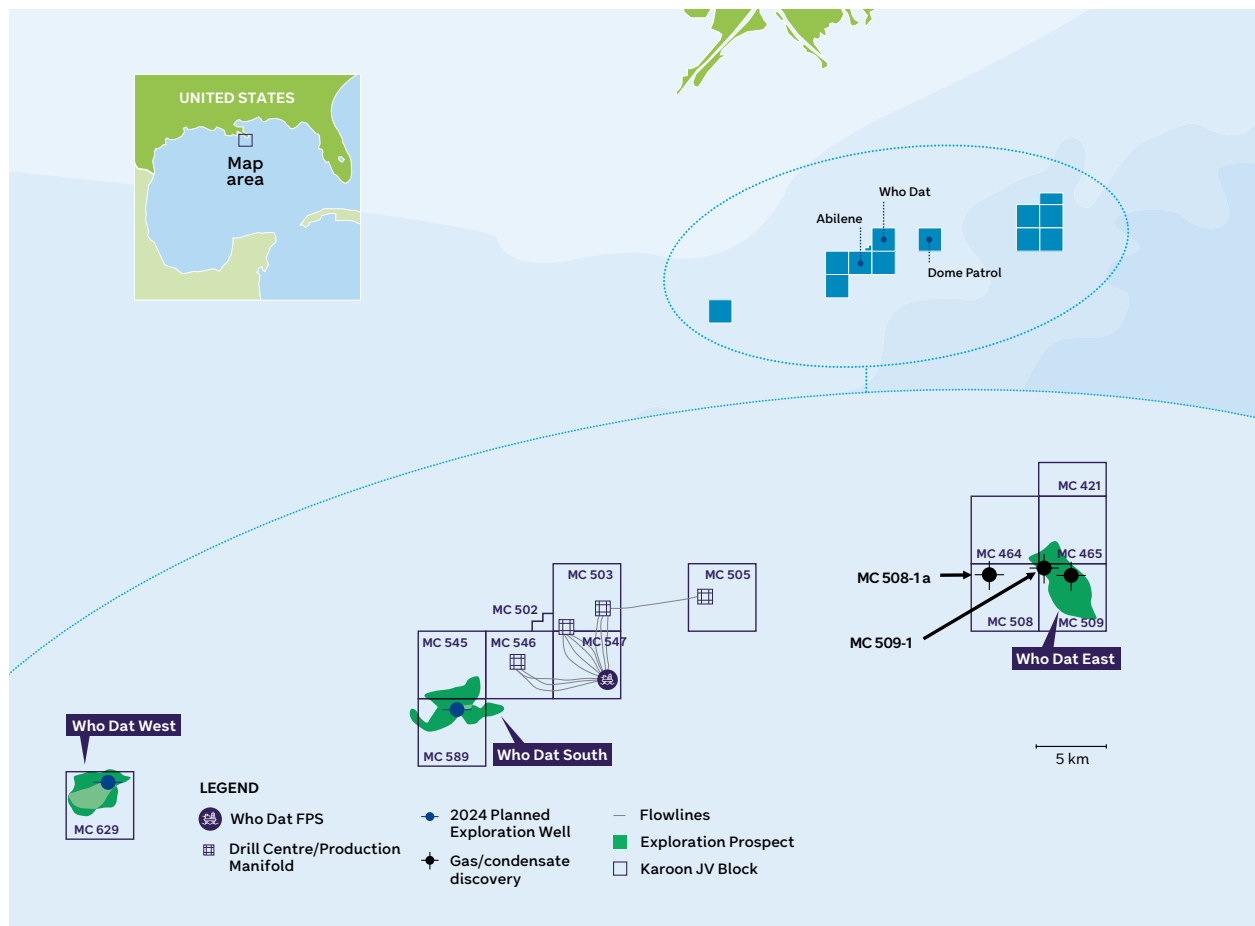
LLOG (operator)	40%
KUSA Inc.	40%
Westlawn Americas Offshore	20%

#### Who Dat South MC 545, MC 589 (Karoon working interest 30%, Operator: LLOG)

The Who Dat South prospect lies approximately 11 kilometres southwest of the Who Dat FPS. During the financial half-year, the Who Dat South joint venture approved the drilling of an exploration well, MC 545-1, to test two prospective Miocene intervals, with the shallower target being similar to the reservoir in the G1 well in Who Dat. The well is expected to spud in the third quarter of 2024 and will be drilled as a deviated hole with a total measured depth of approximately 7,400 metres.

#### Who Dat West MC629 (Karoon working interest 35%, Operator: LLOG)

The Who Dat West prospect is located 31 kilometres west southwest of the Who Dat FPS. The joint venture has approved an exploration well, MC 629 (LLOG), which is expected to commence drilling in the fourth quarter of 2024.



## DIRECTORS' REPORT CONTINUED

### AUSTRALIA

#### WA-315-P and WA-398-P

At the end of the financial half-year, 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.

### HEALTH, SAFETY AND THE ENVIRONMENT

Safe and reliable operations is Karoon's highest priority. Unfortunately, two incidents (a Lost Time Injury and a Medical Treatment case) occurred in the financial half-year on the FPSO in Brazil, taking the Total Recordable Injury Rate (TRI) from nil in TY23, to 0.82. These are the first reportable injuries in more than 18 months. In addition, five high potential incidents took place and a Tier 2 process safety event occurred with the release of gas from one of the FPSO's gas compressors, which has since been repaired. Additional steps are currently being taken with the Company's contractors to improve the focus on safety as Karoon believes all incidents are preventable.

