



26 February 2026

Company Announcements Office
ASX Limited

Dear Sir / Madam

2025 Annual Report

In accordance with the ASX Listing Rules, Karoon Energy releases its 2025 Annual Report to the market.

This announcement was authorised by the Board of Directors.

Yours faithfully

Daniel Murnane
Company Secretary



TAKING CONTROL

ABOUT KAROON ENERGY LTD

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

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



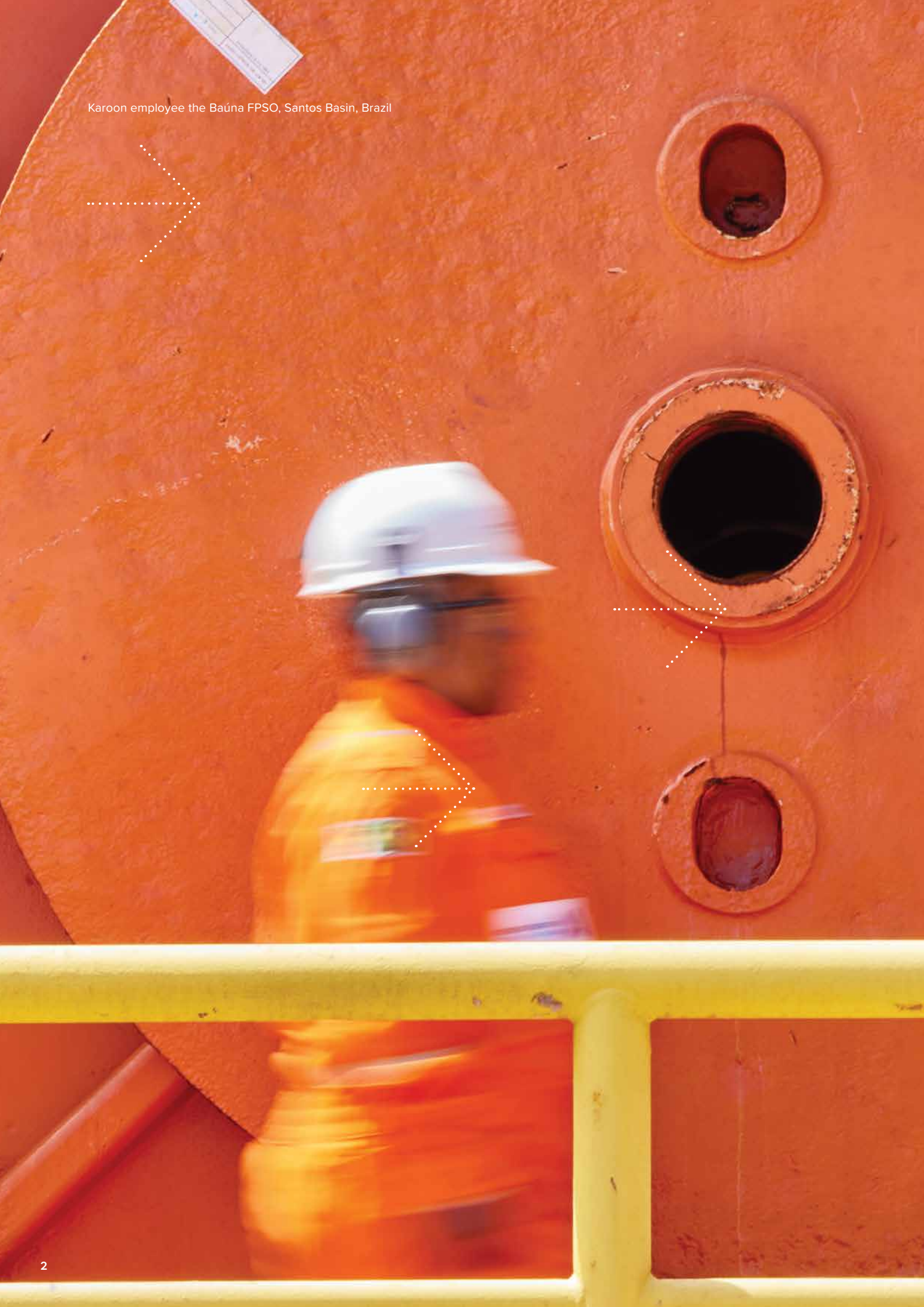
Baúna FPSO, Santos Basin, Brazil

Shaping our future

Karoon has two world class assets in top-tier offshore jurisdictions, the Baúna Project in the Santos Basin in Brazil and Who Dat in the Gulf of America in the US. While mature, both have high quality reservoirs with strong deliverability and a competitive cost structure. Cash flow from these assets is underpinning our value-accretive growth strategy and returns to shareholders.

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Karoon employee the Baúna FPSO, Santos Basin, Brazil



2025 Highlights



2025 production
10.3 MMboe¹



TRIR per 200,000 hours²
0.16



Sales revenue
US\$628.6 million



Underlying NPAT
US\$107.5 million



Total liquidity
US\$546.1 million



Capital returns³
US\$80.4 million



Absolute emissions
(Scope 1 & 2)²
118,236 tCO₂e



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



New community
investment projects²
**21 incentivised
and four voluntary**

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

2. See Karoon's 2025 Sustainability Report on www.karoonenergy.com for details.

3. Dividends paid and on-market share buybacks in 2025.



Topside facilities of the Baúna FPSO, Santos Basin, Brazil



Optimising assets Unlocking value

The Baúna FPSO acquisition in 2025 has provided strategic control over a critical asset. Material value has been created, by improving safety, reliability and efficiency, reducing operating costs, extending field life, adding Reserves and deferring abandonment, with the full benefit expected from mid-2026 onwards. In the US, the Who Dat Joint Venture is assessing a range of in-field growth opportunities, to mitigate natural reservoir decline and maximise the value of this long-life, low cost asset.

