2025
Half Year Report

KAROON ENERGY

Building for the future

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FORWARD-LOOKING STATEMENTS

This Half Year 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 Half Year 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.

Petroleum exploration and production operations rely on the interpretation of complex and uncertain data and information which cannot be relied on to lead to a successful outcome in any particular case. Petroleum exploration and production operations are inherently uncertain and involve significant risk of failure.

All information regarding Reserve and Contingent Resource estimates and other information in relation to Karoon's assets is given in light of this caution.

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 report necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise (including, without limitation, in respect of imprecise Reserve and Resource estimates, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling, demand for oil, commercial negotiations and other technical and economic factors), many of which are outside the control of Karoon.

Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward- looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements speak only as of the date of this report.

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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 2025 (the 'financial half year' or '1H25'). The Directors' Report is presented in US dollars, unless otherwise indicated.

1H25 FINANCIAL SUMMARY

	1H25 6 MONTHS TO 30 JUNE 2025	1H24 6 MONTHS TO 30 JUNE 2024
NWI production volumes (MMboe)[1]	**5.64**	5.46
NRI production volume (MMboe)[1]	**5.30**	5.08
Sales volume (MMboe)	**4.75**	5.45
Unit production costs on NWI basis[2] (US$/boe)	**13.11**	12.13
Unit production costs on NRI basis[2] (US$/boe)	**13.96**	13.02
Realised oil, condensate and NGL price (US$/boe)	**68.07**	75.07
Realised gas price (US$/mcf)	**4.18**	2.95
US$ million		
Sales revenue	**308.3**	409.4
Underlying EBITDAX[3,4,7]	**200.5**	266.8
EBITDAX[3,4]	**227.1**	246.9
Net interest and other finance costs	**(29.2)**	(20.2)
Depreciation and amortisation[5]	**(89.2)**	(83.0)
Underlying net profit before income tax[3,7]	**77.4**	162.3
Underlying net profit after income tax[3,7]	**45.0**	115.8
Reported net profit after income tax	**71.0**	61.8
Operating cash flows	**81.6**	224.3
Net assets	**996.1**	977.4
Investment Expenditure:		
– Oil and gas assets	**151.6**	16.2
– Exploration and evaluation capital expenditure	**3.6**	61.6
– Other plant and equipment[6]	**0.5**	0.5

1. NWI (Net Working Interest) production is Karoon's share of production. NRI (Net Revenue Interest) production is Karoon's share of production after deducting royalties, overriding royalties, and other similar burdens from the working interest.
2. 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. 1H24 unit production costs have been restated to exclude carbon credit costs from operating costs as reported in Note 4(a).
3. 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.
4. Includes depreciation on FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease, refer Note 1 above.
5. Excludes depreciation on FPSO charter lease right-of-use asset refer Note 1 above.
6. Excludes leased right-of-use asset additions.
7. Underlying EBITDAX, underlying net profit before income tax (NPBT) and underlying net profit after tax (NPAT) have been adjusted for the following items:

US$ MILLION	30 JUN 25 NPAT	30 JUN 25 EBITDAX	30 JUN 24 NPAT	30 JUN 24 EBITDAX
Statutory results	**71.0**	**227.1**	61.8	246.9
Flotel costs	**13.9**	**21.1**	–	–
Unsuccessful exploratory wells	**13.2**	**–**	–	–
Corporate relocation costs	**2.3**	**3.1**	–	–
Change in fair value of contingent consideration	**(11.2)**	**(17.0)**	3.1	4.7
Realised losses/(gains) on cash flow hedges	**0.8**	**1.3**	7.1	10.7
Foreign exchange losses/(gains)	**0.2**	**0.2**	(0.3)	(0.3)
Advisory & Transaction costs	**–**	**–**	4.8	4.8
Gain on disposal of right-of-use asset (Baúna FPSO)	**(35.3)**	**(35.3)**	–	–
Deferred tax asset write off – Baúna FPSO	**18.4**	**–**	–	–
Cumulative translation adjustment impact on deferred tax	**(28.3)**	**–**	39.3	–
Total adjustments	**(26.0)**	**(26.6)**	54.0	19.9
Underlying results	**45.0**	**200.5**	115.8	266.8

REVIEW OF FINANCIALS

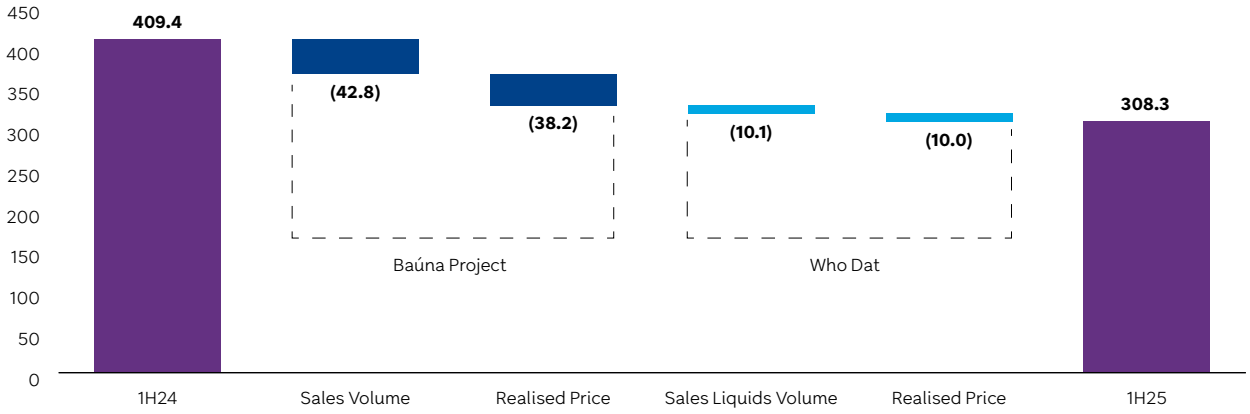
Revenue

Sales revenue for the financial half year (1H25) of US$308.3 million was 25% lower than revenue in the financial half year ended 30 June 2024 (1H24), due to both lower sales volumes and reduced average realised hydrocarbon prices.

During 1H25, the operational performance from the Baúna Project was strong, with production of 3.94 MMbbl, 11% higher than in 1H24 (3.54 MMbbl). However, 1H25 Baúna Project sales volumes of 3.43 MMbbl were lower than production, and down 14% from 1H24 (3.97 MMbbl) which benefited from an additional cargo lifted in late 2023 and sold in January 2024. Lower 1H25 sales volumes reflected the timing of a Baúna cargo which was loading at the end of June 2025, with approximately US$34.2 million of associated revenue recognised in July 2025. The average realised oil price for Baúna crude sales in 1H25 declined 14%, from US$79.33/bbl to US$68.30/bbl.

Who Dat production on an NRI basis for 1H25 was 1.36 MMboe, comprising 72% liquids and 28% gas on an oil equivalent basis, 12% lower than in 1H24. 1H25 sales volumes were 10% lower than in 1H24, mainly due to higher volumes of gas used for fuel and flaring, which are excluded from reported sales volumes. The average realised liquids price declined 16% to US$67.29/boe, while the average realised gas price increased 42% to US$4.18/mcf.

Revenue chart (US$m)



Underlying Net Profit After tax

Karoon's underlying net profit after income tax for 1H25 of US$45.0 million was 61% lower than in 1H24 (US$115.8 million), primarily due to lower sales revenue.

1H25 production costs (which include operating costs and depreciation and finance charges related to the Baúna FPSO) of US$71.8 million were 4% higher than in the prior corresponding period (1H24: US$68.8 million). Depreciation and finance charges related to the Baúna FPSO lease decreased following Karoon's acquisition of the vessel on 30 April 2025. This was offset by costs under a transitional services agreement with Altera & Ocyan (A&O) to support FPSO operations until Karoon assumes full operatorship in mid-2026. At Who Dat, production costs increased US$2.1 million largely due to higher materials and logistics costs relating to maintenance works.

Royalties fell from US$24.8 million to US$23.3 million, with the impact of lower commodity prices largely offset by higher Baúna production. Lower sales volumes during the financial half year resulted in a decline in transportation costs (from US$12.1 million to US$10.2 million).

Exploration expense in 1H25, primarily related to studies on the Company's new deepwater blocks offshore Brazil, was U$4.7 million, compared to US$1.4 million in 1H24. Depreciation, depletion and amortisation (excluding FPSO depreciation) in 1H25 rose 8% to US$89.2 million due to higher production.

Net finance costs (comprising interest income less finance costs detailed in Note 4(b) but excluding FPSO lease interest costs) of US$29.2 million in 1H25 were higher than in 1H24, primarily due to a higher average net debt position during the period.

Underlying tax expense in the financial half year of US$32.4 million was lower than the prior corresponding period (1H24: US$46.5 million) due to lower pre-tax profit. However, the effective tax rate was higher, at 41.8% compared to 28.7% in 1H24, with the increase due to the appreciation of the BRL against the US$.

Statutory Net Profit After Tax

Statutory net profit after tax for 1H25 of US$71.0 million (1H24: US$61.8 million) was higher than underlying net profit after tax and included the following:

- US$35.3 million non-cash gain following the termination of the FPSO lease agreement and subsequent derecognition of the lease liability and associated FPSO right-of-use asset.
- US$18.4 million in deferred tax expense, due to the derecognition of the net deferred tax asset associated with the FPSO lease liability and FPSO right-of-use-asset.
- US$17.0 million non-cash gain from the change in fair value of contingent consideration, with the contingent payments to Petrobras revised downwards due to lower forecast oil prices (the remaining two contingent payments to Petrobras will vary depending on the average Brent oil price in 2025 and 2026).
- US$28.3 million non-cash benefit relating to the cumulative translation adjustment impact on deferred tax. This relates to movements in deferred tax from temporary differences between the carrying amount of non-monetary assets and liabilities and their tax base. This arises as the functional currency and reporting currency of the Company's Brazilian branch is US dollars (US$), while tax is determined and settled in the local currency, Brazilian REAL BRL. This will continue to move each reporting period in line with the variation in conversion rates between BRL and US$.
- US$21.1 million in costs associated with a flotel to accommodate additional workers at the Baúna FPSO during the extended maintenance campaign completed during the financial half year.
- US$3.1 million of corporate relocation costs incurred to date associated with relocating corporate head office roles from Melbourne to Houston and Rio de Janeiro. Further costs will be incurred progressively over 2025 and 2026.
- US$1.3 million unrealised cash flow hedges (1H24: US$10.7 million).
- US$16.8 million of remaining costs associated with the unsuccessful Who Dat West well (1H24: nil).