There were no material environment incidents reported during the financial half-year. However, Karoon's emission intensity increased from 11.3 kgCO<sub>2</sub>e per boe in TY23 to 12.5 kgCO<sub>2</sub>e per boe. This reflected increased flaring and diesel consumption for power generation due to gas compressor reliability issues on the Baúna FPSO as well as additional activities in the US, particularly the drilling of the Who Dat East exploration/appraisal well.

	CY21		CY22		CY23		CY24
	1H21	2H21	1H22	2H22	1H23	2H23	1H24
<b>Health, Safety and Security<sup>1</sup></b>							
Fatalities	-	-	-	-	-	-	-
High Potential Incidents	1	2	-	-	1	-	5
Lost Time Injuries (LTI)	-	1	3	1	-	-	1
Medical Treatment cases	-	-	-	2	-	-	1
Restricted Work Cases	-	-	-	1	-	-	-
Work Exposure Hours	386,000	414,000	614,000	1,026,000	922,000	468,664	485,868
Total Recordable Injury Rate (per 200,000 hours) <sup>2</sup>	0.25		0.85		0.0		0.82
Lost Time Injury Rate (per 200,000 hours) <sup>3</sup>	0.25		0.48		0.0		0.41
<b>Process Safety<sup>4</sup></b>							
Tier 1 or 2 Process Safety Events	-	-	-	-	-	-	1
<b>Environment</b>							
Number of minor spills (to sea)	2	-	-	1	1	-	-
Number of incidents in offloading operations	-	-	-	-	-	-	-

1. Excludes equity share operations.
2. Calculated per calendar year.
3. Calculated per calendar year.
4. Excludes equity share operations.

## DIRECTORS' REPORT CONTINUED

### Corporate and Commercial

#### Revised capital allocation framework and US\$25 million on-market buyback

On 25 July 2024, Karoon announced a revised capital allocation framework. The framework is focused on ensuring safe and reliable operations that will maximise shareholder value while maintaining a strong, flexible balance sheet to help fund value accretive growth and capital returns to shareholders. Under the revised framework, 20-40% of underlying Net Profit After Tax will be distributed to shareholders via cash dividends and/or buybacks, subject to market conditions and Board approval. The framework will also consider further additional shareholder returns during periods of elevated oil prices and/or where alternate value accretive uses of excess cash are not identified.

Karoon believes the updated framework strikes the right balance of rewarding its shareholders while also retaining sufficient capital to maintain a strong balance sheet and reinvest in the business.

On 25 July 2024, Karoon also announced a US\$25 million on-market buyback, which commenced on 12 August 2024.

On 27 August 2024, the Board determined to pay a fully franked interim dividend of 4.496 Australian cents per share, equivalent to 3.046 US cents per share (US\$24.4 million in total) in respect of the 2024 half-year results, payable to shareholders on 21 October 2024. The dividend has not been provided for in the consolidated financial statements ended 30 June 2024 but will be recognised in the full year consolidated financial statements for the 2024 financial year.

#### Bond issuance

During the financial half-year, Karoon accessed the US144A bond market with an inaugural US\$350 million high yield bond issue. The bond, which will mature in May 2029, was priced at a coupon of 10.5%. The bond lengthens Karoon's debt maturity profile and supplements the Company's existing Reserve Based Lending debt facility, which was refinanced in November 2023. Karoon has been assigned a corporate credit rating of "B" with a stable outlook by both S&P Global and Fitch Ratings.

#### Appointment of two new Independent Non-Executive Directors – Ms Melissa Holzberger and Ms Joanne Palmer

Karoon appointed two new independent Non-Executive Directors, Ms Melissa Holzberger and Ms Joanne Palmer, effective on 19 April 2024.

Ms Holzberger is an experienced independent Non-Executive Director and Commercial, Energy and Resources Lawyer with more than 20 years' experience in the international energy and resources sector. 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.

Ms Palmer is also an experienced independent Non-Executive Director of listed and unlisted companies in the Australian resources sector. She has more than 27 years of professional experience providing audit and assurance services as a Partner with EY and Pitcher Partners. Her international experience spans more than 25 years as a former external auditor and advisor to UK and Australian companies operating in Africa, Europe, America and Australasia.

The skills and experiences of both directors align with the Board's skills matrix and future renewal requirements at both Board and Committee levels, as well as Karoon's diversity goals.

#### Appointment of Mr. Marco Brummelhuis

On 24 June 2024, Mr Marco Brummelhuis commenced his role as Executive Vice President & Country Manager of Karoon Brazil. His appointment followed an extensive and rigorous search process from a pool of highly qualified candidates. Mr Brummelhuis has an extensive career in the oil and gas industry spanning over three decades with Shell and affiliates and joined Karoon from Shell's corporate office in The Hague. A Reservoir Engineer by training, Marco has worked extensively across all aspects of the upstream industry in senior management roles in Brazil and Latin America.

Mr Brummelhuis holds a PhD in Physics and Mathematical Sciences from Leiden University, is fluent in Portuguese and holds permanent residency in Brazil.

#### Sustainability

Karoon's Annual Sustainability Report for FY2023 was released in August 2023 and the Company's supplementary Transition Year 2023 report, covering the six month period to 31 December 2023, was released in February 2024. Highlights were the continuation and growth of the Company's sustainability program, entry into the Hiwi nature based solution (NBS) carbon project, the expansion of Karoon's social programs in Brazil and the acquisition of an interest in a lower emissions intensity asset, Who Dat, in the US Gulf of Mexico.

Total Scope 1 & 2 emissions for the financial half-year were 67,575 tCO<sub>2</sub>e compared with 59,347tCO<sub>2</sub>e in TY23, with the increase largely the result of the addition of the Who Dat assets into Karoon's asset portfolio. The emissions intensity was 12.5 kgCO<sub>2</sub>e/boe compared with 11.3kgCO<sub>2</sub>e/boe in TY23, with the increase driven by operational challenges at the Baúna Project which resulted in increased flaring for safety reasons and higher diesel consumption.