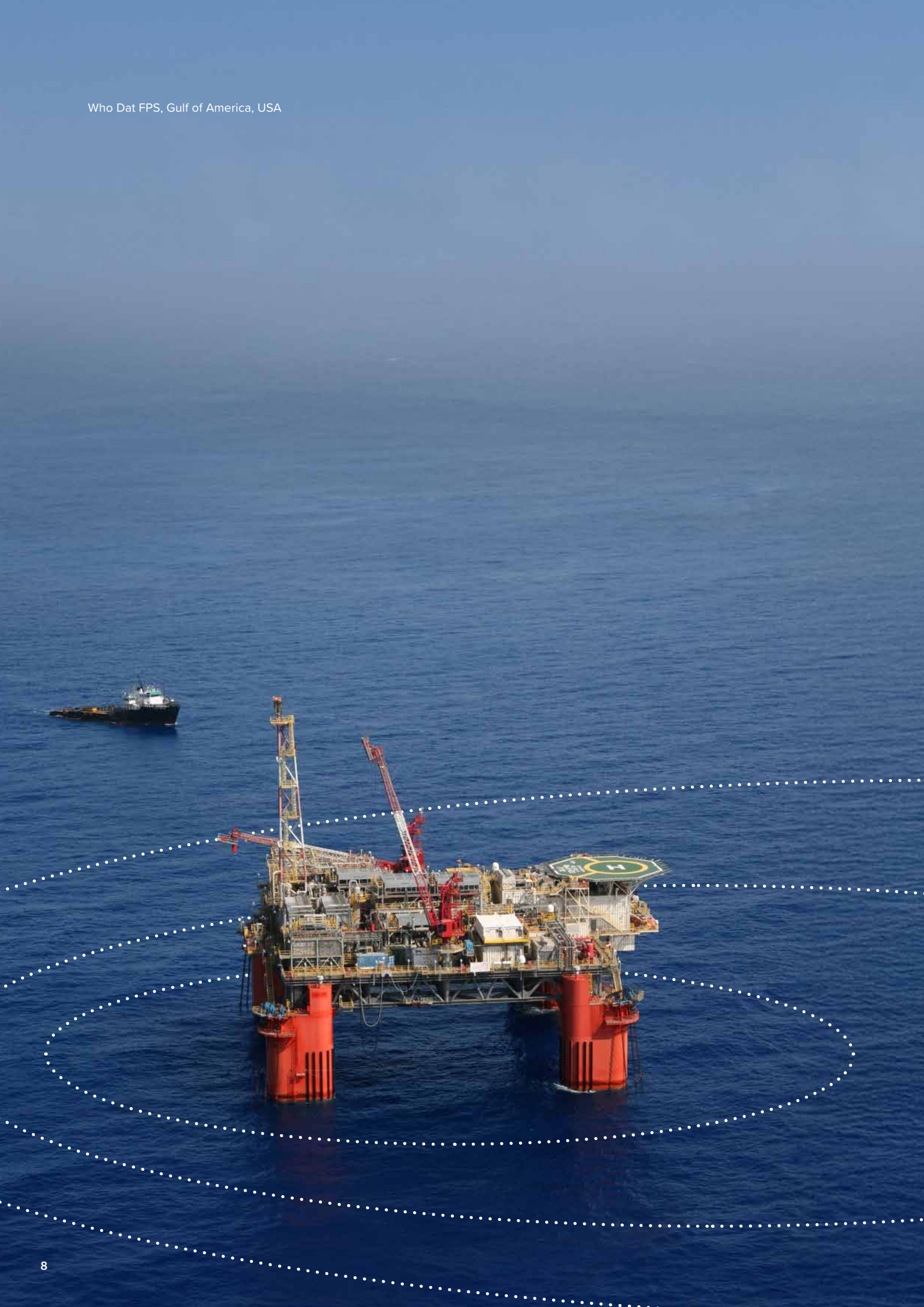
Karoon employee on the Baúna FPSO, Santos Basin, Brazil



A blurred background image of an industrial facility, possibly an oil rig or FPSO, during sunset. The scene is dominated by warm, golden light from the setting sun, creating a soft glow and long shadows. In the foreground, there are dark, silhouetted structures of the facility. A series of white dotted lines forms a geometric pattern, starting from the left side and extending towards the center of the page.

Financial resilience Acting responsibly

In 2025, strong operating cash flow, together with existing liquidity, allowed Karoon to fund all expenditures, including the Baúna FPSO acquisition, and provide capital returns from cash flow and cash. The Company's strong liquidity means it is well placed to manage the capital-intensive Baúna investment program planned for 1H26, even in a weaker oil price environment. As well as strong fiscal management, we are committed to operating responsibly, with a focus on reducing flaring, offsetting emissions and adding back to our local communities.



Organic growth Expanding options

Karoon has a high quality set of growth opportunities located close to existing infrastructure. These include Who Dat East in the Gulf of America, USA, and Neon in the Santos Basin, Brazil, where work is underway to further optimise the development concept. The portfolio has been broadened following the identification of an exciting new, untested, exploration play in the deepwater Santos Basin in Brazil which, if successful, could be material for Karoon.

LETTER FROM OUR CHAIR & CEO/MD

The acquisition of the Baúna FPSO in April 2025 was a significant milestone for Karoon, providing the Company with strategic control over a key asset while maintaining low balance sheet leverage. The completion of the Baúna operatorship transition and 2026 flotel campaign, together with high value infill activity at Who Dat, should enable stronger and more predictable production, underpinning a balanced approach to investing in value-accretive growth and returns to shareholders.

STRENGTHENING OUR BUSINESS

Throughout 2025, oil prices fluctuated substantially, reflecting supply/demand imbalances and global geopolitical uncertainties. The Brent benchmark crude peaked at US\$81/bbl in January, falling to US\$59/bbl in December, the lowest oil price since April 2021. Against this backdrop of volatility, Karoon performed well, delivering solid production and a 16% total shareholder return, based on share price appreciation and dividends paid over the year.

Reflecting our low cost, high margin, production base across both assets, we continued to generate strong operating cash flows despite lower oil prices. This allowed all capital expenditure during 2025 to be funded from operating cash flow and existing cash and debt, with the Company's Reserves Based Lending facility (RBL) remaining undrawn.