Cash Flows

Net cash inflows from operations for 1H25 were US$81.6 million, compared to US$224.3 million in 1H24. The decrease reflected lower receipts from hydrocarbon sales due to lower sales volumes and lower realised prices. Borrowing and other costs of finance paid increased to US$29.9 million (1H24: $20.1 million), reflecting a higher average net debt position. Income taxes paid in the financial half year of US$39.8 million were also higher than in 1H24 (US$21.5 million), when tax benefits reduced the amount of cash tax paid.

Cash outflows from investing activities for 1H25 were US$240.8 million (1H24: US$157.6 million). There were several non-recurring cash outflows during 1H25, including US$115.0 million for the acquisition of the Baúna FPSO and US$24.9 million of capital expenditure relating to the SPS-88 well intervention. Other major investing cash outflows included US$87.6 million contingent consideration paid to Petrobras for the Baúna acquisition and the flotel costs.

Cash outflows from financing activities were US$72.6 million, including US$53.0 million of capital returns in the form of dividends (US$23.8 million) and on-market share buybacks (US$29.2 million), and US$19.6 million related to the principal elements of right-of-use lease payments for the FPSO.

Financial Position

At the end of June 2025, the Group had cash and cash equivalents of US$112.1 million (31 December 2024: US$341.2 million) and total liquidity (cash and undrawn debt facilities) of US$452.1 million.

The Group's current assets decreased from US$417.6 million to US$230.7 million, largely due to a reduction in cash and cash equivalents. Current liabilities decreased from US$229.6 million to US$102.4 million as the third instalment of the contingent consideration to Petrobras of US$87.6 million was paid during the financial half year. Contingent payments to Petrobras in 2026 and 2027 will be significantly lower than prior years (refer 'Note 10 – Other Financial Assets and Liabilities'). The decrease in current liabilities was also impacted by the acquisition of the Baúna FPSO which extinguished the remaining obligations of the FPSO lease.

During the financial half year, total assets fell from US$1,941.5 million to US$1,721.4 million, total liabilities decreased from US$965.1 million to US$725.3 million and total equity increased from US$976.4 million to US$996.1 million. The major changes in the consolidated statement of financial position included:

- Working capital movements discussed above.
- A decrease in lease liabilities following the acquisition of the Baúna FPSO.
- An increase in the restoration provision for the Baúna Project following a full cost review utilising expert assessment of expected future costs. The ultimate costs of restoration are uncertain, and cost estimates could be subject to revisions in subsequent years due to many factors.
- A reduction in oil and gas assets, with capital expenditure, including on the SPS-88 well intervention, and increase in restoration provision, more than offset by depreciation of US$102.6 million.
- A reduction in financial liabilities following the US$87.6 million contingent consideration paid to Petrobras in January 2025, and US$17.0 million change in fair value of contingent consideration (discussed above).
- A decrease in deferred tax assets from US$42.9 million to US$26.5 million, largely due to unwinding of the deferred tax position on the FPSO lease liability and associated right-of-use asset, translation movements and the utilisation of some of the tax credits generated from contingent consideration payments made to Petrobras.

REVIEW OF OPERATIONS

PRODUCTION

Karoon's production for 1H25, based on the Company's working interest in the Baúna Project and Net Revenue Interest (NRI) in Who Dat, was 5.30 MMboe, up 4% from 1H24. The increase reflected 11% higher production from the Baúna Project due to the SPS-88 well resuming production in March 2025 and improved FPSO efficiency, partly offset by a 12% decline in Who Dat production.

Brazil

Baúna Project: Concession BM-S-40 (KAR 100%, Operator: KAR)

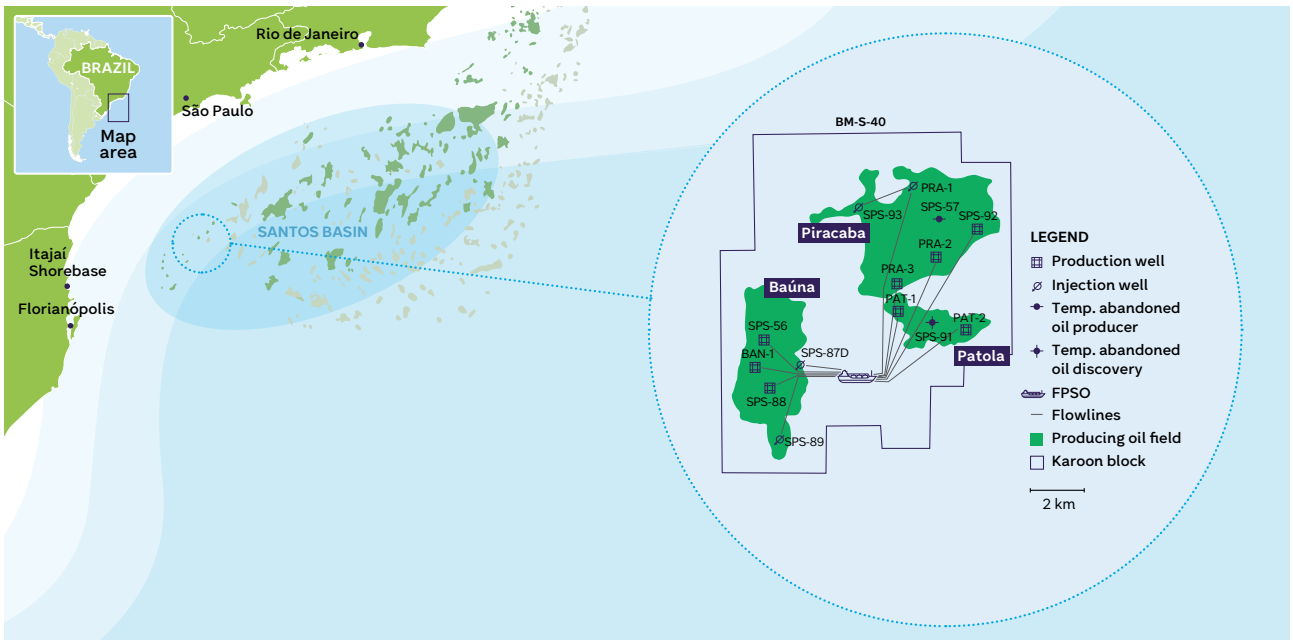
The Baúna Project is a conventional oil operation comprising three light oil fields (Baúna, Piracaba and Patola) which are tied back to a floating production, storage and offloading facility (FPSO), the Cidade de Itajaí, via eight production wells. The FPSO has a nameplate capacity of approximately 80,000 barrels of liquids per day and a storage capacity of 631,000 barrels of oil.

Production from the Baúna Project in 1H25 was 3.94 MMbbl, 11% higher than in 1H24. The increase reflected the resumption of production from the SPS-88 well on 28 March 2025 following a successful well intervention, and improved FPSO efficiency, of 94.5% (excluding scheduled downtime) in 1H25 compared to 85.3% in 1H24. The better FPSO performance was a result of ongoing work to reduce the maintenance backlog on the FPSO. While there remain areas of vulnerability, a flotel-supported maintenance campaign on the FPSO in early 2025 has made significant inroads into reducing the maintenance backlog. Further work on the FPSO is planned to take place over the balance of 2025 and during another flotel campaign in early 2026.

Revenue from the Baúna Project for 1H25 was US$234.0 million, 25% lower than in 1H24. Sales volumes in 1H25 were lower than in 1H24, as a cargo lifted at the end of June 2025 (with approximately US$34.2 million of associated revenue) was not recognised until early July 2025, while 1H24 benefited from revenue from a cargo lifted in late 2023. Seven cargoes were lifted and sold during 1H25, compared to eight cargoes in 1H24. In addition, revenue was impacted by a decline in the average realised oil price, which fell from US$79.33/bbl in 1H24 to US$68.30/bbl in 1H25, due to lower global oil prices.

Unit production costs for the Baúna Project declined from US$15.06/bbl in 1H24 to US$14.95/bbl in 1H25. The decrease reflected higher production over a relatively fixed cost base. Transportation costs for 1H25 were US$4.5 million, down from US$5.9 million in 1H24 as only five of the seven cargoes were shipped under Ship to Ship (STS) arrangements compared to six out of eight in 1H24.

On 30 April 2025, Karoon acquired the Baúna FPSO from Altera&Ocyan (A&O) for US$115 million. A Transition Services Agreement was signed with A&O to provide continuity of operations while Karoon prepares to take over operational control of the vessel, with support from service providers as required. The operatorship transition from A&O to Karoon is expected to be completed by the second half of 2026, once all necessary contracting, staff recruitment, establishment of management systems and processes, and regulatory approvals to operate are in place.



USA

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

Who Dat is a conventional deepwater oil and gas operation located offshore in the US Gulf of America. It comprises three producing oil and gas fields: Who Dat, Dome Patrol and Abilene. 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. Who Dat is operated by LLOG.

Production from Who Dat in 1H25 was 1.36 MMboe net to Karoon on a Net Revenue Interest (NRI) basis. This was 12% lower than in 1H24 as production was impacted by natural decline and routine maintenance.

Revenue from Who Dat (net to Karoon) in 1H25 was US$74.3 million, down from US$94.4 million in 1H24. This reflected a 10% reduction in hydrocarbon sales volumes as well as a lower average realised liquids price.

Who Dat unit production costs (on an NWI basis) increased from US$6.74/boe in 1H24 to US$8.84/boe. This was due to lower production over a largely fixed cost base, as well as higher materials and logistics costs relating to maintenance works. Transportation costs decreased, from US$6.2 million in 1H24 to US$5.7 million in 1H25, reflecting lower production volumes.

The operator undertook debottlenecking and reliability studies during 1H25, focused on optimising the production and processing capacity on the Who Dat FPS, as well as planning activities for an infill well targeted to commence drilling in 2H25.

OPERATIONAL METRICS

BAÚNA PROJECT	1H25	1H24
Production (MMbbl)	**3.94**	3.54
Sales (MMbbl)	**3.43**	3.97
Revenue (US$ million)	**234.0**	315.0
Average realised oil price (US$/bbl)	**68.30**	79.33
Production cost (US$/bbl)	**14.95**	15.06*

WHO DAT		
Production on Net Revenue Interest basis (MMboe)	**1.36**	1.54
Sales (MMboe)	**1.33**	1.48
Realised oil, condensate and NGLs price (US$/bbl)	**67.29**	79.67
Realised sales gas price (US$/mscf)	**4.18**	2.95
Revenue (US$ million)	**74.3**	94.4
Production cost on Net Revenue Interest basis (US$/boe)	**11.10**	8.38*
Production cost on Net Working Interest basis (US$/boe)	**8.84**	6.74*

* Restated to exclude carbon credit costs from operating costs as reported in Note 4(a).