## DIRECTORS' REPORT CONTINUED

Further measures to avoid and reduce operational emissions are underway with operational efficiency assessments planned to be undertaken in the fourth quarter of 2024. In line with Karoon's carbon neutral commitment, Scope 1 & 2 emissions for FY23 have been offset using verified carbon units (VCUs) and TY23 emissions will be offset in August 2024.

New measures have been applied to Karoon's emissions accounting as a result of the incoming mandatory reporting requirements under the Australian Treasury's Exposure Draft Treasury Laws Amendment Bill 2024. These include the implementation of advanced GHG management software to allow greater reporting accuracy and analysis of emissions.

Karoon continued to develop its social programs in the financial half-year. The Company's incentivised investment spend increased from US\$1.7 million in 2023 to US\$2.1 million. 11 projects commenced in the financial first half, across culture, sport and the elderly, with a further six projects to commence in the second half of 2024. Karoon's voluntary social program also increased, to US\$0.24 million across four projects.



## AUDITOR'S INDEPENDENCE DECLARATION



### Auditor's Independence Declaration

As lead auditor for the review of Karoon Energy Ltd for the half-year ended 30 June 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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  
28 August 2024

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	NOTE	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
Revenue	3(a)	409.4	412.9
Cost of sales	4(a)	(201.2)	(164.5)
<b>Gross profit</b>		<b>208.2</b>	248.4
Other income	3(b)	4.4	2.6
Finance costs	4(b)	(30.6)	(15.9)
Net foreign currency gains/(losses)		0.3	(8.1)
Other expenses	4(c)	(35.2)	(41.4)
Change in fair value of contingent consideration	10	(4.7)	(3.5)
<b>Profit before income tax</b>		<b>142.4</b>	182.1
Income tax expense	5(a)	(80.6)	(59.6)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>61.8</b>	122.5
<b>Other comprehensive income (loss), net of income tax:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from the translation of financial statements into presentation currency		(1.3)	11.4
Net change in fair value of cash flow hedges and cost of hedging		1.6	1.9
<b>Other comprehensive income (loss) for the period, net of income tax</b>		<b>0.3</b>	13.3
<b>Total comprehensive income (loss) for the period attributable to equity holders of the Company, net of income tax</b>		<b>62.1</b>	135.8
<b>Earnings per share attributable to equity holders of the Company:</b>			
Basic earnings per ordinary share (cents per share)		7.71	20.18
Diluted earnings per ordinary share (cents per share)		7.66	20.03

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	NOTE	AS AT 30 JUNE 2024 US\$M	AS AT 31 DEC 2023 US\$M
<b>Current assets</b>			
Cash and cash equivalents		282.2	170.4
Receivables		58.4	56.4
Inventories		2.1	18.7
Other financial assets		–	0.2
Other assets		15.5	6.6
<b>Total current assets</b>		<b>358.2</b>	<b>252.3</b>
<b>Non-current assets</b>			
Oil and gas assets	7	1,290.4	1,391.0
Exploration and evaluation assets		236.9	175.3
Property, plant and equipment		3.5	3.1
Intangible assets		0.5	0.3
Deferred tax assets	5(b)	40.5	95.2
Inventories		9.9	10.8
Other assets		14.1	4.5
<b>Total non-current assets</b>		<b>1,595.8</b>	<b>1,680.2</b>
<b>Total assets</b>		<b>1,954.0</b>	<b>1,932.5</b>
<b>Current liabilities</b>			
Trade and other payables		61.0	68.3
Borrowings	9	–	0.1
Current tax liabilities		22.4	16.8
Other financial liabilities	10	90.1	86.0
Lease liabilities		50.3	48.7
Provisions		0.2	0.2
<b>Total current liabilities</b>		<b>224.0</b>	<b>220.1</b>
<b>Non-current liabilities</b>			
Trade and other payables		6.9	7.2
Borrowings	9	332.2	264.4
Other financial liabilities	10	54.0	136.5
Lease liabilities		152.3	175.7
Provisions		207.2	214.6
<b>Total non-current liabilities</b>		<b>752.6</b>	<b>798.4</b>
<b>Total liabilities</b>		<b>976.6</b>	<b>1,018.5</b>
<b>Net assets</b>		<b>977.4</b>	<b>914.0</b>
<b>Equity</b>			
Contributed equity	11	1,210.8	1,210.8
Accumulated losses		(131.5)	(193.3)
Reserves		(101.9)	(103.5)
<b>Total equity</b>		<b>977.4</b>	<b>914.0</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	CONTRIBUTED EQUITY US\$M	ACCUMULATED LOSSES US\$M	SHARE-BASED PAYMENTS RESERVE US\$M	FOREIGN CURRENCY TRANSLATION RESERVE US\$M	HEDGING RESERVE US\$M	TOTAL EQUITY US\$M
<b>Balance as at 1 July 2023</b>	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
<b>Total comprehensive income/ (loss) for financial period</b>	-	122.5	-	11.4	1.9	135.8
<b>Transactions with owners in their capacity as owners:</b>						
Ordinary shares issued	312.3	-	-	-	-	312.3
Transaction costs associated with issue of shares	(9.0)	-	-	-	-	(9.0)
Share-based payments expense	-	-	1.3	-	-	1.3
	303.3	-	1.3	-	-	304.6
<b>Balance as at 31 December 2023</b>	<b>1,210.8</b>	<b>(193.3)</b>	<b>57.7</b>	<b>(155.1)</b>	<b>(6.1)</b>	<b>914.0</b>
Profit for financial period	-	61.8	-	-	-	61.8
Other comprehensive income (loss)	-	-	-	(1.3)	1.6	0.3
<b>Total comprehensive income/ (loss) for financial period</b>	-	61.8	-	(1.3)	1.6	62.1
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments expense	-	-	1.3	-	-	1.3
<b>Balance as at 30 June 2024</b>	<b>1,210.8</b>	<b>(131.5)</b>	<b>59.0</b>	<b>(156.4)</b>	<b>(4.5)</b>	<b>977.4</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
<b>Cash flows from operating activities</b>		
Receipts from customers	414.6	443.3
Payments to suppliers and employees	(145.9)	(106.2)
Payments for exploration and evaluation expenditure expensed	(1.4)	(3.3)
Payments for cash flow hedges	(5.0)	(2.7)
Interest received	3.6	1.0
Borrowing and other costs of finance paid	(20.1)	(9.2)
Income taxes paid	(21.5)	(19.5)
<b>Net cash flows from (used in) operating activities</b>	<b>224.3</b>	<b>303.4</b>
<b>Cash flows from investing activities</b>		
Acquisition of oil and gas assets	(86.0)	(636.8)
Acquisition of exploration and evaluation assets	-	(83.0)
Interest received on deposit	-	0.1
Payments for oil and gas assets	(19.5)	(4.2)
Purchase of plant and equipment and computer software	(0.8)	(0.9)
Payments for exploration and evaluation expenditure capitalised	(51.3)	(3.3)
<b>Net cash flows from (used in) investing activities</b>	<b>(157.6)</b>	<b>(728.1)</b>
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	(18.9)	(19.2)
Proceeds from issue of ordinary shares	-	312.3
Payment of equity raising costs	(0.3)	(8.8)
Proceeds from borrowings	350.0	274.0
Repayment of borrowings	(274.1)	(29.9)
Transaction costs paid	(8.8)	(8.6)
<b>Net cash flows from (used in) financing activities</b>	<b>47.9</b>	<b>519.8</b>
Net increase in cash and cash equivalents	114.6	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	(2.8)	0.5
<b>Cash and cash equivalents at end of the period</b>	<b>282.2</b>	<b>170.4</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2024