The Company performance was focused on delivery of its strategic priorities as highlighted in last year's Annual Report. These included improving Baúna Project base production reliability, prioritising and executing in-fill opportunities at Who Dat and progressing our near-field organic growth opportunities, while providing capital returns to shareholders.

A major step towards achieving more consistent Baúna performance was

taken with the acquisition of the Baúna FPSO, the Cidade de Itajaí, from Altera&Ocyan (A&O) in April 2025. This marked a significant milestone in Karoon's evolution from an explorer to a full scope operator of offshore oil and gas production assets by mid-2026. Owning the vessel has allowed us to have more strategic control over the facility. We have accelerated maintenance activities and commenced revitalising the FPSO, leading to materially improved efficiencies in 2025, including 98.8% in the fourth quarter.

When Karoon takes over full operational control of the FPSO in mid-2026 (subject to operational readiness and regulatory approvals), operating costs are expected to go down. This has led to a seven year extension of the anticipated field life and booking of an additional approximately 15 MMbbl of 2P Reserves, underpinning a three-year rolling average Reserves Replacement Rate of 160% and providing a foundation for future production growth. A second flotel-supported maintenance and revitalisation campaign planned for the first half of 2026 is expected to lead to improved system stability and more consistent FPSO uptime going forward.

Who Dat in the Gulf of America continues to provide stable, high margin and low carbon emissions production to Karoon. Delivering on the strategic goal of replacing natural

production declines through infill opportunities has continued at Who Dat, with the completion of the E6 sidetrack, a high return and short turnaround investment, under budget and with immediate production benefits. Who Dat production has helped to diversify Karoon's production base, reducing the Company's risk profile, while the growth opportunities located near the Who Dat asset infrastructure provide attractive upside in the medium to longer term. In late 2025, Karoon was the apparent winner of a block near the Who Dat development and recent discoveries, adding to its exploration opportunity set.

In 2025, Karoon was awarded seven additional blocks in the deepwater south Santos Basin in Brazil. The Company now has a dominant acreage position over a new and potentially significant untested exploration play in these blocks. We have recently commenced a farm down process. Subject to the results of technical work underway, the farm-down and necessary approvals, we are aiming to test this play in 2027. Together with the potential Neon development opportunity in Brazil, Who Dat East and South development opportunities and range of infill targets at Who Dat, supported by a robust balance sheet, we believe our business is in a good position to support future value creation and returns for shareholders.



Karoon employee on the Baúna FPSO, Santos Basin, Brazil

SAFETY AND ENVIRONMENT

Protecting our people and environmental stewardship is core to our Company. One of the highlights of 2025 was the significant improvement in personal safety. Karoon recorded zero Lost Time Injuries and one Restricted Work Case. The Total Recordable Injury Rate (TRIR) of 0.16 per 200,000 exposure hours was also a material improvement over 2024 performance. In addition, we had no Tier 1 or Tier 2 process safety incidents during the year. These results reflect Karoon's strong commitment to safety leadership, human factors and risk management.

Overall, operational flaring, emissions intensity and other discharges to the environment improved during 2025, driven primarily by better reliability at the Baúna FPSO. Further details are provided in our 2025 Sustainability Sustainability Report.

2025 FINANCIAL RESULTS

Karoon's profitability was impacted in 2025 by lower average realised oil prices as well as lower volumes sold. Reduced revenues were partly offset by lower production costs following the FPSO acquisition, with unit lifting costs down 3% year is on year. The Company on track to deliver further tangible lifting cost reductions following the completion of the FPSO operatorship transition. This low cost

structure places Karoon in a good position to weather periods of oil price weakness. Underlying Net Profit After Tax (NPAT), of US\$107.5 million compared to US\$214.0 million in 2024, reflected revenue decline as oil prices softened.

Our operating assets continued to generate strong cash flow, reflecting our low cost structure. As in 2024, all capital expenditures in 2025, including the acquisition of the Baúna FPSO, were funded from a combination of operating cash flow and cash on hand, with no further draw from debt facilities. The Company ended the year with net debt of US\$143.9 million and liquidity of US\$546.1 million, which continues to position Karoon well for organic investments and returns to shareholders.

SOLID 2025 PRODUCTION PERFORMANCE

Karoon produced 10.3 MMboe in 2025, of which the majority (93%) was high value hydrocarbon liquids, and 7% gas.

The result was driven by stronger production from the Baúna Project, primarily due to significantly improved reliability and efficiency at the Baúna FPSO. An extended flotel-supported maintenance campaign aimed at improving maintenance on the FPSO and enhancing asset reliability, was instrumental in delivering this

FPSO operational performance improvement. 2025 Baúna production also benefited from the successful SPS-88 well intervention in the first half, partly offset by reduced production at SPS-92 and PRA-2 in the second half of the year.

Production at Who Dat was in line with expectations, with natural decline partly offset by production system optimisation work and less weather interruptions than in 2024. A successful infill well drilled at Who Dat in 4Q25 added to production late in the year and helped constrain year-on-year decline to 10%.

A major focus in 2025 was on the acquisition of the Baúna FPSO and preparations for the transition of operatorship from A&O to Karoon, which is targeted for mid-2026. Our preparations are now well advanced, and we are engaging with the relevant regulatory authorities on the reviews and approvals required to enable the operatorship transition.

RESERVES AND RESOURCES GROWTH

Karoon continued to deliver key milestones aimed at further extending the Company's Reserves and enhancing the value of our operated fields. Karoon recorded strong Reserves growth in 2025.

Overall, 2P Reserves rose 7% to 72.8 MMboe, primarily due to a seven year extension to the Baúna field life until concession expiry, reflecting lower anticipated future operating costs and confidence on the long-term availability of the Baúna FPSO following the acquisition. With these and prior additions, the Company has achieved a three-year rolling average Reserves Replacement Ratio of 160% at the 2P level.

The capture of potentially high return future production also continued in 2025 with 2C Contingent Resources also increasing, by 34% to 163.0 MMboe. This was due to the addition of 19.6 MMbbl related to the Piracucá discovery following award of the licenses, and a 50% upgrade in Neon 2C Contingent Resources to 90.3 MMbbl, resulting from 2025 development studies. 2U Prospective Resources related to the Neon West prospect increased 69% to 25.0 MMbbl, based on technical studies completed during 2025.