DEVELOPMENT OPPORTUNITIES

Santos Basin, Brazil

Neon: Exploration Blocks S-M-1037 (KAR 100%, Operator: KAR)

Following the completion of the Concept Select phase, on 16 April 2025 the Neon development opportunity entered the first stage of the Define phase (Decision Gate 2), which includes Front-End Engineering and Design (FEED).

The Neon development opportunity comprises the development of the Neon field, located approximately 75 kilometres northeast of the Baúna Project. The development concept incorporates using a standalone redeployed FPSO with a capacity of approximately 50,000 bopd, an initial phase of development drilling comprising five horizontal production wells and one gas disposal well, and constructing necessary in-field subsea infrastructure. Future possible phases of development include the tie-in of Goia, located 23 kilometres southwest of Neon, and Piracucá, 17 kilometres northeast, (subject to formal granting, expected in November 2025), enabling a scalable and cost-efficient hub development with a prolonged plateau production.

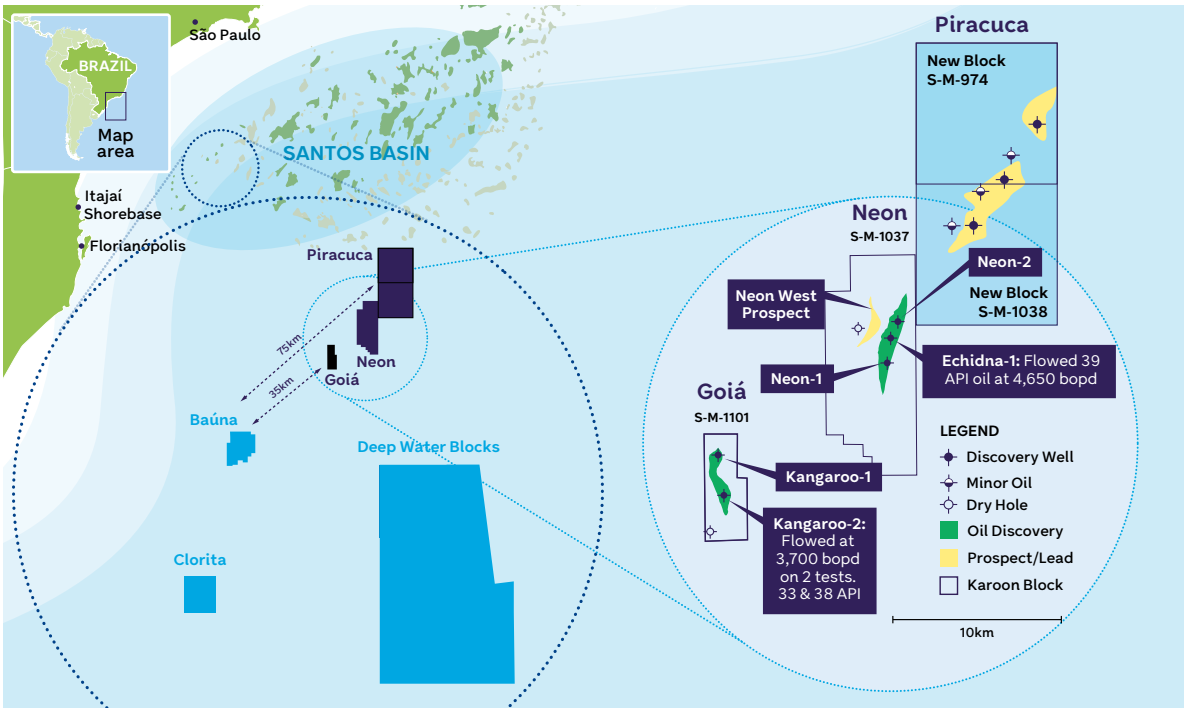
Karoon has split the Neon Define phase into three stages, to mitigate capital exposure. During 1H25, work commenced on Stage 1, with entry into subsequent stages dependent on technical and commercial progress and market conditions.

Activities during the Define phase will include the following:

- Confirming well count, phasing, location and design.
- Securing an appropriate FPSO and identifying the modifications required.
- Defining subsea infrastructure.
- Engaging with the market for key supply and service contracts, including a drilling rig.
- Undertaking a farm-down process.

During 1H25, the project team identified two FPSOs that might be suitable for Neon and commenced discussions with the owners. The project team also optimised production profiles and well plans, based on revised reservoir simulations, and commenced preparing data for a virtual data room to support a farm down. The farm down process is expected to commence in 3Q25. Karoon is aiming to secure a partner to balance the risk and capital demands (currently estimated to be US$0.9 – 1.2 billion on a 100% basis) and share the upside, should Neon progress, and is targeting to farm down a 30 – 50% interest.

The next milestone for Neon is in 1Q26, when Karoon will decide whether to move to the second stage of the Define phase. The successful completion of all three Define stages, ongoing robust economic and commercial outcomes and a farm down are Board pre-requisites for a positive Final Investment Decision, targeted for the second half of 2026.

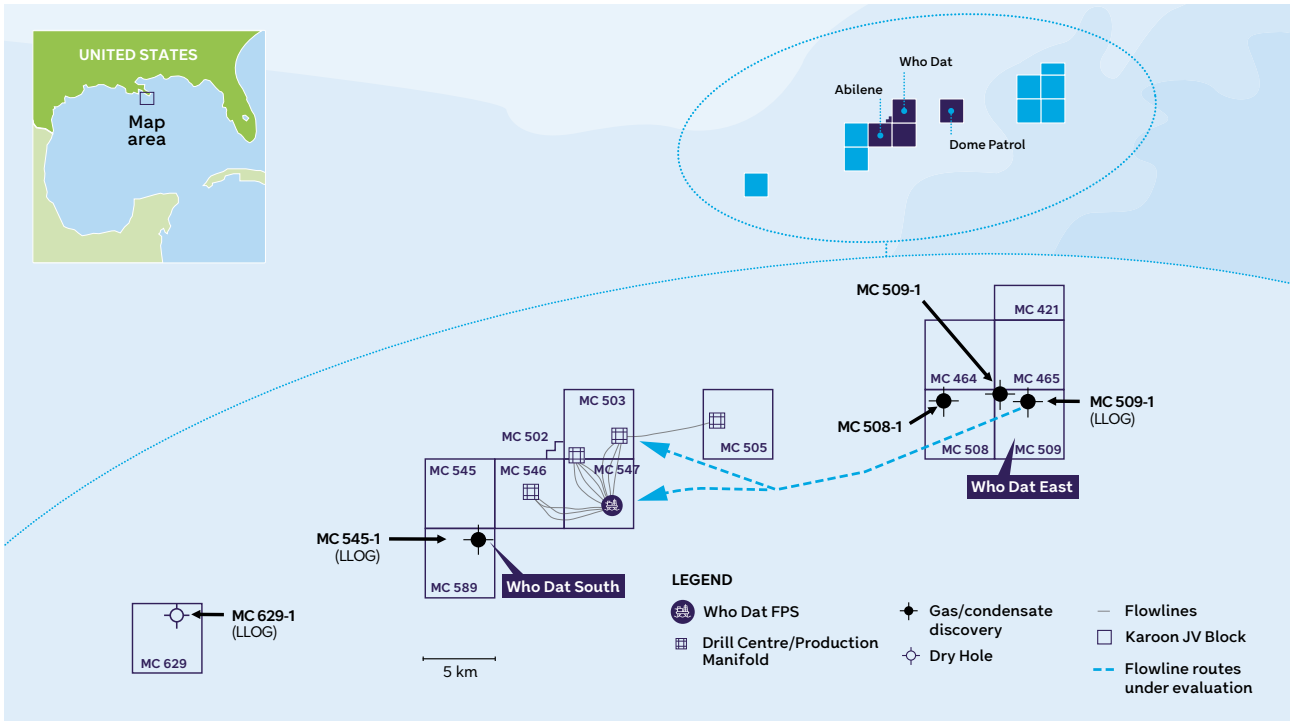


Gulf of America, USA

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

The Who Dat East oil and gas discovery lies approximately 27 kilometres east of the Who Dat FPS. Following a successful appraisal well drilled in 2024, during 1H25, the Who Dat operator, LLOG, continued reviewing various development concepts, including options to tie back the field to the Who Dat FPS or to third party processing facilities. The work confirmed that developing Who Dat East utilising the FPS could be a cost effective and value accretive way to develop the field, and that the Who Dat production facility can accommodate a tieback with minimal changes.

In mid-2025, Who Dat East, which contains 15.7 MMboe 2C Contingent Resource[1] (on an NRI basis), entered the Define phase. The JV is aiming to complete Define activities, including FEED, over 2H25, ahead of a potential Final Investment Decision for a single well development by late 2025/early 2026, subject to viable project economics.



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

Who Dat South, discovered in 2024, lies approximately 11 kilometres southwest of the Who Dat FPS and contains 7.4 MMboe of 2C Contingent Resource[1] (on an NRI basis). During 1H25, work took place on assessing various development concepts. Given the proximity of the resource to the Who Dat FPS, the most likely development concept is via a subsea tieback from a single well via the G-manifold, located 8 kilometres from the discovery.

Studies focused on reducing subsurface uncertainty and development costs are ongoing.

1. See pages 36 -39 of the 2024 Annual Report for full details. 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.

EXPLORATION

Santos Basin, Brazil

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

Studies on two exploration blocks acquired in 2024 continued in 1H25.