## NOTE 1. GENERAL INFORMATION

### (a) 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 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 report covers the half-year from 1 January 2024 to 30 June 2024. For comparison purposes, the most relevant period is the preceding six months, from 1 July 2023 until 31 December 2023. These results were disclosed in the Company's Transitional Year Annual Report for the period ended 31 December 2023 and have been presented as comparatives in this report.

### (b) Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*. Compliance with AASB 134 '*Interim Financial Reporting*' ensures compliance with International Financial Reporting Standard IAS 134 '*Interim Financial Reporting*'.

The condensed consolidated financial statements are for the consolidated entity comprising Karoon Energy Ltd (the 'Company') and its subsidiaries (the 'Group') for the half-year period ended 30 June 2024. The Company is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:KAR).

The condensed consolidated financial statements do not include all the notes of the type normally included in an Annual Report and should be read in conjunction with the Company's Transitional Year Annual Report for the period ended 31 December 2023 and any public announcements made by Karoon Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*.

The condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's Transitional Year Annual Report for the period ended 31 December 2023. The revenue policy for the USA operating segment, adopted during the period, is disclosed in Note 2.

### (c) Rounding

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

### (d) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

### (e) Key Accounting Estimates, Assumptions and Judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant accounting judgements, estimates and assumptions adopted in this interim financial report are consistent with those disclosed in the Company's Transitional Year Annual Report for the period ended 31 December 2023.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 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.

The operating segments are based on the Group's geographical location of its operations.

The Group has identified operating segments based on the following three geographic locations:

- Australia – in which the Group's head office resides and continues to assess opportunities involved in the exploration and evaluation of hydrocarbons;
- 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.

'All other segments' include amounts of a corporate nature not specifically attributable to an operating segment.

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

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 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 condensed 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### (b) Operating Segments

SEGMENT PERFORMANCE	AUSTRALIA US\$M	BRAZIL US\$M	USA US\$M	ALL OTHER SEGMENTS US\$M	CONSOLIDATED US\$M
<b>Result for the six months ended 30 June 2024</b>					
Revenue	-	315.0	94.4	-	409.4
Other income	1.5	2.9	-	-	4.4
<b>Total segment revenue</b>	<b>1.5</b>	<b>317.9</b>	<b>94.4</b>	<b>-</b>	<b>413.8</b>
<b>Expenses</b>					
Cost of sales	(0.3)	(139.0)	(61.9)	-	(201.2)
Depreciation and amortisation expense – non-oil and gas assets	(0.3)	(0.3)	-	-	(0.6)
Finance costs	(11.0)	(11.2)	(8.4)	-	(30.6)
Realised losses on cash flow hedges	-	(10.7)	-	-	(10.7)
Corporate expenses	(6.4)	(6.7)	(1.1)	-	(14.2)
Net foreign currency gains/(losses)	3.8	(3.5)	-	-	0.3
Change in fair value of contingent consideration	-	(4.7)	-	-	(4.7)
Other	(6.4)	(1.8)	(1.5)	-	(9.7)
<b>Profit/(loss) before income tax</b>	<b>(19.1)</b>	<b>140.0</b>	<b>21.5</b>	<b>-</b>	<b>142.4</b>
<b>Income tax (expense)/benefit</b>	<b>2.3</b>	<b>(78.3)</b>	<b>(4.6)</b>	<b>-</b>	<b>(80.6)</b>
<b>Profit/(loss) for financial period</b>	<b>(16.8)</b>	<b>61.7</b>	<b>16.9</b>	<b>-</b>	<b>61.8</b>
<b>Result for the six months ended 31 December 2023</b>					
Revenue	-	409.1	3.8	-	412.9
Other income	0.8	1.7	0.1	-	2.6
<b>Total segment revenue</b>	<b>0.8</b>	<b>410.8</b>	<b>3.9</b>	<b>-</b>	<b>415.5</b>
<b>Expenses</b>					
Cost of sales	-	(162.0)	(2.5)	-	(164.5)
Depreciation and amortisation expense – non-oil and gas assets	(0.2)	(0.3)	-	-	(0.5)
Finance costs	(1.1)	(14.6)	(0.2)	-	(15.9)
Realised losses on cash flow hedges	-	(8.5)	-	-	(8.5)
Corporate expenses	(6.8)	(7.0)	-	(0.2)	(14.0)
Net foreign currency gains/(losses)	(8.6)	0.5	-	-	(8.1)
Change in fair value of contingent consideration	-	(3.5)	-	-	(3.5)
Other	(12.1)	(6.3)	-	-	(18.4)
<b>Profit/(loss) before income tax</b>	<b>(28.0)</b>	<b>209.1</b>	<b>1.2</b>	<b>(0.2)</b>	<b>182.1</b>
<b>Income tax (expense)/benefit</b>	<b>4.8</b>	<b>(64.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(59.6)</b>
<b>Profit/(loss) for financial period</b>	<b>(23.2)</b>	<b>144.9</b>	<b>1.1</b>	<b>(0.3)</b>	<b>122.5</b>
<b>Six months ended 30 June 2024</b>					
Total segment assets	104.9	974.0	875.1	-	1,954.0
Total segment liabilities	1.0	546.1	429.4	-	976.5
<b>Six months ended 31 December 2023</b>					
Total segment assets	38.2	1,105.0	789.3	-	1,932.5
Total segment liabilities	277.9	672.3	68.3	-	1,018.5