Subject to future exploration and appraisal success and development

plans meeting our technical and commercial hurdles and strategic goals, these Contingent and Prospective Resources could be matured into Reserves, representing potential upside for Karoon in the future. See Reserves and Resource Report on page 36 for full details, including the basis of calculations.

RETURNS TO SHAREHOLDERS

Karoon paid an unfranked interim dividend of 2.4 Australian cents per share in September 2025 and has determined to pay a final fully franked dividend of 3.1 Australian cents per share, taking total dividends in respect of the 2025 full year to 5.5 Australian cents per share. This represents a payout ratio of 25%, in line with our policy to return 20–40% of underlying NPAT to shareholders.

In addition to dividends, over 2025 Karoon acquired and cancelled 43.5 million shares at an average price of A\$1.69/share through on-market share buybacks. Since the Company commenced buying back shares in the second half of 2024, we have

acquired and cancelled 82.5 million shares, or approximately 11% of shares on issue, at a cost of US\$82.3 million. The buyback has been consistent with our capital allocation framework, which allows for additional shareholder returns during periods of elevated oil prices and/or where alternate, value accretive uses of excess cash are not identified.

The Board believes that Karoon shares remain undervalued and buying back shares is a value accretive use of funds. Consequently, in line with our capital allocation framework and in light of the recent rise in oil price, we have decided to continue the on-market buyback program, albeit at a moderated level due to the annual Baúna facilities shutdown and the active capital investment program planned for 1H26. The program remains subject to market conditions, oil price volatility and the progress of the 1H26 activities.

ORGANIC GROWTH PORTFOLIO

Karoon has several organic growth opportunities within its portfolio, which include short and medium term potential developments in Brazil and the US. In addition, we now have a longer term opportunity, following the identification of the deepwater exploration play in the south Santos Basin. Each of our organic opportunities remains subject to meeting strict investment hurdles as they progress through the various decision gates.



Analysts and investors visit the Who Dat FPS, Gulf of America, USA

1. On-market buyback as announced on 25 September 2025 to the ASX, which expires on 21 May 2026.



Topside facilities, Who Dat FPS, Gulf of America, USA

Short term: Who Dat East and Who Dat South, Gulf of America, US

Work on the Who Dat East discovery is at an advanced stage following entry into the ‘Define’ phase, including Front-End Engineering and Design (FEED), in 3Q25.

The Joint Venture continues to work towards a potential final investment decision on Who Dat East, which is expected to be made once the outcome of an application to the US Government for royalty relief is known, and subject to supportive economics. Although not as advanced as Who Dat East, we also made good progress on Who Dat South in 2025, with the Joint Venture continuing to assess potential development options.

Medium term: Neon development opportunity, Santos Basin, Brazil

In April 2025, the Neon development opportunity entered the ‘Define’ phase.

Since the development concept was selected, there has been a material decline in oil prices. The Neon team has commenced project cost reduction and optimisation

studies, aimed at improving project economics. Given the major investment we are making in the Baúna FPSO to improve its reliability and longevity, this will also include reassessing potential development and operational synergies with the Baúna Project. We anticipate that this optimised development concept work will be completed by mid 2026.

In 3Q25, we initiated a farm down of 30–50% of our 100% interest in Neon and nearby licenses, to reduce both our capital and risk exposure of a potential development. Several credible farm-in candidates have expressed interest in the opportunity and discussions are ongoing.

Long term: Santos Basin deepwater exploration

Over the past two years, Karoon has built up an extensive acreage position of seven blocks, covering more than 7,300 square kilometres, over a potential new Tertiary oil play in the deepwater Santos Basin, offshore Brazil. We have recently commenced a farm-down process, and have a rig option for a potential drilling campaign in 2027, subject to further technical maturation, a successful farm down and necessary approvals.

While this is wildcat drilling and as such carries substantial geological risk, if successful, it could be a game-changer for Karoon, with the potential for numerous prospects and leads identified.

SUSTAINABLE OPERATIONS

A key component of Karoon’s business strategy is ensuring that its approach to managing Environmental, Social and Governance (ESG) factors eliminates or mitigates risks, and drives long term operational improvements and success.

Climate

In February 2025, we updated our Net Zero commitment, replacing the previous target of 2035 to ‘Net Zero by 2050 or sooner’ for Scope 1 and Scope 2 emissions from operated assets, while continuing to focus on reducing absolute emissions where practical and economical. Operational improvements at Baúna delivered positive results in 2025, including a reduction in Scope 1 emissions intensity and flaring emissions compared with 2024, demonstrating the strong link between safe, reliable operations and positive environmental outcomes.



Release of turtles, Luisa Pinho Sartori Institute, Conservationist Master Dissertation, Brazil

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. We offset 100% of residual Scope 1 emissions for the year 1 January 2024 to 31 December 2024, with the surrender of Verified Carbon Units in 2025. Similarly, we are aiming to offset 100% of 2025 emissions by mid-2026.

Karoon's 2025 Sustainability Report marks an important milestone in Karoon's climate reporting, with the publication of our first climate assessment prepared in accordance with AASB S2 Climate-Related Disclosures. Further details on Karoon's 2025 sustainability performance are available in the 2025 Sustainability Report on the Karoon website, www.karoonenergy.com.au.

Community Programs

In 2025, Karoon's voluntary social investments increased for the fourth consecutive year and has grown nearly four-fold since 2022. As well as the voluntary programs, the Company supported 21 incentivised projects during the year. Programs are selected under Karoon's Community Investment Guidelines, which in turn are aligned with the UN Sustainable Development Goals 4, 8 and 17.

MOVE OF CORPORATE HEAD OFFICE AND CEO CHANGES

During the first half of 2025, the Board decided that, due to the significant time difference, managing Karoon's operations in Brazil and the US from Australia had become untenable. We consequently commenced relocating our global headquarters to Houston, with most of our Melbourne roles moving to either Houston or Rio de Janeiro. A small team is being maintained in Melbourne to support our Australian shareholder base and satisfy our regulatory obligations.