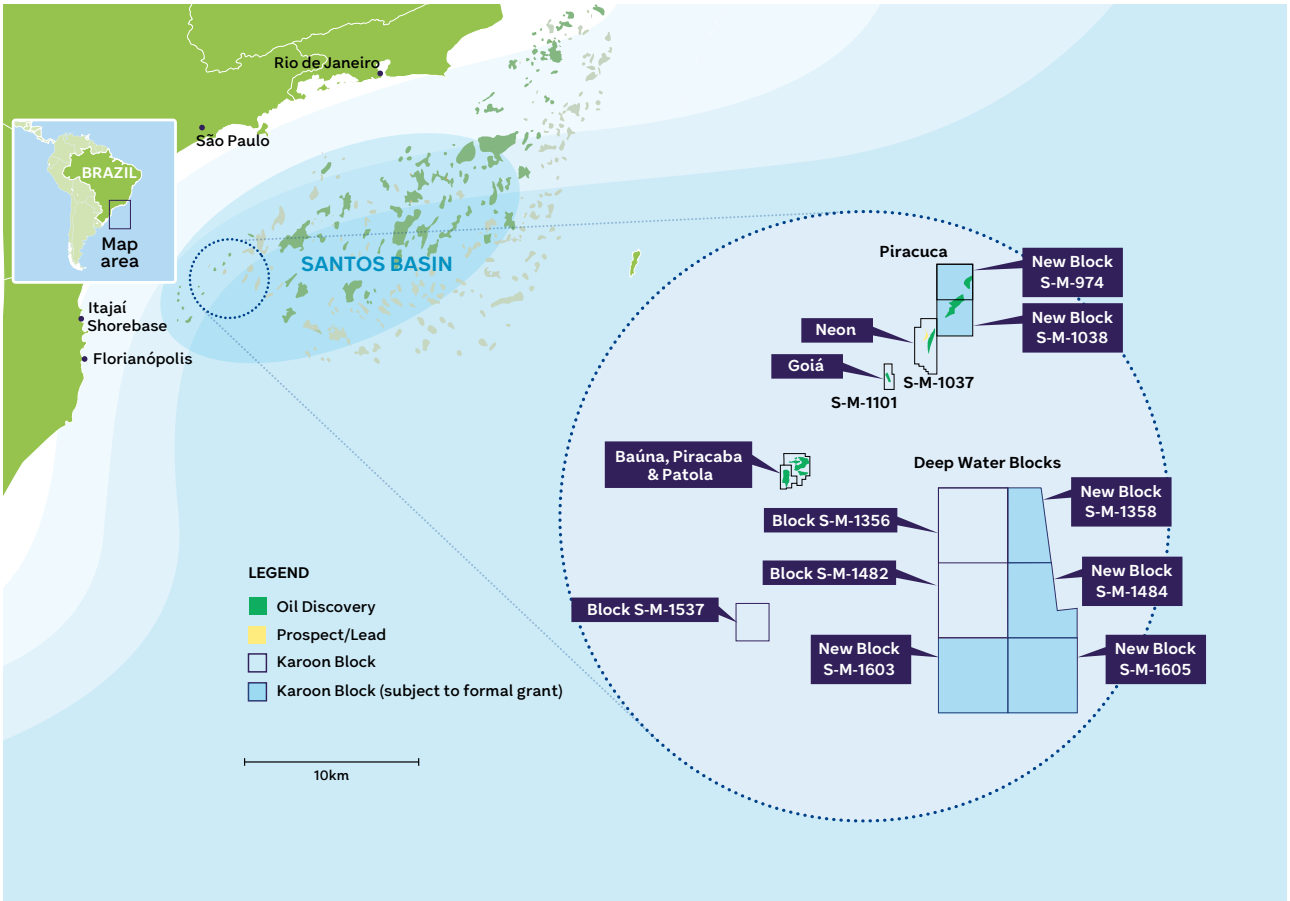
Exploration Blocks S-M-974, S-M-1038, S-M-1484, S-M-1605, S-M-1358 and S-M-1603 (KAR 100%, Operator: KAR)

In June 2025, Karoon was successful in its bid for 100% interests in six blocks in the Santos Basin though the ANP 5th Permanent bid round for Concession contracts. Two of the blocks (S-M-974 and S-M-1038) are located approximately 17 kilometres from the Neon field and contain the Piracucá discovery. The other four blocks (S-M-1484, S-M-1605, S-M-1358, S-M-1603) are adjacent to Karoon's existing deepwater exploration blocks (S-M-1356 and S-M-1482).

Formal granting of the blocks is expected to occur in 4Q25, subject to meeting certain qualification conditions, the payment of a bid bonus and providing a non-cash financial guarantee equivalent to 30% of the minimum work program.

Exploration Block S-M-1537 (KAR 100%)

Geological and geophysical studies continued on the S-M-1537 block, located 50 kilometres south of Baúna, which contains the Clorita prospect.



Gulf of America, USA

Who Dat West MC 629 (Karoon working interest 35%, Operator: LLOG)

Who Dat West is located 31 kilometres west southwest of the Who Dat FPS. An exploration well was drilled in late 2024 and reached a final total depth of 7,147 metres measured depth in early 2025. No significant hydrocarbon bearing intervals were interpreted within the drilled section and the well was plugged and abandoned. Data from the exploration well is being utilised to assess the remaining prospectivity of the lease.

Australia

WA-315-P and WA-398-P

At the end of 1H25, 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

Following a successful flotel campaign and planned maintenance shutdown at the Baúna FPSO in 1H25 without any recordable safety incidents, unfortunately there was one incident in May, a restricted work case on the Baúna FPSO. This took the 1H25 Total Recordable Injury Rate (TRIR) to 0.28, compared to 0.41 in 1H24. In addition, four high potential incidents took place. There were no Tier 1 or 2 Process Safety incidents reported during the period.

Steps are currently being taken with the Company's contractors to improve the focus on safety, as Karoon believes all incidents are preventable. Following the acquisition of the Baúna FPSO in April 2025, Karoon implemented a 100 day safety improvement plan which was completed in August 2025. The safety plan is focused on reinforcing the safety culture while Karoon is in the process of taking over operational control of the vessel.

There were no material environment incidents reported during 1H25.

	2024		2025
	1H24	2H24	1H25
Health, Safety and Security[1]			
Fatalities	–	–	**–**
High Potential Incidents	5	4	**5**
Lost Time Injuries (LTI)	1	1	**–**
Medical Treatment cases	1	1	**–**
Restricted Work Cases	–	–	**1**
Work Exposure Hours	482,078	552,222	**485,868**
Total Recordable Injury Rate (per 200,000 hours)[2]		0.77	**0.28**
Lost Time Injury Rate (per 200,000 hours)		0.38	**–**
Process Safety			
Tier 1 or 2 Process Safety Events	–	–	**–**
Environment			
Number of minor spills (to sea)	–	–	**–**

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

SUSTAINABILITY

Karoon's Annual Sustainability Report for 2024 was released in February 2025. Highlights were the continuation and growth of the Company's sustainability program, entry into the Suzano Afforestation, Reforestation & Revegetation (ARR) carbon project, and the continued expansion of Karoon's social programs in Brazil, including voluntary social programs. The Company also announced a refreshed sustainability strategy, and the results of a review of its Net Zero target. The Net Zero target review considered many factors, including current asset operational performance and potential future growth, as well as advancements in offshore emissions reduction technology. Consequently, the Company updated its commitment to achieving 'Net Zero by 2050 or sooner' for Scope 1 and Scope 2 emissions, replacing the previous target of 2035, while continuing to focus on reducing absolute emissions where practical and economical. Karoon remains committed to being carbon neutral for Scope 1 and 2 emissions through the use of carbon offsets, which it has achieved since 2021.

In 1H25, Karoon received 100,000 VCUs (verified credit units) from Suzano SA's Horizonte ARR project and a further 61,200 VCUs from the Envira Amazonia REDD+ Project, which are both located in Brazil. Karoon surrendered credits from these projects to offset 127,937 tCO_2e of operated and equity share Scope 1 emissions from 2024.

Total Scope 1 & 2 emissions for 1H25 were 61,045 tCO_2e compared with 61,161 tCO_2e in 1H24, with the decrease largely the result of improved operational reliability and reduced flaring in the second quarter of 2025, following a successful flotel and maintenance campaign in the first quarter. The emissions intensity was 10.7 $kgCO_2e$/boe compared with 11.0 $kgCO_2e$/boe in 1H24, with the decrease driven by increased operational reliability and production.

Karoon continued to develop its social programs in 1H25, with 14 of the 21 incentivised projects committed to for 2025 already commenced and the remaining seven expected to commence in 2H25. Three of the four voluntary projects are undergoing due diligence and detailed planning prior to commencing in 2H25.

CORPORATE AND COMMERCIAL

Acquisition of Baúna FPSO

Karoon successfully completed the acquisition of the Baúna FPSO (Cidade de Itajaí) from Altera & Ocyan (A&O) on 30 April 2025 for US$115.0 million plus US$8.5 million in transaction costs and taxes. The Baúna FPSO was previously leased by Karoon from A&O. On completion of the acquisition, the Baúna FPSO has been recognised as a Production asset and the former right-of-use asset has been derecognised (refer to Note 7 'Oil and Gas assets'). The corresponding lease liability has also been derecognised.

Relocation of corporate head office roles

During 1H25, Karoon commenced relocating key corporate head office roles from Melbourne to Houston and Rio de Janeiro. This move is aimed at simplifying the Company's structure, increasing efficiency and facilitating collaboration, as well as reducing duplication and allowing the Company to source high quality, local talent in its operational locations. The relocation of corporate teams and roles, which has been carefully planned, will be phased over a period of 12 – 18 months to ensure an efficient and smooth handover of roles and responsibilities can be undertaken.

Dr Julian Fowles, Karoon's CEO/MD, will not be relocating and will be leaving the Company by end-2025. The Board, supported by an international search firm, is leading a global search process to appoint a Houston-based CEO/MD to succeed Dr Fowles. Dr Fowles will remain as CEO/MD until the earlier of the appointment of the new CEO/MD or the end of 2025. He will then serve a notice period through to mid-2026, during which time he will be available to provide continuity, if required.

In 1H25, the costs associated with the transition were US$3.1 million, with total costs of approximately US$11 million expected to be incurred over 2025 and 2026.

While opportunities to list the Company on alternative securities exchanges have been explored, it was concluded that at present it is more advantageous for Karoon to remain an ASX listed company.

US$75 million on-market share buyback announced

In January 2025, the Board announced that Karoon intended to undertake a US$75 million on-market share buyback over 2025.

In March 2025, the Board approved the first phase of the buyback of up to 20.8 million shares or approximately US$22 million. As completion of the first phase would take the total amount invested in Karoon shares to US$72 million (approximately 73.2 million shares), equivalent to approximately 10% of issued capital, in compliance with the Corporations Act s257B (which restricts on-market buybacks beyond 10% of issued capital in a twelve month period), shareholder approval was sought and received at the 2025 AGM to buy an incremental approximately US$53 million of shares.

As at 30 June 2025, US$16.3 million of the first phase of the US$75 million buyback had been utilised. The on-market share buyback is expected to continue over 2H25.

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NO SMOKING

RESERVES AND RESOURCES

Karoon did not undertake a full review of its Hydrocarbon Reserves and Resource estimates as part of the financial half year reporting process. However, Karoon has reassessed the Reserves and Contingent Resources for the Baúna Project which comprises the Baúna, Piracaba and Patola fields in Concession BM-S-40 offshore Brazil, as at 30 June 2025. This follows the completion of the acquisition of the Baúna FPSO, the Cidade de Itajaí on 30 April 2025 and lower production decline rates than anticipated over 2024 and 2025 to date.