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 3. REVENUE AND OTHER INCOME

#### (a) Revenue

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
Crude oil sales	401.0	412.5
Gas sales	6.8	0.4
NGL sales	1.6	-
<b>Total revenue from contracts with customers</b>	<b>409.4</b>	412.9

#### (b) Other income

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
Interest income	4.3	2.5
Sundry income	0.1	0.1
<b>Total other income</b>	<b>4.4</b>	2.6

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 4. EXPENSES

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
<b>(a) Cost of sales</b>		
Operating costs	43.4	30.2
Royalties and other government take	24.8	45.0
Depreciation and amortisation – oil and gas assets	104.0	94.2
Change in inventories	16.9	(12.7)
Transportation and marketing costs	12.1	7.8
<b>Total cost of sales</b>	<b>201.2</b>	<b>164.5</b>
<b>(b) Finance costs</b>		
Finance charges on lease liabilities	6.2	6.8
Discount unwinding on net present value of provision for restoration	4.4	3.2
Interest expense	14.7	2.5
Other finance costs	5.3	3.4
<b>Total finance costs</b>	<b>30.6</b>	<b>15.9</b>
<b>(c) Other expenses</b>		
Advisory and transaction costs	4.8	10.8
Business development and other project costs	2.2	0.7
Exploration and evaluation expenditure expensed	1.4	3.3
Corporate	14.2	14.0
Realised losses on cash flow hedges	10.7	8.5
Depreciation and amortisation – non-oil and gas assets	0.6	0.5
Share-based payments expense	1.3	1.4
Social investments/sponsorships	–	2.2
<b>Total other expenses</b>	<b>35.2</b>	<b>41.4</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 5. INCOME TAX

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
<b>(a) Income tax recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>		
<b>Income tax expense comprises:</b>		
Current income tax	27.8	26.3
Deferred income tax	52.8	33.3
<b>Total income tax expense</b>	<b>80.6</b>	59.6
The prima facie tax on profit before income tax is reconciled to tax expense as follows:		
Prima facie tax expense on profit before income tax, calculated at the Brazilian tax rate of 34%	48.4	61.9
<b>Add/(subtract) the tax effect of:</b>		
Share-based payments expense (non-cash)	0.4	0.3
Other non-deductible items	2.2	4.4
Other tax benefits	-	(8.3)
Social investments/sponsorships	-	(2.2)
Difference in overseas tax rates	(0.5)	0.6
Foreign exchange differences	30.1	2.9
<b>Total income tax expense</b>	<b>80.6</b>	59.6

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 5. INCOME TAX CONTINUED

	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 30 JUNE 2024 US\$M
<b>(b) Deferred Tax Balances</b>				
<i>Temporary differences</i>				
Provisions and accruals	40.9	(3.1)	-	<b>37.8</b>
Depreciation of oil and gas assets	(48.6)	(8.5)	-	<b>(57.1)</b>
Unrealised foreign currency losses/(gains)	(24.8)	20.3	-	<b>(4.5)</b>
Cumulative translation adjustment	33.1	(39.3)	-	<b>(6.2)</b>
Fair value movement of financial liabilities	68.5	(23.5)	-	<b>45.0</b>
Farm-out expenditures	0.1	-	-	<b>0.1</b>
Right-of-use assets	(67.1)	16.9	-	<b>(50.2)</b>
Lease liabilities	87.9	(17.6)	-	<b>70.3</b>
Hedge premium	(3.2)	2.0	-	<b>(1.2)</b>
Net changes of cash flow hedges	3.1	-	(1.0)	<b>2.1</b>
Other	0.4	-	-	<b>0.4</b>
<b>Total temporary differences</b>	<b>90.3</b>	<b>(52.8)</b>	<b>(1.0)</b>	<b>36.5</b>
<i>Unused tax losses</i>				
Tax losses	4.9	(0.9)	-	<b>4.0</b>
<b>Total unused tax losses</b>	<b>4.9</b>	<b>(0.9)</b>	<b>-</b>	<b>4.0</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>95.2</b>	<b>(53.7)</b>	<b>(1.0)</b>	<b>40.5</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 6. DIVIDENDS

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
Dividends provided for or paid during the period	-	-
Dividends not recognised at the end of the period <sup>(i)</sup>	24.4	-

(i) Converted at and AUD:USD exchange rate of 0.6776.