Every care and effort is being made to ensure a fair, equitable and respectful transition program for the affected Melbourne team members. The gradual handover of roles and responsibilities has already increased efficiency and collaboration, and has allowed the Company to source high quality, local talent in its operational locations.

As part of this change, it was decided that our CEO/MD, Dr Julian Fowles, as well as certain other senior managers, would not relocate, allowing for a refresh of the leadership team. In November, Ms Carri Lockhart was appointed as our new CEO and MD. With her deep understanding of the oil and gas industry, and considerable experience in managing large scale production assets safely, reliably and efficiently, and maturing development projects, Carri has ideal credentials to build on the strong legacy built over the past five years by Julian and to lead the new team.

OUTLOOK FOR 2026

2026 is expected to be a year of two contrasting halves in Brazil, with several capital-intensive major projects being delivered at Baúna concurrently during the first half. These activities, designed to enhance our future operating performance, include:

- Finalisation of the Baúna FPSO operatorship transition from A&O to Karoon.
- The Baúna FPSO annual shutdown for essential maintenance.
- The Baúna flotel-supported maintenance and revitalisation campaign on the FPSO.
- Repairs to the Baúna SPS-92 and PRA-2 production wells.

The number of people working offshore at Baúna is expected to increase from just over 90 presently to more than 700 at peak. Detailed planning for this work is ongoing, with maintaining a safe work environment for our employees and contractors the highest priority.

Assuming these activities are successfully completed, this program is expected to lead to increased production, improved operational reliability and a lower cost base, generating significant cashflow from the second half of 2026 onwards.

In the US, production is currently being impacted by an issue with one of the six production risers at the Who Dat FPS. The operator, LLOG, expects to resume production from this riser in the second half of 2026. In the second quarter, LLOG intends to complete a Who Dat A1 sidetrack, which will support 2026 second half production, and help mitigate natural reservoir decline.

We are looking forward to working with UK-based Harbour Energy, which has recently acquired LLOG, the LLOG team and JV partner Westlawn Americas Offshore, to continue maximising the value of Who Dat and the surrounding area.

On our growth projects, a decision on whether to develop Who Dat East is expected to be considered by the

Who Dat Joint Venture, while we are excited about the opportunity to revisit the Neon development concept, as well as further mature the Santos Basin deepwater exploration opportunity.

As we enter a period of lower oil prices, it is essential that we maintain a strong balance sheet, with the capacity to fund non-discretionary expenditures and growth capital, as well as provide attractive capital returns to shareholders. In addition to strong cashflow from our low-cost operations and the US\$350.0 million bond, issued in May 2024, the US\$340.0 million Reserve Based Lending (RBL) facility, which remains undrawn, provides future liquidity.

THANKS

We would like to thank our dedicated staff across Australia, Brazil and the US. In particular, we would like to thank the Melbourne team for their professionalism during this period of transition of the majority of roles and responsibilities to the US and Brazil,

which has been a challenging time. Thanks also to our fellow Board members for their material contributions over the year.

We are grateful to A&O for their partnership and support through the FPSO sale and transition process. We wish to thank again our former CEO & MD, Julian Fowles, for his significant contributions.

Finally, on behalf of all at Karoon, we thank you, our shareholders, for your continued loyalty and support.



Peter Botten
Chair



Carri Lockhart
CEO and Managing
Director

Dear Shareholders

Since I joined Karoon Energy in November 2025, I have visited the Company's assets in Brazil and the US and have met with many team members across the organisation. I have been struck by the genuine passion exhibited for Karoon and the team's commitment to safety and quality. These strengths will contribute to the achievement of our goals and future growth.

My initial period with the organisation has reinforced our clear strategic priorities. These are to ensure safe, reliable and efficient operations from our producing assets, underpinned by operational excellence, maintain capital discipline particularly during this period of lower commodity prices, and continue to advance our organic growth opportunities. I feel confident that Karoon can leverage its competitive advantages to deliver reliable energy safely and efficiently and embed our unique value and position in our markets.

There is no doubt that 2026 will present challenges given oil price volatility and the delivery of many complex projects concurrently, including the forthcoming operatorship transition of the Baúna FPSO in Brazil. We will continue to mitigate risk through meticulous planning as we prepare for these activities and I believe that with our collective abilities, we will be able to achieve the desired outcomes.

Thank you for your continued trust and investment in Karoon. I look forward to delivering on our strategy and commitments and creating substantial value for you in the years ahead.

Carri Lockhart
CEO AND MD

FINANCIAL OVERVIEW

Despite oil price headwinds during 2025, both the Baúna and Who Dat producing assets continued to generate positive cash flows. Together with strong liquidity and disciplined capital allocation, Karoon funded organic growth opportunities and shareholder returns with no further debt draws.

FINANCIAL RESULT

Global oil price volatility resulted in an average realised price of US\$66.6/bbl for Baúna crude and US\$63.4/bbl for Who Dat liquids, with Who Dat gas prices averaging US\$4.2/mcf. This delivered sales revenue of US\$628.6 million (2024: US\$776.5 million) in 2025, underlying EBITDAX of US\$388.8m (2024: US\$492.4 million) and underlying NPAT of US\$107.5m (2024: US\$214 million) respectively, after Karoon's largely fixed cost base.

QUALITY ASSETS, ROBUST FINANCIAL POSITION

Karoon maintained a strong liquidity position over 2025, ending the period with cash and undrawn debt of US\$546.1 million. Cash generation from operations was US\$251.4 million (2024: US\$434.6 million) from the high-margin Baúna and Who Dat assets. This reflected underlying EBITDAX of US\$388.8 million, less tax, debt service, payment of the Baúna flotel and Who Dat West well costs. Baúna underlying EBITDAX was US\$316.3 million (2024: US\$386.4 million) and the Who Dat assets generated underlying EBITDAX of US\$93.1 million (2024: US\$124.6 million). This underpins Karoon's financial capacity to continue investing through the cycle.

DISCIPLINED CAPITAL ALLOCATION IN ACTION

Opening cash and cash from operations was deployed in line with Karoon's capital allocation framework, prioritising safety, reliability and value-accretive growth, while preserving balance sheet strength and delivering shareholder returns.