After adjusting for Baúna production of 3.9 MMbbl, 2P Reserves for the Baúna Project at 30 June 2025 were 52.7 MMbbl, compared to 39.0 MMbbl at 31 December 2024. Meanwhile Baúna Project 2C Contingent Resources decreased from 11.2 MMbbl to 3.0 MMbbl. This reflects an upwards revision of 5.5 MMbbl less the transfer of 13.7 MMbbl to the 2P Reserves Category.

Reserves and Resources for Who Dat (including Who Dat East, Who Dat South and Who Dat East Deep) and Goiá remain unchanged from the previous assessment as at 31 December 2024. Resource estimates for Neon remain unchanged from the values detailed in the ASX release dated 16 April 2025 “Neon Enters Define Phase”.

RESERVES

At 30 June 2025, the Baúna Project’s 1P Reserves were 33.4 MMbbl, 2P Reserves were 52.7 MMbbl and 3P Reserves were 60.5 MMbbl. AGR (ABL Group Norway AS), an internationally recognised expert in petroleum resources evaluation, has performed an independent evaluation (CPR) of the Reserves. The Reserves presented in the CPR are within 5% of the Reserves presented in this release.

The Reserves assessment included consideration of the following:

- An updated reservoir performance, modelling and activities outlook.
- Removal of Altera&Ocyan (A&O) FPSO charter costs, leading to a reduction in minimum economic production rates.
- An updated assessment of long term operating costs.
- Updated assessment of field abandonment costs.
- The Production Concession expiry date of February 2039.

AGR (ABL Group Norway AS), an internationally recognised expert in petroleum resources evaluation, has performed an independent evaluation (CPR) of the Reserves. The Reserves presented in the CPR are within 5% of the Reserves presented in this release.

	OIL & CONDENSATE (MMBBL)		
BAÚNA PROJECT RESERVES RECONCILIATION	**1P**	**2P**	**3P**
Reserves as at 31 December 2024[1]	**33.3**	**39.0**	**46.7**
Acquisitions and divestments	–	–	–
Revision of previous estimates	0.0	3.9	0.6
Transfer to Reserves	4.0	13.7	17.1
Extensions and discoveries	–	–	–
Production	(3.9)	(3.9)	(3.9)
Reserves as at 30 June 2025[2]	**33.4**	**52.7**	**60.5**

1. As reported in Karoon 2024 Annual Report.
2. Estimate as at 30 June 2025.

CONTINGENT RESOURCES

2C Contingent Resources for the Baúna Project at 30 June 2025 has decreased from 11.2 MMbbl to 3.0 MMbbl. The revision in 2C Contingent Resources reflects an upwards revision of 5.5 MMbbl less the transfer of 13.7 MMbbl to the 2P Reserves category. The reassessment of Contingent Resources was based on the potential to produce until the assessed end of the facility operating life of 2040.

	OIL & CONDENSATE (MMBBL)		
BAÚNA PROJECT CONTINGENT RESOURCE RECONCILIATION	**1C**	**2C**	**3C**
Contingent Resource as at 31 December 2024[1]	**8.7**	**11.2**	**16.4**
Acquisitions and Divestments	–	–	–
Revision of Previous Estimates	(1.9)	5.5	4.5
Transfer to Reserves	(4.0)	(13.7)	(17.1)
Extensions and Discoveries	–	–	–
Contingent Resource as at 30 June 2025[2]	**2.8**	**3.0**	**3.8**

1. As reported in Karoon 2024 Annual Report.
2. Estimate as at 30 June 2025.

KEY ASSUMPTIONS

Karoon expects to invest US$55-65 million in an FPSO revitalisation campaign in 2026, and approximately US$80 – 90 million (in 2025 $) for life extension activities between 2030 and 2034. The life extension CAPEX is expected to include two flotel campaigns and associated equipment upgrades.

In conjunction with expert third parties, abandonment costs, including the full demobilisation of the FPSO, have been reviewed. Due to the inclusion of the FPSO, as well as changes in scope, activity durations and vessel rates, abandonment costs have increased from US$174.9 million in 2032, to US$260.0 million in 2039.

NOTES ON CALCULATION OF RESERVES AND RESOURCES

Reserves and Resources estimates are prepared in accordance with the guidelines of the Petroleum Resources Management System (SPE-PRMS) 2018, jointly published by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

Oil and gas Reserves and Resources 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 Resources estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further data become 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 Resources estimates are by nature forward-looking statements and are the subject of the same risks as other forward-looking statements.

In respect of the Baúna Reserves announced today, the revised volumes are based on analysis of historical and forecasts reservoir and facility operational performance, and forecast costs and economic conditions, taking into account key uncertainties, the Production Concession expiry date (2039), and planned and possible operational events, such as well workovers.

In respect of the Baúna Contingent Resource estimates announced today, the revised estimates are based on the same analysis as for Reserves, but limited by the assessed facility operating life of 2040.

GOVERNANCE AND COMPETENT PERSONS STATEMENT

All resources statements in this announcement have been reviewed by members of Karoon's Reserves Committee, which has considered and assessed all proposed changes and additions to the Company's resources (as set out in this release), considering advice and contributions from subject matter experts and external consultants.

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

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 2025, 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.

Graeme McKenna
Partner
PricewaterhouseCoopers

Melbourne
27 August 2025

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2025

	NOTE	30 JUNE 2025 US$M	30 JUNE 2024 US$M
Revenue	3(a)	**308.3**	409.4
Cost of sales	4(a)	**(195.7)**	(201.2)
Gross profit		**112.6**	208.2
Other income	3(b)	**39.6**	4.4
Finance costs	4(b)	**(36.7)**	(30.6)
Net foreign currency gains/(losses)		**(0.2)**	0.3
Other expenses	4(c)	**(45.1)**	(35.2)
Change in fair value of contingent consideration	10(ii)	**17.0**	(4.7)
Profit before income tax		**87.2**	142.4
Income tax expense	5(a)	**(16.2)**	(80.6)
Profit for the period attributable to equity holders of the Company		**71.0**	61.8
Other comprehensive income net of income tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from the translation of financial statements into presentation currency		**(0.2)**	(1.3)
Net change in fair value of cash flow hedges and cost of hedging		**1.0**	1.6
Other comprehensive income for the period, net of income tax		**0.8**	0.3
Total comprehensive income for the period attributable to equity holders of the Company, net of income tax		**71.8**	62.1
Earnings per share attributable to equity holders of the Company:			
Basic earnings per ordinary share (cents per share)		**9.45**	7.71
Diluted earnings per ordinary share (cents per share)		**9.31**	7.66

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 2025

	NOTE	30 JUNE 2025 US$M	31 DEC 2024 US$M
Current assets			
Cash and cash equivalents		**112.1**	341.2
Receivables		**84.7**	61.8
Inventories		**22.8**	4.4
Current tax asset		**0.4**	–
Other financial assets		**0.6**	0.6
Other assets		**10.1**	9.6
Total current assets		**230.7**	417.6
Non-current assets			
Oil and gas assets	7	**1,158.5**	1,180.2
Exploration and evaluation assets		**277.9**	275.3
Property, plant and equipment		**3.0**	3.2
Intangible assets		**3.0**	0.8
Deferred tax assets	5(b)	**26.5**	42.9
Inventories		**10.5**	10.5
Other assets		**11.3**	11.0
Total non-current assets		**1,490.7**	1,523.9
Total assets		**1,721.4**	1,941.5
Current liabilities			
Trade and other payables		**71.2**	52.6
Current tax liabilities		**–**	37.4
Other financial liabilities	10	**27.4**	87.6
Lease liabilities		**0.5**	51.8
Provisions		**3.3**	0.2
Total current liabilities		**102.4**	229.6
Non-current liabilities			
Trade and other payables		**7.7**	6.4
Borrowings	9	**335.5**	333.5
Other financial liabilities	10	**11.0**	55.4
Lease liabilities		**0.6**	125.9
Provisions		**268.1**	214.3
Total non-current liabilities		**622.9**	735.5
Total liabilities		**725.3**	965.1
Net assets		**996.1**	976.4
Equity			
Contributed equity	11	**1,145.4**	1,174.6
Accumulated losses		**(386.8)**	(457.8)
Reserves		**237.5**	259.6
Total equity		**996.1**	976.4

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 2025

	CONTRIBUTED EQUITY US$M	ACCUMULATED LOSSES US$M	DISTRIBUTION RESERVE US$M	SHARE-BASED PAYMENTS RESERVE US$M	FOREIGN CURRENCY TRANSLATION RESERVE US$M	HEDGING RESERVE US$M	TOTAL EQUITY US$M
Balance as at 1 January 2024	**1,210.8**	**(193.3)**	**–**	**57.7**	**(155.1)**	**(6.1)**	**914.0**
Profit for financial period	–	61.8	–	–	–	–	61.8
Other comprehensive income (loss)	–	–	–	–	(1.3)	1.6	0.3
Total comprehensive income/ (loss) for financial period	–	61.8	–	–	(1.3)	1.6	62.1
Transactions with owners in their capacity as owners:							
Share-based payments expense	–	–	–	1.3	–	–	1.3
	–	–	–	1.3	–	–	1.3
Balance as at 30 June 2024	**1,210.8**	**(131.5)**	**–**	**59.0**	**(156.4)**	**(4.5)**	**977.4**
Balance as at 1 January 2025	**1,174.6**	**(457.8)**	**367.8**	**60.1**	**(167.1)**	**(1.2)**	**976.4**
Profit for financial period	**–**	**71.0**	**–**	**–**	**–**	**–**	**71.0**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**(0.2)**	**1.0**	**0.8**
Total comprehensive income/ (loss) for financial period	**–**	**71.0**	**–**	**–**	**(0.2)**	**1.0**	**71.8**
Transactions with owners in their capacity as owners:							
Dividends paid	**–**	**–**	**(23.8)**	**–**	**–**	**–**	**(23.8)**
Ordinary shares bought back (on-market) and cancelled	**(29.2)**	**–**	**–**	**–**	**–**	**–**	**(29.2)**
Share-based payments expense	**–**	**–**	**–**	**0.9**	**–**	**–**	**0.9**
	(29.2)	**–**	**(23.8)**	**0.9**	**–**	**–**	**(52.1)**
Balance as at 30 June 2025	**1,145.4**	**(386.8)**	**344.0**	**61.0**	**(167.3)**	**(0.2)**	**996.1**