After the reporting date, on 27 August 2024, the Board of Directors of Karoon Energy Ltd determined to pay an interim dividend of 4.496 Australian cents per share. Consequently, the financial effect of the dividend has not been brought to account in the half-year financial statements for the period ended 30 June 2024 and will be recognised in subsequent financial reports.

### NOTE 7. OIL AND GAS ASSETS

	PRODUCTION ASSET US\$M	DEVELOPMENT ASSET US\$M	RIGHT OF USE ASSETS US\$M	CONSOLIDATED TOTAL US\$M
<b>Six months ended 31 December 2023</b>				
Balance at beginning of the period	579.8	-	218.9	798.7
Acquisitions during the period	636.8	-	-	636.8
Additions during the period	0.6	2.8	-	3.4
Disposals during the period	(0.8)	-	-	(0.8)
Tax credits receivable	(11.0)	-	-	(11.0)
Depreciation expense	(60.8)	-	(33.4)	(94.2)
Net increase in provision for restoration <sup>(i)</sup>	58.1	-	-	58.1
<b>Carrying amount at end of period</b>	<b>1,202.7</b>	<b>2.8</b>	<b>185.5</b>	<b>1,391.0</b>
<b>At 31 December 2023</b>				
At cost	1,440.8	2.8	349.0	1,792.6
Accumulated depreciation	(238.1)	-	(163.5)	(401.6)
<b>Carrying amount at end of period</b>	<b>1,202.7</b>	<b>2.8</b>	<b>185.5</b>	<b>1,391.0</b>
<b>Six months ended 30 June 2024</b>				
Balance at beginning of the period	1,202.7	2.8	185.5	1,391.0
Additions during the period	1.0	15.2	-	16.2
Remeasurement of lease arrangements	-	-	(1.0)	(1.0)
Depreciation expense	(82.3)	-	(21.7)	(104.0)
Impact of increase in discount rate on provision for restoration at period-end	(11.8)	-	-	(11.8)
Completions and transfers	18.0	(18.0)	-	-
<b>Carrying amount at end of period</b>	<b>1,127.6</b>	<b>-</b>	<b>162.8</b>	<b>1,290.4</b>
<b>At 30 June 2024</b>				
At cost	<b>1,448.0</b>	<b>-</b>	<b>348.0</b>	<b>1,796.0</b>
Accumulated depreciation	<b>(320.4)</b>	<b>-</b>	<b>(185.2)</b>	<b>(505.6)</b>
<b>Carrying amount at end of period</b>	<b>1,127.6</b>	<b>-</b>	<b>162.8</b>	<b>1,290.4</b>

(i) Includes the addition of restoration obligations relating to the acquisition of Karoon interests in the US GoM Assets, offset by an increase in the discount rate on total restoration provisions.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 8. 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) The Group has provided the ANP a letter of credit for \$1.9 million (31 December 2023: \$2.1 million) to carry out the minimum work program in relation to exploration in Santos Basin Block S-M-1537. The Directors are of the opinion that the work program commitments will be satisfied. The letter of credit is fully funded by way of payment of a security deposit, which will be released once the work program is met.
- (ii) 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 30 June 2024, as it is dependent on uncertain future events.
- (iii) 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.
- (iv) The Concession Contracts for Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165, 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.
- (v) 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 30 June 2024 (31 December 2023: \$Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 9. BORROWINGS

	AS AT 30 JUNE 2024 US\$M	AS AT 31 DEC 2023 US\$M
<b>Current</b>		
Syndicated loan facility – secured	–	0.1
<b>Total current borrowings</b>	–	0.1
<b>Non-current</b>		
Long term bonds issued	350.0	–
Syndicated loan facility – secured	–	274.0
Less: transaction costs <sup>(i)</sup>	(17.8)	(9.6)
<b>Total non-current borrowings</b>	332.2	264.4
<b>Total borrowings</b>	332.2	264.5

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

#### 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 a reserves based loan, secured against various group assets (including Baúna/Patola) and guaranteed by various Group members which comprise no less than 90% of EBITDAX and 90% of total assets.

The facility 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, including a scheduled repayment profile subject to customary provisions in respect of remaining reserves of the borrowing base assets.

During December 2023, US\$274 million of the New Facility was drawn to fund a portion of the Who Dat acquisition consideration. Borrowings were subsequently repaid during the period from the net proceeds of the issuance of Notes.

In March 2024, after the implementation of the New Facility, Karoon Petróleo & Gás Ltda repaid and cancelled the remaining \$0.1m balance under Karoon’s original US\$160 million syndicated loan facility.

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 previous syndicated loan facility, 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 30 June 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 10. OTHER FINANCIAL ASSETS AND LIABILITIES

	AS AT 30 JUNE 2024 US\$M	AS AT 31 DEC 2023 US\$M
<b>Assets</b>		
<b>Current</b>		
Derivative financial instruments – cash flow hedges <sup>(i)</sup>	–	0.2
<b>Total assets</b>	–	0.2
<b>Liabilities</b>		
<b>Current</b>		
Derivative financial instruments – cash flow hedges <sup>(i)</sup>	2.4	–
Embedded derivative – contingent consideration payable <sup>(ii)</sup>	87.7	86.0
<b>Total current other financial liabilities</b>	90.1	86.0
<b>Non-current</b>		
Derivative financial instruments – cash flow hedges <sup>(i)</sup>	0.5	–
Embedded derivative – contingent consideration payable <sup>(ii)</sup>	53.5	136.5
<b>Total non-current other financial liabilities</b>	54.0	136.5
<b>Total other financial liabilities</b>	144.1	222.5

#### (i) Derivative financial instruments – cash flow hedges

During the period, the Group has entered into Brent oil price derivative hedges, via a collar structure consisting of bought put and sold call options. 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 to Note 9).