Investment focused first on safe and reliable operations, including the deployment of a flotel at Baúna (US\$21.1 million) to provide additional manpower to safely execute maintenance back-log activities. The US\$115 million (plus costs) acquisition of the Baúna FPSO in April has provided a pathway to taking operational control, reduces long-term cost and commercial uncertainty, and underpins life extension and improved value realisation from the asset. Capital was also allocated to reinstate production from SPS-88 at Baúna and to sidetrack the E6 well at Who Dat.

In parallel with investment in operations and growth, Karoon continued to return capital to shareholders, returning US\$80.4 million in 2025 through a combination of dividends and share buybacks. 11% of shares on issue have been purchased and cancelled since the buyback program commenced in 2024. These returns were delivered while maintaining strong liquidity and balance sheet capacity.

CONTINUED COST DISCIPLINE

Unit production costs remained low and well controlled in 2025. This underpins cash flow resilience through commodity price cycles.

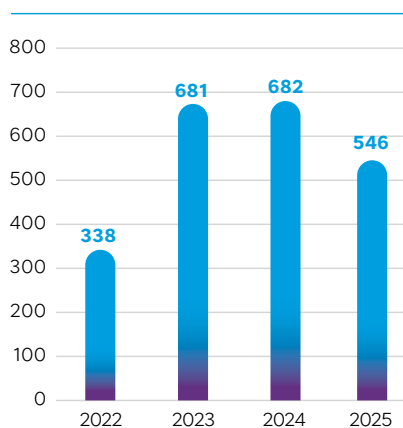
OUTLOOK

Karoon remains focused on safe and reliable operations and the disciplined execution of its growth portfolio. The balance sheet is positioned to support the Baúna FPSO revitalisation program, activities at SPS-92 and PRA-2, and the A1ST and production riser reinstatement at Who Dat. Growth opportunities at Who Dat East and South, Neon and the deepwater Santos Basin will continue to be matured.

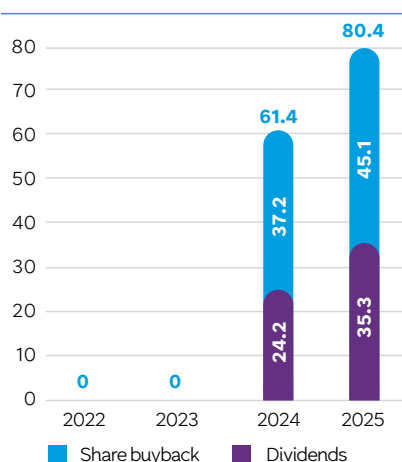
All investment decisions will be assessed through Karoon's capital allocation framework, prioritising projects with the highest risk-adjusted returns while maintaining balance sheet strength and the capacity to deliver sustainable shareholder returns.

12 MONTH PERIOD ENDING 31 DECEMBER¹

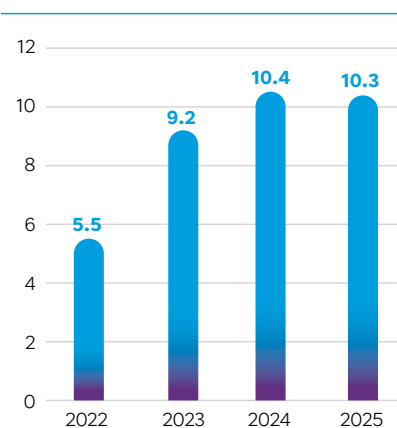
Liquidity (US\$m)



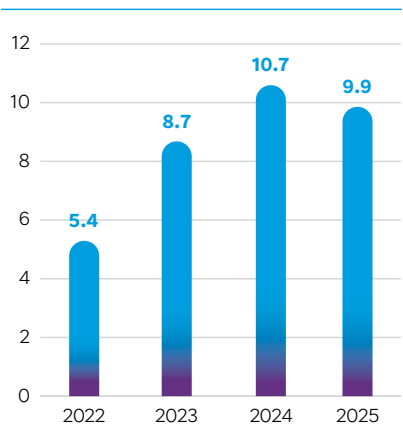
Capital returns (Dividends paid and buybacks)



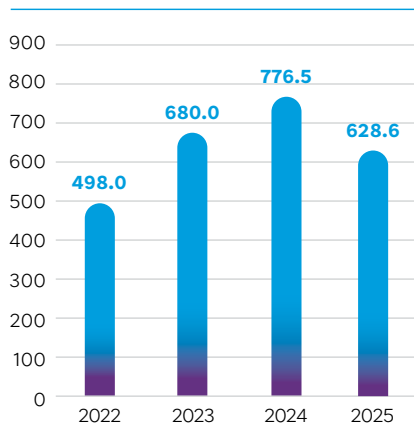
Production (MMboe)



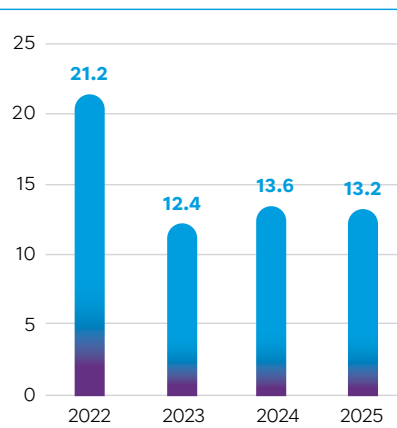
Sales volumes (MMboe)



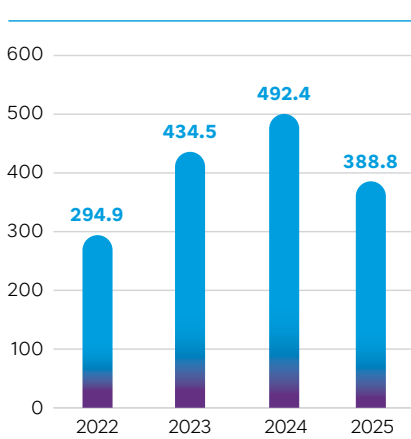
Sales revenue (US\$m)