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 2025

	30 JUNE 2025 US$M	30 JUNE 2024 US$M
Cash flows from operating activities		
Receipts from customers	**298.4**	414.6
Payments to suppliers and employees	**(131.0)**	(145.9)
Payments for exploration and evaluation expenditure expensed	**(21.4)**	(1.4)
Payments for cash flow hedges	**–**	(5.0)
Interest received	**5.3**	3.6
Borrowing and other costs of finance paid	**(29.9)**	(20.1)
Income taxes paid	**(39.8)**	(21.5)
Net cash flows provided from (used in) operating activities	**81.6**	224.3
Cash flows from investing activities		
Acquisition of oil and gas assets	**(202.6)**	(86.0)
Payments for oil and gas assets	**(27.9)**	(19.5)
Purchase of plant and equipment and intangibles	**(3.8)**	(0.8)
Payments for exploration and evaluation expenditure capitalised	**(6.5)**	(51.3)
Net cash flows from (used in) investing activities	**(240.8)**	(157.6)
Cash flows from financing activities		
Principal elements of lease payments	**(19.6)**	(18.9)
Payment of equity raising costs	**–**	(0.3)
Proceeds from borrowings	**–**	350.0
Repayment of borrowings	**–**	(274.1)
Share buy-back (on-market)	**(29.2)**	–
Dividends paid	**(23.8)**	–
Transaction costs paid	**–**	(8.8)
Net cash flows from (used in) financing activities	**(72.6)**	47.9
Net increase/(decrease) in cash and cash equivalents	**(231.8)**	114.6
Cash and cash equivalents at beginning of the period	**341.2**	170.4
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	**2.7**	(2.8)
Cash and cash equivalents at end of the period	**112.1**	282.2

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 2025

Note 1. General Information

(a) 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 2025. 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 Annual Report for the financial year ended 31 December 2024 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 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 Annual Report for the year ended 31 December 2024.

(b) Rounding

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

(c) 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.

(d) 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 Annual Report for the year ended 31 December 2024.

Note 2. Segment Information

(a) Description of Segments

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

Following the acquisition and subsequent integration of the non-operated Who Dat assets in the USA, as well as the inaugural US bond issue, the Group revised the presentation of operating segments at December 2024. The operating segments are based on the nature and geographical location of the Group's operations; as follows:

- Brazil – in which the Group is currently involved in the exploration, development and production of hydrocarbons; and
- USA – in which the Group is currently involved in the exploration, development and production of hydrocarbons; and
- Corporate/other – includes head office costs incurred, net financing and other corporate costs not specifically attributable to an operating segment.

The accounting policies of the reportable operating segments are the same as the Group's accounting policies. Comparative information for the period ended 30 June 2024 has been restated to be presented on the same basis.

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

Segment revenue is derived from external customers who market to a range of end customers. Karoon USA's revenue is reported on a Net Revenue Interest (NRI) basis, meaning it reflects the company's share of oil revenue after accounting for royalties and other interests payable to third parties. The Group has two major customers which respectively account for greater than 97% of revenue.

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

(b) Operating Segments

SEGMENT PERFORMANCE	NOTE	BRAZIL US$M	USA US$M	CORPORATE /OTHER US$M	CONSOLIDATED US$M
Result for half year ended 30 June 2025					
Revenue					
Crude oil sales		**234.0**	**63.6**	**–**	**297.6**
Gas sales		**–**	**8.8**	**–**	**8.8**
NGL sales		**–**	**1.9**	**–**	**1.9**
Total revenue from contracts with customers	3(a)	**234.0**	**74.3**	**–**	**308.3**
Expenses					
Cost of sales					
Operating costs		**(39.3)**	**(15.0)**	**–**	**(54.3)**
Carbon credit costs		**(0.9)**	**(0.5)**	**–**	**(1.4)**
Flotel costs		**(21.1)**	**–**	**–**	**(21.1)**
Royalties and other government take		**(23.3)**	**–**	**–**	**(23.3)**
Depreciation and amortisation – oil and gas asset		**(47.7)**	**(40.7)**	**–**	**(88.4)**
Depreciation and amortisation – FPSO right-of-use asset		**(14.2)**	**–**	**–**	**(14.2)**
Change in inventories		**17.2**	**–**	**–**	**17.2**
Transportation costs		**(4.5)**	**(5.7)**	**–**	**(10.2)**
Total cost of sales	4(a)	**(133.8)**	**(61.9)**	**–**	**(195.7)**
Gross profit		**100.2**	**12.4**	**–**	**112.6**
Other income					
Interest income		**–**	**–**	**4.2**	**4.2**
Gain on disposal of right-of-use asset		**35.3**	**–**	**–**	**35.3**
Sundry income		**0.1**	**–**	**–**	**0.1**
Total other income	3(b)	**35.4**	**–**	**4.2**	**39.6**
Other expenses					
Costs of unsuccessful wells		**–**	**(16.8)**	**–**	**(16.8)**
Business development and other project costs		**(0.4)**	**–**	**(0.4)**	**(0.8)**
Exploration and evaluation expenditure expensed		**(4.4)**	**(0.3)**	**–**	**(4.7)**
Corporate overheads		**(5.9)**	**(1.8)**	**(9.0)**	**(16.7)**
Realised losses on cash flow hedges		**–**	**–**	**(1.3)**	**(1.3)**
Depreciation and amortisation – non-oil and gas assets		**(0.4)**	**(0.1)**	**(0.3)**	**(0.8)**
Share-based payments expense		**(0.2)**	**(0.1)**	**(0.6)**	**(0.9)**
Corporate relocation		**–**	**–**	**(3.1)**	**(3.1)**
Total other expenses	4(c)	**(11.3)**	**(19.1)**	**(14.7)**	**(45.1)**
Finance costs					
Finance charges on lease liabilities		**(3.3)**	**–**	**–**	**(3.3)**
Discount unwinding on provision for restoration		**(3.2)**	**(1.6)**	**–**	**(4.8)**
Interest expense		**–**	**–**	**(19.0)**	**(19.0)**
Other finance costs		**–**	**–**	**(9.6)**	**(9.6)**
Total finance costs	4(b)	**(6.5)**	**(1.6)**	**(28.6)**	**(36.7)**
Net foreign currency gains/(losses)		**(0.2)**	**–**	**–**	**(0.2)**
Change in fair value of contingent consideration		**17.0**	**–**	**–**	**17.0**
Profit/(loss) before income tax		**134.6**	**(8.3)**	**(39.1)**	**87.2**
Income tax (expense)/benefit	5(a)	**–**	**–**	**(16.2)**	**(16.2)**
Profit/(loss) for financial period		**134.6**	**(8.3)**	**(55.3)**	**71.0**

Note 2. Segment Information continued

SEGMENT PERFORMANCE	NOTE	BRAZIL US$M	USA US$M	CORPORATE /OTHER US$M	CONSOLIDATED US$M
Result for half year ended 30 June 2024					
Revenue					
Crude oil sales		315.0	86.0	–	401.0
Gas sales		–	6.8	–	6.8
NGL sales		–	1.6	–	1.6
Total revenue from contracts with customers	3(a)	315.0	94.4	–	409.4
Expenses					
Cost of sales					
Operating costs		(28.0)	(12.9)	–	(40.9)
Carbon credit costs		(2.2)	(0.3)	–	(2.5)
Royalties and other government take		(24.8)	–	–	(24.8)
Depreciation and amortisation – production asset		(39.8)	(42.5)	–	(82.3)
Depreciation and amortisation – FPSO right-of-use asset		(21.7)	–	–	(21.7)
Change in inventories		(16.9)	–	–	(16.9)
Transportation costs		(5.9)	(6.2)	–	(12.1)
Total cost of sales	4(a)	(139.3)	(61.9)	–	(201.2)
Gross profit		175.7	32.5	–	208.2
Other income					
Interest income		–	–	4.3	4.3
Other income		0.1	–	–	0.1
Total other income	3(b)	0.1	–	4.3	4.4
Other expenses					
Advisory and transaction costs		–	–	(4.8)	(4.8)
Business development and other project costs		(0.7)	–	(1.5)	(2.2)
Exploration and evaluation expenditure expensed		(1.1)	(0.2)	(0.1)	(1.4)
Corporate overheads		(6.7)	(1.1)	(6.4)	(14.2)
Realised losses on cash flow hedges		–	–	(10.7)	(10.7)
Depreciation and amortisation – non-oil and gas assets		(0.3)	–	(0.3)	(0.6)
Share-based payments expense		(0.1)	–	(1.2)	(1.3)
Total other expenses	4(c)	(8.9)	(1.3)	(25.0)	(35.2)
Finance costs					
Finance charges on lease liabilities		(6.2)	–	–	(6.2)
Discount unwinding on provision for restoration		(3.1)	(1.3)	–	(4.4)
Interest expense		–	–	(14.7)	(14.7)
Other finance costs		–	–	(5.3)	(5.3)
Total finance costs	4(b)	(9.3)	(1.3)	(20.0)	(30.6)
Net foreign currency gains/(losses)		(3.5)	–	3.8	0.3
Change in fair value of contingent consideration		(4.7)	–	–	(4.7)
Profit/(loss) before income tax		149.4	29.9	(36.9)	142.4
Income tax (expense)/ benefit	5(a)	–	–	(80.6)	(80.6)
Profit/(loss) for financial period		149.4	29.9	(117.5)	61.8

30 JUNE 2025	BRAZIL US$M	USA US$M	CORPORATE /OTHER US$M	CONSOLIDATED US$M
Total segment assets	**799.4**	**852.3**	**69.7**	**1,721.4**
Total segment liabilities	**285.8**	**90.0**	**349.5**	**725.3**

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

Note 3. Revenue and Other Income

(a) Revenue	30 JUNE 2025 US$M	30 JUNE 2024 US$M
Crude oil sales	**297.6**	401.0
Gas sales	**8.8**	6.8
NGL sales	**1.9**	1.6
Total revenue from contracts with customers	**308.3**	409.4

(b) Other income	30 JUNE 2025 US$M	30 JUNE 2024 US$M
Interest income	**4.2**	4.3
Gain on disposal of right-of-use asset	**35.3**	–
Sundry income	**0.1**	0.1
Total other income	**39.6**	4.4

Note 4. Expenses

	30 JUNE 2025 US$M	30 JUNE 2024 US$M
(a) Cost of sales		
Operating costs	**54.3**	40.9
Carbon credit costs	**1.4**	2.5
Flotel costs	**21.1**	–
Royalties and government take	**23.3**	24.8
Depreciation and amortisation – oil and gas assets	**102.6**	104.0
Change in inventories	**(17.2)**	16.9
Transportation and marketing costs	**10.2**	12.1
Total cost of sales	**195.7**	201.2
(b) Finance costs		
Finance charges on lease liabilities	**3.3**	6.2
Discount unwinding on net present value of provision for restoration	**4.8**	4.4
Interest expense	**19.0**	14.7
Other finance costs	**9.6**	5.3
Total finance costs	**36.7**	30.6

Note 4. Expenses continued

	30 JUNE 2025 US$M	30 JUNE 2024 US$M
(c) Other expenses		
Costs of unsuccessful wells[(i)]	**16.8**	–
Advisory and transaction costs	**–**	4.8
Business development and other project costs	**0.8**	2.2
Exploration and evaluation expenditure expensed	**4.7**	1.4
Corporate	**16.7**	14.2
Realised losses on cash flow hedges	**1.3**	10.7
Depreciation and amortisation – non-oil and gas assets	**0.8**	0.6
Share-based payments expense	**0.9**	1.3
Corporate relocation	**3.1**	–
Total other expenses	**45.1**	35.2

(i) Costs of unsuccessful wells of $16.8 million relates to the Who Dat West (MC-629-1) well. Drilling commenced in December 2024 reaching total depth in January 2025, with management determining the well as unsuccessful with no significant hydrocarbon zones encountered, as a result all costs incurred in the period have been expensed.