At 30 June 2024, the Group had the following outstanding hedges:

EXPIRY	BOUGHT PUT STRIKE (US\$/BBL)	PUT VOLUME (*000 BBL)	SOLD CALL STRIKE (US\$/BBL)	CALL VOLUME (*000 BBL)
2024: 1 July 2024 to 31 December 2024	60	1,395	92	1,395
2025: 1 January 2025 to 31 December 2025	58	1,569	92	1,569
		<b>2,964</b>		<b>2,964</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 10. OTHER FINANCIAL ASSETS AND LIABILITIES CONTINUED

#### (ii) Reconciliation of contingent consideration payable

	6 MONTHS ENDED 30 JUNE 2024 US\$M	6 MONTHS ENDED 31 DEC 2023 US\$M
Balance at the beginning of the financial period	222.5	219.0
Payments	(86.0)	–
Unrealised fair value changes recognised in profit or loss during the period	4.7	3.5
Total contingent consideration payable at fair value	141.2	222.5

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

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  $\geq$ US\$50 and ending at  $\geq$ 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 $\leq$ B < 55	3	3	3	2	2	13
55 $\leq$ B < 60	17	17	17	8	4	63
60 $\leq$ B < 65	34	34	34	15	6	123
65 $\leq$ B < 70	53	53	53	24	10	193
B $\geq$ 70	78	78	78	36	15	285

At 30 June 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. \$86.0m, the amount payable in respect of the 2023 calendar year, was paid in January 2024. The fair value of the total amount payable has been revised upwards by \$4.7m due to a revision in the discount rate.

A discount rate of 3.27% and interest per annum of 2% has been applied in the calculation of the present value at 30 June 2024. The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash outflows.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 11. CONTRIBUTED EQUITY

#### (a) Contributed Equity

	30 JUNE 2024 NUMBER	31 DEC 2023 NUMBER	30 JUNE 2024 US\$M	31 DEC 2023 US\$M
Ordinary shares, fully paid	<b>801,411,765</b>	801,234,076	<b>1,210.8</b>	1,210.8
Total contributed equity	<b>801,411,765</b>	801,234,076	<b>1,210.8</b>	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	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	3,531,344	-
31 December 2023	Balance at end of previous financial period	801,234,076	1,210.8
	Performance rights conversion	<b>177,689</b>	-
30 June 2024	Balance at end of half-year	<b>801,411,765</b>	<b>1,210.8</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 12. COMMITMENTS

	AS AT 30 JUNE 2024 US\$M	AS AT 31 DEC 2023 US\$M
<b>(a) Capital and Service Expenditure Commitments</b>		
Contracts for capital and service expenditure in relation to assets not provided for in the condensed consolidated financial statements.		
<b>Capital commitments</b>		
Not later than one year	30.7	16.1
Later than one year but not later than five years	-	-
<b>Total capital commitments</b>	<b>30.7</b>	<b>16.1</b>
<b>Service commitments</b>		
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	35.6	16.8
Later than one year but not later than five years	8.1	15.3
<b>Total service commitments</b>	<b>43.7</b>	<b>32.1</b>
<b>Total capital and service expenditure commitments</b>	<b>74.4</b>	<b>48.2</b>
<b>(b) Exploration Expenditure Commitments</b>		
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 not provided for in the condensed consolidated financial statements.		
Not later than one year	-	5.0
Later than one year but not later than five years	1.9	3.5
Later than five years	3.6	4.0
<b>Total guaranteed exploration expenditure commitments</b>	<b>5.5</b>	<b>12.5</b>

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### NOTE 13. SUBSEQUENT EVENTS

On 25 July 2024, Karoon Energy Ltd announced a revised capital allocation framework and a US\$25 million on-market buyback. The buyback is expected to be completed by 31 December 2024, subject to all necessary approvals.

On 27 August 2024, the Board of Directors of Karoon Energy Ltd determined to pay interim dividend of 4.496 Australian cents per share in respect of the 2024 half-year period. Consequently, the financial effect of the dividend has not been brought to account in the half-year financial statements and will be recognised in subsequent financial reports.

Other than the matters described above, there has not been any matter or circumstance which has arisen since 30 June 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.

## DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 16 to 34, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year 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.

This Directors' Declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors:



**Mr Peter Botten**  
Independent Non-Executive Chairman



**Dr Julian Fowles**  
Managing Director and Chief Executive Officer

28 August 2024

# INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KAROON ENERGY LTD



## Independent auditor's review report to the members of Karoon Energy Ltd

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Karoon Energy Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Karoon Energy Ltd does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KAROON ENERGY LTD  
CONTINUED



### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

Graeme McKenna  
Partner

Melbourne  
28 August 2024

## GLOSSARY

TERM	DEFINITION
<b>1H24</b>	Six month period beginning on 1 Jan 2024 and ending on 30 June 2024.
<b>A\$ or AUD</b>	Australian Dollars.
<b>AASB</b>	Australian Accounting Standards Board.
<b>ANP</b>	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.
<b>API</b>	The American Petroleum Institute gravity, or API gravity, is a measure of how heavy or light a petroleum liquid is compared to water.
<b>ASX</b>	ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange.
<b>Barrel Or Bbl</b>	Barrel of oil, inclusive of condensate. A quantity of 42 United States gallons; equivalent to approximately 159 litres.
<b>Basin</b>	A natural depression on the earth's surface in which sediments, eroded from higher surrounding ground levels, accumulated and were preserved.
<b>Baúna</b>	Concession BM-S-40 containing the producing Baúna, Piracaba and Patola light oil fields in Brazil.
<b>Block</b>	A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern.
<b>bopd</b>	Barrels of oil per day.
<b>Carbon Neutral</b>	Carbon neutral refers to having a balance between emitting and offsetting greenhouse gas emissions, achieved through acquiring carbon offsets in respect to Scope 1 and 2 GHG emissions.
<b>CO<sub>2</sub>e</b>	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. It is used to evaluate releasing (or avoiding releasing) any greenhouse gas against a common basis.
<b>Company or Parent Company</b>	Karoon Energy Ltd.
<b>Contingent Resources</b>	<p>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).</p> <ul style="list-style-type: none"> <li>• 1C – Denotes low estimate scenario of contingent resources.</li> <li>• 2C – Denotes best estimate scenario of contingent resources.</li> <li>• 3C – Denotes high estimate scenario of contingent resources.</li> </ul>
<b>CY</b>	Calendar year beginning 1 January to 31 December.
<b>Director</b>	A Director of Karoon Energy Ltd.
<b>E&amp;P</b>	Exploration and production.
<b>Emissions intensity</b>	Total Scope 1 and Scope 2 GHG emissions (kgCO <sub>2</sub> e) divided by the total production (boe) over the equivalent period.
<b>Exploration</b>	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.
<b>FID</b>	Final Investment Decision.
<b>Field</b>	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.
<b>FPS</b>	Floating Production System.
<b>FPSO</b>	Floating production, storage and off-loading facility.

## GLOSSARY CONTINUED

TERM	DEFINITION
<b>FY or financial year</b>	Financial Year.
<b>Gearing</b>	Net debt/(net debt+ book value of equity).
<b>GHG</b>	Greenhouse gas.
<b>GoM</b>	Gulf of Mexico.
<b>HSSE</b>	Health, safety, security and environment.
<b>JV</b>	Joint Venture.
<b>Karoon or Group</b>	Karoon Energy Ltd and its subsidiaries.
<b>KMP</b>	Key Management Personnel.
<b>Lost Time or Recordable Incident</b>	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.
<b>LTI</b>	Lost time injury.
<b>LTI</b>	Long-term incentive.
<b>LTIR</b>	Lost time injury rate.
<b>m</b>	Million.
<b>LLOG</b>	LLOG Exploration Offshore, LLC and LLOG Omega Holdings.
<b>MMbbl</b>	Millions of barrels (1,000,000 barrels).
<b>MMboe</b>	Millions of barrels of oil equivalent.
<b>MMscf/d</b>	Million standard cubic feet per day.
<b>NED</b>	Non-Executive Director.
<b>Net debt</b>	Total borrowings (excluding transaction costs) less cash and cash equivalents.
<b>Net Zero (Scope 1 and 2)</b>	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.
<b>NPAT</b>	Net Profit After Tax.
<b>NRI</b>	Net Revenue Interest relates to a share of production after deducting royalties, overriding royalties, and other similar burdens from the working interest.
<b>OMS</b>	Operating Management System.
<b>Operator</b>	One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants.
<b>Permit</b>	A hydrocarbon tenement, lease, license, concession or block.
<b>Petrobras</b>	Petróleo Brasileiro SA.
<b>Prospect</b>	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.
<b>Prospective Resources</b>	<p>Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.</p> <ul style="list-style-type: none"> <li>• 1U – Denotes the unrisks low estimate qualifying as Prospective Resources.</li> <li>• 2C – Denotes the unrisks best estimate qualifying as Prospective Resources.</li> <li>• 3C – Denotes the unrisks high estimate qualifying as Prospective Resources.</li> </ul>

## GLOSSARY CONTINUED

TERM	DEFINITION
<b>REAL, Reais or R\$</b>	Brazilian currency.
<b>Reserves</b>	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. <ul style="list-style-type: none"> <li>• 1P – Denotes low estimate of Reserves.</li> <li>• 2P – Denotes best estimate of Reserves.</li> <li>• 3P – Denotes high estimate of Reserves.</li> </ul>
<b>Reservoir</b>	A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water.
<b>Rig</b>	The equipment needed for drilling a well. It includes the onshore and offshore vehicles, mobile platforms or vessel on which the equipment is stored.
<b>Risk</b>	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.
<b>Scope 1 Emissions</b>	GHG released directly from operations within Karoon's (including operational control and equity share). This includes emissions from stationary combustion (e.g. generator turbines onboard the FPSO), mobile combustion (e.g. supply vessels and fleet cars), fugitive emissions (e.g. general leaks), and process emissions (e.g. from flaring).
<b>Scope 2 Emissions</b>	Indirect GHGs released from the energy purchased at offices and shorebases.
<b>Scope 3 Emissions</b>	Other indirect GHG emissions, accounting for emissions in Karoon's upstream and downstream supply chains.
<b>Seismic survey</b>	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.
<b>SOFR</b>	Secured Overnight Financing Rate.
<b>STI</b>	Short-term incentive.
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide equivalent.
<b>TRIR</b>	Total Recordable Injury Rate.
<b>TY23</b>	Transitional Financial year beginning 1 July 2023 and ending on 31 December 2023.
<b>US\$</b>	United States dollars.
<b>US, USA</b>	The United States of America.
<b>VER</b>	Verified Emission Reduction. A type of carbon offset certification traded in voluntary or over-the-counter market for carbon credits.
<b>Who Dat</b>	The Who Dat producing assets comprise the Who Dat, Dome Patrol and Abilene oil and gas fields and associated infrastructure. The fields are located in the Mississippi Canyon, offshore Louisiana in the USA.