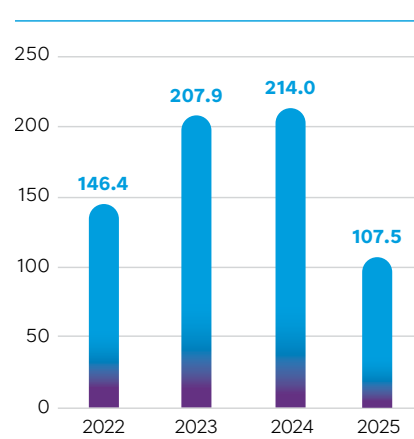
Unit production costs on NWI basis (US\$/boe)



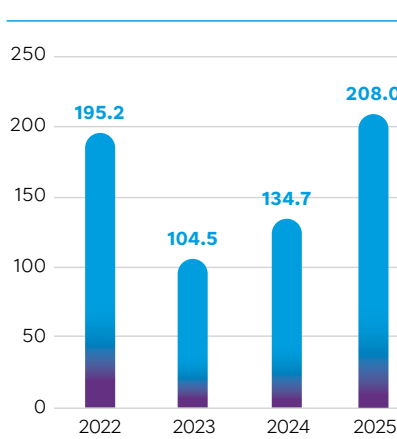
Underlying EBITDAX² (US\$m)



Underlying NPAT³ (US\$m)



Capital expenditure (US\$m)



1. The financial information for the calendar years 2022 and 2023 is not audited but derived from audited and reviewed financial information.

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

3. Underlying NPAT (Net Profit After Tax) is a non IFRS measure which is unaudited but is derived from figures within the audited financial statements.

PRODUCTION

Total NRI production for 2025 was 10.3 MMboe, similar to the record production achieved in 2024, despite the maturity of the Company's two producing assets. The acquisition of the Baúna FPSO was completed in the first half of 2025, providing Karoon with increased strategic control over a critical asset.

IMPROVED OPERATIONAL PERFORMANCE

2025 production (with Who Dat on an NRI basis) was 10.3 MMboe, only marginally lower than in 2024 (10.4 MMboe), despite natural reservoir decline. The Baúna Project production benefited from materially improved FPSO efficiency rates, while Who Dat natural decline was partly offset by a well sidetrack operation in late 2025 and less weather-events than in 2024. Baúna contributed 75% and Who Dat 25% of Karoon's production in 2025.

Early in the year, the Company reached agreement with A&O on the acquisition of the Baúna FPSO, the Cidade de Itajaí, and completed the transaction in April. This was a material event, given how critical the FPSO is to Baúna operations. In addition to being economically attractive, ownership has provided Karoon with strategic control over the facility, allowing the Company to enhance the safety and maintenance focus, resulting in operational efficiencies. The acquisition has

also provided confidence on the availability of the FPSO for the Baúna Project through to the end of field life, which has been extended by seven years due to lower anticipated future operating costs. Karoon is currently finalising operating systems and processes in preparation for operating the FPSO, with the operatorship transition expected to be finalised by mid-2026.

Over 2026, Karoon is committed to continue delivering a strong safety performance, and improved reliability and uptime at the Baúna FPSO. In addition, plans are in place to restore production from two Baúna wells which experienced issues in late 2025. In the US, the Who Dat Joint Venture plans to reinstate a riser which is currently shut in and sidetrack a well, to access additional high value barrels. These activities are expected to lead to a more stable and predictable production platform overall from mid-2026 onwards.

BAÚNA PROJECT, SANTOS BASIN, BRAZIL

Production

2025 oil production from the Baúna Project, located in the BM-S-40 production license approximately 210 kilometres offshore in the southern Santos Basin, Brazil, was 7.7 MMbbl, produced at an average rate of approximately 21,000 bopd. This was 3% higher than in 2024 (7.5 MMbbl), despite natural reservoir decline. Production benefited from a material improvement in FPSO efficiency (actual production divided by forecast reservoir production, excluding scheduled maintenance shutdowns), which increased from 84.5% in 2024 to 95.1%. This reflected work implemented over 2024 and 2025 to reduce the FPSO maintenance backlog and improve equipment availability. In addition, an intervention on the SPS-88 well, which had been shut in since late 2023 due to a mechanical failure of the Gas Lift Valve, was successfully completed, with the well resuming production in March 2025.

BAÚNA OIL PRODUCTION AND SALES DATA¹

		1Q25	2Q25	3Q25	4Q25	CY25
Production	MMbbl	1.7	2.3	2.0	1.7	7.7
Number of cargoes	#	3	4	4	4	15
Sales volume	MMbbl	1.5	1.9	1.9	2.0	7.3
Weighted average realised oil price	US\$/bbl	73.76	64.15	68.70	61.53	66.57

1. Numbers may not add due to rounding.



Baúna FPSO (left) and supply vessel (right)

Partly offsetting these improvements, in August, one of the three electrical cables supplying power to the Electrical Submersible Pump (ESP) located downhole in the SPS-92 well failed. This led to a reduction in production rates from the well. In October, the PRA-2 well was shut in when the subsea control umbilical, which includes the electrical and hydraulic system connecting the PRA-2 well to the Baúna FPSO, disconnected from the FPSO.