Note 5. Income Tax

	30 JUNE 2025 US$M	30 JUNE 2024 US$M
(a) Income Tax Recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Income tax expense/(benefit) comprises:		
Current income tax	**0.1**	27.8
Deferred income tax	**16.1**	52.8
Total income tax expense/(benefit)	**16.2**	80.6
The prima facie tax on profit/(loss) before income tax is reconciled to tax (expense)/ benefit as follows:		
Prima facie tax expense/(benefit) on profit before income tax, calculated at the Brazilian tax rate of 34%	**29.6**	48.4
Add/(subtract) the tax effect of:		
Share-based payments expense (non-cash)	**0.2**	0.4
Other non-deductible items	**–**	2.2
Deferred tax impact – FPSO acquisition	**18.4**	–
Difference in overseas tax rates	**4.8**	(0.5)
Foreign exchange differences – translation adjustment	**(28.3)**	39.3
Foreign exchange differences – permanent differences	**10.4**	(9.2)
Non assessable income	**(13.8)**	–
Tax credits available	**(5.1)**	–
Total income tax expense/(benefit)	**16.2**	80.6

	BALANCE AS AT 1 JANUARY 2025 US$M	(CHARGED) CREDITED TO PROFIT OR LOSS US$M	(CHARGED) CREDITED DIRECTLY TO EQUITY US$M	BALANCE AS AT 30 JUNE 2025 US$M
(b) Deferred Tax Balances				
Temporary differences				
Provisions and accruals	39.2	5.1	–	**44.3**
Depreciation of oil and gas assets	(80.6)	(2.6)	–	**(83.2)**
Equity raising transaction costs	0.8	(0.1)	–	**0.7**
Unrealised foreign currency losses/(gains)	28.1	(22.0)	–	**6.1**
Translation adjustment	(27.8)	28.3	–	**0.5**
Fair value movement of financial liabilities	29.8	(16.9)	–	**12.9**
Right-of-use assets	(38.1)	38.1	–	**–**
Lease liabilities	56.5	(56.5)	–	**–**
Hedge premium	(0.6)	0.3	–	**(0.3)**
Net changes of cash flow hedges	0.4	–	(0.3)	**0.1**
Exploration and evaluation assets	(14.0)	(5.9)	–	**(19.9)**
Other	1.4	2.0	–	**3.4**
Total temporary differences	(4.9)	(30.2)	(0.3)	**(35.4)**
Unused tax losses				
Tax losses	47.8	14.1	–	**61.9**
Total unused tax losses	47.8	14.1	–	**61.9**
Net deferred tax assets/(liabilities)	42.9	(16.1)	(0.3)	**26.5**

Note 6. Dividends

	30 JUNE 2025 US$M	30 JUNE 2024 US$M
Dividends provided for or paid during the period	**23.8**	–
Dividends not recognised at the end of the period[(i)]	**11.4**	24.4

(i) Converted at the AUD:USD exchange rate of 0.6482 (30 June 2024: Converted at the AUD:USD exchange rate of 0.6776).

After the reporting date, on 26 August 2025, the Board declared an interim dividend of 2.4 Australian cents per share. Consequently, the financial effect of the dividend has not been brought to account in the financial statements for the half year ended 30 June 2025 and will be recognised in subsequent financial reports.

Note 7. Oil and Gas Assets

	PRODUCTION ASSET US$M	FPSO ASSET US$M	DEVELOPMENT ASSET US$M	RIGHT-OF-USE ASSET US$M	CONSOLIDATED TOTAL US$M
Half year ended 30 June 2024					
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)	–	–
Carrying amount at end of the half year	**1,127.6**	**–**	**–**	**162.8**	**1,290.4**
At 30 June 2024					
At cost	1,448.0	–	–	348.0	1,796.0
Accumulated depreciation	(320.4)	–	–	(185.2)	(505.6)
Carrying amount at end of the half year	**1,127.6**	**–**	**–**	**162.8**	**1,290.4**
Half year ended 30 June 2025					
Balance at beginning of the period	**1,045.3**	**–**	**–**	**134.9**	**1,180.2**
Acquisitions during the period[(i)]	**–**	**115.0**	**–**	**–**	**115.0**
Additions during the period	**27.5**	**8.5**	**0.6**	**–**	**36.6**
Disposals during the period	**–**	**–**	**–**	**(118.7)**	**(118.7)**
Transfers from exploration and evaluation assets	**1.0**	**–**	**–**	**–**	**1.0**
Remeasurement of lease arrangements	**–**	**–**	**–**	**(2.0)**	**(2.0)**
Depreciation expense	**(83.7)**	**(4.7)**	**–**	**(14.2)**	**(102.6)**
Increase in provision for restoration	**49.0**	**–**	**–**	**–**	**49.0**
Carrying amount at end of half year	**1,039.1**	**118.8**	**0.6**	**–**	**1,158.5**
At 30 June 2025					
At cost	**1,523.9**	**123.5**	**0.6**	**–**	**1,648.0**
Accumulated depreciation	**(484.8)**	**(4.7)**	**–**	**–**	**(489.5)**
Carrying amount at end of half year	**1,039.1**	**118.8**	**0.6**	**–**	**1,158.5**

(i) Karoon Petróleo & Gás Ltda. a wholly owned Brazilian subsidiary, acquired the Baúna Floating Production, Storage and Offloading vessel (FPSO), the Cidade de Itajaí, from Altera & Ocyan (A&O) on 30th April 2025. The total consideration for the FPSO was US$115 million plus US$8.5 million in transaction costs.

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) 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 2025, as it is dependent on uncertain future events.

(ii) In the ordinary course of business, the Group is subject to audits from relevant government revenue authorities in the jurisdictions in which it operates which could result in an amendment to historical tax positions.

(iii) The Concession Contracts for Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165, S-M-1356, S-M-1482, S-M-1537 and S-M-1166 require Karoon Petróleo & Gás Ltda to acquire a minimum proportion of goods and services from Brazilian suppliers, with the objective to stimulate industrial development, promote and diversify the Brazilian economy, encourage advanced technology and develop local capabilities. The minimum Brazilian local content requirement under the Concession Contracts during the exploration and appraisal phase is up to 55%. If Karoon Petróleo & Gás Ltda fails to comply with this minimum requirement, Karoon Petróleo & Gás Ltda may be subject to a fine by the ANP.

(iv) There are also other matters such as legal claims and exposures, which arise from the Group's ordinary course of business. No material loss to the Group is expected to result.

(b) Contingent Assets

The Group has no contingent assets as at 30 June 2025 (31 December 2024: $Nil).

Note 9. Borrowings

	30 JUNE 2025 US$M	31 DEC 2024 US$M
Current		
Syndicated loan facility – secured	**–**	–
Total current borrowings	**–**	–
Non-current		
Long term bonds issued	**350.0**	350.0
Less: transaction costs[(i)]	**(14.5)**	(16.5)
Total non-current borrowings	**335.5**	333.5
Total borrowings	**335.5**	333.5

(i) Includes remaining unamortised transaction costs associated with the syndicated loan facility.

As at 30 June 2025, Karoon Energy Ltd's corporate credit rating was B (outlook stable) from Standard & Poor's and B (outlook stable) from Fitch.

Loans – Secured

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

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

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

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

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

Notes – Secured

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

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

Brent Oil Price Hedging

In accordance with the terms of the New Facility and linked to any drawn amounts, Karoon enters into hedging arrangements in respect of oil price from time to time over a proportion of production and over a period of up to 24 months.

During the period ended 30 June 2025, Karoon did not enter into any new hedging arrangements.

Covenants

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

Note 10. Other Financial Assets and Liabilities

	30 JUNE 2025 US$M	31 DEC 2024 US$M
Assets		
Current		
Derivative financial instruments – cash flow hedges[(i)]	**0.6**	0.6
Total assets	**0.6**	0.6
Liabilities		
Current		
Embedded derivative – contingent consideration payable[(ii)]	**27.4**	87.6
Total current other financial liabilities	**27.4**	87.6
Non-current		
Embedded derivative – contingent consideration payable[(ii)]	**11.0**	55.4
Total non-current other financial liabilities	**11.0**	55.4
Total other financial liabilities	**38.4**	143.0

(i) In a prior period, the Group entered into Brent oil price derivative hedges, via a collar structure consisting of bought put and sold call options covering the period from March 2024 to December 2025. The purpose of the hedges is to protect operating cash flows from a portion of crude oil sales against the risk of lower oil prices while retaining significant exposure to oil price upside. The hedges are also a requirement of the syndicated loan facility(refer to Note 9).

At 30 June 2025, the Group had the following outstanding hedges:

FINANCIAL PERIOD	BOUGHT PUT STRIKE (US$/BBL)	PUT VOLUME ('000 BBL)	SOLD CALL AVERAGE STRIKE (US$/BBL)	CALL VOLUME ('000 BBL)
2025: 1 July 2025 to 31 December 2025	58	579	92	579
		579		**579**

(ii) Reconciliation of contingent consideration payable.

	30 JUNE 2025 US$M	31 DEC 2024 US$M
Balance at the beginning of the financial period	**143.0**	222.5
Payments	**(87.6)**	(86.0)
Unrealised fair value changes recognised in profit or loss during the period	**(17.0)**	6.5
Total contingent consideration payable at fair value	**38.4**	143.0

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 ≥US$50 and ending at ≥US$70 a barrel.

The fair value of derivative financial assets and liabilities was determined based on valuation techniques which employ the use of market observable inputs representing a Level 2: fair value measurement.

Note 10. Other Financial Assets and Liabilities continued

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

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

$87.6m, the amount payable in respect of the 2024 calendar year, was paid in January 2025.

At 30 June 2025, based on lower current oil prices and industry consensus, the Group's internal assessment of future oil prices was reduced, with the amount payable in respect of the 2025 and 2026 calendar years revised downwards by $17.0m from $55.4m to $38.4m.

A discount rate of 1.92% and interest per annum of 2% has been applied in the calculation of the present value at 30 June 2025. The fair value of the contingent consideration is estimated by calculating the present value of the future expected cash outflows.

Note 11. Contributed Equity

(a) Contributed Equity

	30 JUNE 2025 NUMBER	31 DEC 2024 NUMBER	30 JUNE 2025 US$M	31 DEC 2024 US$M
Ordinary shares, fully paid	**735,646,464**	764,369,698	**1,145.4**	1,174.6
Total contributed equity	**735,646,464**	764,369,698	**1,145.4**	1,174.6

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 January 2024	Opening balance in previous financial period	801,234,076	1,210.8
	Deferred tax adjustment on transaction costs arising on ordinary shares issued in prior period	–	1.4
	Transaction costs arising on ordinary shares issued in prior period	–	(0.4)
	Ordinary shares bought back (on-market) and cancelled	(38,989,915)	(37.2)
	Performance rights conversion	2,125,537	–
31 December 2024	Balance at end of previous financial period	764,369,698	1,174.6
	Ordinary shares bought back (on-market) and cancelled	**(29,149,735)**	**(29.2)**
	Performance rights conversion	**426,501**	**–**
30 June 2025	Balance at end of half year	**735,646,464**	**1,145.4**

Note 12. Commitments

	30 JUNE 2025 US$M	31 DEC 2024 US$M
(a) Capital and Service Expenditure Commitments		
Contracts for capital and service expenditure in relation to assets not provided for in the condensed consolidated financial statements and payable.		
Capital commitments		
Not later than one year	**32.6**	24.9
Later than one year but not later than five years	**–**	–
Total capital commitments	**32.6**	24.9
Service commitments		
Service commitments predominantly relating to logistics and services contracts for the Baúna FPSO.		
Not later than one year	**14.5**	27.4
Later than one year but not later than five years	**15.1**	21.8
Total service commitments	**29.6**	49.2
Total capital and service expenditure commitments	**62.2**	74.1
(b) Exploration Expenditure Commitments		
The Group has guaranteed commitments for exploration expenditure arising from obligations to governments to perform minimum exploration and evaluation work and expend minimum amounts of money pursuant to the award of exploration tenement Blocks S-M-974, S-M-1038, S-M-1484, S-M-1605, S-M-1358, S-M-1603, S-M-1537, S-M-1356 and S-M-1482 (31 December 2024: Blocks S-M-1537, S-M-1356 and S-M-1482), not provided for in the consolidated financial statements and payable.		
Not later than one year[(i)]	**17.0**	–
Later than one year but not later than five years	**–**	1.8
Later than five years	**9.9**	3.4
Total guaranteed exploration expenditure commitments	**26.9**	5.2

(i) The Group was successful in securing six blocks in the Santos Basin, offshore Brazil in the ANP 5th permanent offer bid round during June 2025. The payment of the bid bonus for these blocks is expected to occur in Q4 2025.

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 Goiá 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 as reached, nor is compelled to reach, a final investment decision ('FID') to proceed into a Development of the discoveries.

Estimates for future exploration expenditure commitments to the government are based on estimated well and seismic costs, which will change as actual drilling locations and seismic surveys are completed and are calculated in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

Note 13. Subsequent Events

On 26 August 2025, the Board of Directors or Karoon Energy Ltd determined to pay an interim dividend of 2.4 Australian cents per share in respect of the 2025 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.

There have been no other material events which have arisen since 30 June 2025 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 19 to 35, 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 2025 and of its performance for the half year ended on that date; and

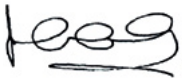
(b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

27 August 2025



Dr Julian Fowles
Managing Director and Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT

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 2025, 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 2025 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.

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

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 2025 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.

PricewaterhouseCoopers

Graeme McKenna
Partner

Melbourne
27 August 2025

GLOSSARY

TERM	DEFINITION
1H24	Six month period beginning on 1 Jan 2024 and ending on 30 June 2024.
1H25	Six month period beginning on 1 Jan 2025 and ending on 30 June 2025.
A$ or AUD	Australian Dollars.
AASB	Australian Accounting Standards Board.
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.
API	The American Petroleum Institute gravity, or API gravity, is a measure of how heavy or light a petroleum liquid is compared to water.
ASX	ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange.
Barrel Or Bbl	Barrel of oil, inclusive of condensate. A quantity of 42 United States gallons; equivalent to approximately 159 litres.
Basin	A natural depression on the earth's surface in which sediments, eroded from higher surrounding ground levels, accumulated and were preserved.
Baúna	Concession BM-S-40 containing the producing Baúna, Piracaba and Patola light oil fields in Brazil.
Block	A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern.
Boe	Barrel of oil equivalent. 1 Boe = 6000 scf natural gas.
boepd	Barrels of oil equivalent per day.
bopd	Barrels of oil per day.
Carbon Neutral	Condition in which, during a specified period of time, the carbon footprint has been reduced through greenhouse gas (GHG) emission reductions or GHG removal enhancements and, if greater than zero, is then counterbalanced by offsetting.
CO_2e	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide.
Company or Parent Company	Karoon Energy Ltd.
Contingent Resources	Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality). • 1C – Denotes low estimate scenario of contingent resources. • 2C – Denotes best estimate scenario of contingent resources. • 3C – Denotes high estimate scenario of contingent resources.
CY	Calendar year beginning 1 January to 31 December.
D&A	Depreciation and amortisation.
D,D&A	Depreciation, Depletion and amortisation.
Director	A Director of Karoon Energy Ltd.
E&P	Exploration and production.
EBITDAX	Earnings before interest, tax, depreciation, amortisation, exploration and costs of unsuccessful wells.
Emissions intensity	Total Scope 1 and Scope 2 GHG emissions ($kgCO_2e$) divided by the total production (boe) over the equivalent period.
Explorationand drilling	The process of identifying, discovering and testing prospective hydrocarbon regions and structures, mainly by interpreting regional and specific geochemical, geological, geophysical survey data.
FEED	Front End Engineering and Design.
FID	Final Investment Decision.
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area although it may refer to both the surface and underground productive formation.
FPS	Floating, production and storage vessel.

TERM	DEFINITION
FPSO	Floating production, storage and off-loading facility.
Free cash flow from operations	Operating cash flows less lease liability payments and investing cashflows net of the Who Dat and Baúna FPSO acquisition.
FY or financial year	Financial Year.
FX	Foreign Exchange.
Gearing	Net debt/(net debt+ book value of equity).
GHG	Greenhouse gas. Inclusive of Carbon Dioxide, Methane, Nitrous Oxide hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3), expressed in terms of the global warming potential of one unit of carbon dioxide.
GoA	Gulf of America.
HSSE	Health, safety, security and environment.
JV	Joint Venture.
Karoon or Group	Karoon Energy Ltd and its subsidiaries.
kgCO_2e/boe	Kilograms of carbon dioxide equivalent per barrel of oil equivalent.
KMP	Key Management Personnel.
LLOG	LLOG Exploration Offshore, LLC and LLOG Omega Holdings.
Lost Time or Recordable Incident	A recordable incident is any incident that is required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities.
LTI	Lost time injury.
LTI	Long-term incentive.
LTIR	Lost time injury rate.
m	Million.
MMbbl	Millions of barrels (1,000,000 barrels).
MMboe	Millions of barrels of oil equivalent.
MMscf/d	Million standard cubic feet per day.
NED	Non-Executive Director.
Net debt	Total borrowings (excluding transaction costs) less cash and cash equivalents.
Net Zero (Scope 1 and 2)	Reduction of Scope 1 and 2 GHG emissions as far as possible with the residual balanced using carbon removals projects and if required carbon offsets.
NPAT	Net Profit After Tax.
NRI	Net Revenue Interest relates to a share of production after deducting royalties, overriding royalties, and other similar burdens from the working interest.
NWI	Net Working Interest.
OMS	Operating Management System.
Operator	One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants.
Permit	A hydrocarbon tenement, lease, license, concession or block.
Petrobras	Petróleo Brasileiro SA.
Prospect	A geological or geophysical anomaly that has been surveyed and defined to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended.

TERM	DEFINITION
Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. • 1U – Denotes the unrisked low estimate qualifying as Prospective Resources. • 2U – Denotes the unrisked best estimate qualifying as Prospective Resources. • 3U – Denotes the unrisked high estimate qualifying as Prospective Resources.
REAL, Reais or BRL	Brazilian currency.
Recordable incident	Any incident required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. • 1P – Denotes low estimate of Reserves. • 2P – Denotes best estimate of Reserves. • 3P – Denotes high estimate of Reserves.
Reservoir	A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water.
Rig	The equipment needed for drilling a well. It includes the onshore and offshore vehicles, mobile platforms or vessel on which the equipment is stored.
Risk	Prospect risk or geologic risk is the assessed chance that the drilling of the prospect will be successful in finding significant volumes of hydrocarbons. The risk is calculated by multiplying the chance of success of each of the petroleum system elements involved in the prospect.
Scope 1 Emissions	Direct GHG emissions occurring from sources controlled or owned by the organisation includes direct emissions from operated assets, non-operated assets on an equity basis and field logistics activities in Brazil. Contracted exploration, well development, well workover and field logistics associated with non-operated assets and any other indirect emissions as defined in the GHG Protocol are considered Scope 3.
Scope 2 Emissions	Indirect GHGs released from purchased energy.
Scope 3 Emissions	Emissions occurring outside an organisation's boundary, but as a result of its actions.
Seismic survey	A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near vertical plane back to the surface from subsurface boundaries. This data is typically used to determine the depths and form of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures.
STI	Short-term incentive.
tCO2e	Tonnes of carbon dioxide equivalent.
TRIR	Total Recordable Injury Rate.
TSR	Total Shareholder Return
US$	United States dollars.
US, USA	The United States of America.
VER	Verified Emission Reduction. A type of carbon offset certification traded in voluntary or over-the counter market for carbon credits.
Who Dat	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.

KAROON ENERGY