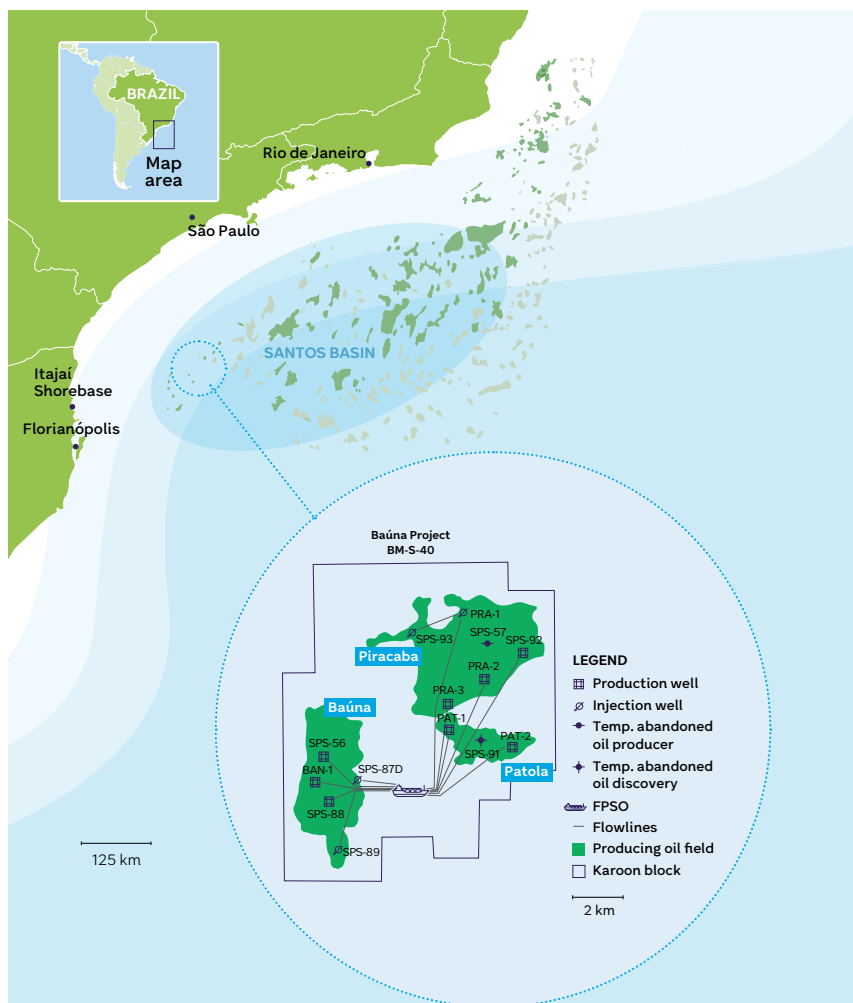
Preparations are underway to restore full production at SPS-92, through a rig-based well intervention campaign to replace the ESP, as well as bring the PRA-2 well back online. Subject to success, both operations are targeted to be completed by mid-2026.

Safety performance

The Baúna Project personal and process safety performance improved in 2025 relative to 2024, despite high levels of activity. No Medical Treatment Cases or Lost Time Incidents were recorded, compared to two Medical Treatment Cases and two Lost Time Injuries in 2024. The Total Recordable Injury Rate (TRIR) of 0.16 per 200,000 hours was an improvement compared to 0.77 in 2024.

In addition, there were no Tier 1 or 2 Process Safety events. See Karoon's 2025 Sustainability Report for further details.

Baúna Project, Santos Basin, Brazil



Sales

15 oil cargoes were sold from the Baúna Project in 2025, totalling 7.4 MMbbl (7.8 MMbbl in 2024). The average realised oil price was US\$66.57/bbl compared to US\$77.36/bbl in 2024, reflecting lower global oil prices, generating sales revenue of US\$489.4 million.

13 cargoes were transported by Karoon to the port of Santos in Brazil, with the oil then transferred to larger ships and transported to end users. Two cargoes were offloaded from the FPSO into Shell-operated shuttle tankers and transported to Uruguay, prior to being loaded into larger vessels and transported to customers. All cargoes were marketed by Shell Western Supply and Trading Limited (a member of Royal Dutch Shell Plc group).

Baúna FPSO acquisition and operatorship transition

On 30 April 2025, Karoon completed the acquisition of the Baúna FPSO from Altera&Ocyan (A&O) for US\$115 million plus transaction costs. The FPSO is critical to the Company's operations, with the seven oil production wells in the Baúna, Piracaba and Patola fields connected through sea-bed flowlines

to the FPSO, where the oil is processed and stored prior to offtake. The FPSO has a nameplate capacity of approximately 80,000 barrels of liquids per day and storage capacity of 631,000 barrels of oil.

A Transition Services Agreement (TSA) is in place with A&O, to provide continuity of operations while Karoon prepares to take over direct operational control of the vessel, with support from service providers as required. Karoon's operations team are working closely with A&O to ensure safe, efficient and reliable production during the transition period. Transfer of operational control is expected to be completed in mid-2026, once all necessary contracting, staff recruitment, establishment of management systems and processes, and regulatory approvals to operate are in place.

Once the operatorship transition is complete, Karoon anticipates a reduction in operating costs from the second half of 2026 onwards, primarily reflecting the termination of lease and TSA payments to A&O, partly offset by the cost of in-house and other third party services. There will be an increase in sustaining capex in relation to FPSO hull, fabric and

systems, and capital expenditure associated with revitalisation and life extension activities, but the timeframe for field abandonment and vessel decommissioning activities will be deferred.

Flotel-supported extended maintenance campaign

Over February to April 2025, a flotel (floating hotel) was moored adjacent to the Baúna FPSO to provide additional manpower for an extended maintenance campaign, focusing on FPSO maintenance and revitalisation work scopes, and improving equipment reliability. The work was carried out, and manpower and materials funded, by A&O as part of the existing FPSO contracts, with the costs of the flotel and associated logistics borne by Karoon. The annual planned maintenance shutdown, which was completed approximately a week ahead of schedule, took place concurrently with the flotel campaign.

A second flotel-supported campaign has recently commenced. The aim of the 2025 and 2026 flotel programs and associated revitalisation work is to ensure that FPSO efficiency is maintained consistently within Karoon's target range of 90–95%.



Processing area on the Baúna FPSO, Santos Basin, Brazil

Reserves upgrade

Following the completion of the Baúna FPSO acquisition, Karoon undertook a comprehensive analysis of Baúna Project Reserves. Based on reservoir performance exceeding expectations, the expected new cost structure, implementation of life extension plans and certainty on the long-term availability of the vessel, the Baúna Project 2P economic field life was extended by seven years to 2039, limited by the current Production Concession expiry. Some previously booked Contingent Resources were converted to Reserves, together with an additional positive revision reflecting improved expected reservoir performance. As a result, the Baúna Project 2P Reserves increased by 15.1 MMbbl over 2025. See the Reserves and Resource Report on page 36 for further details.

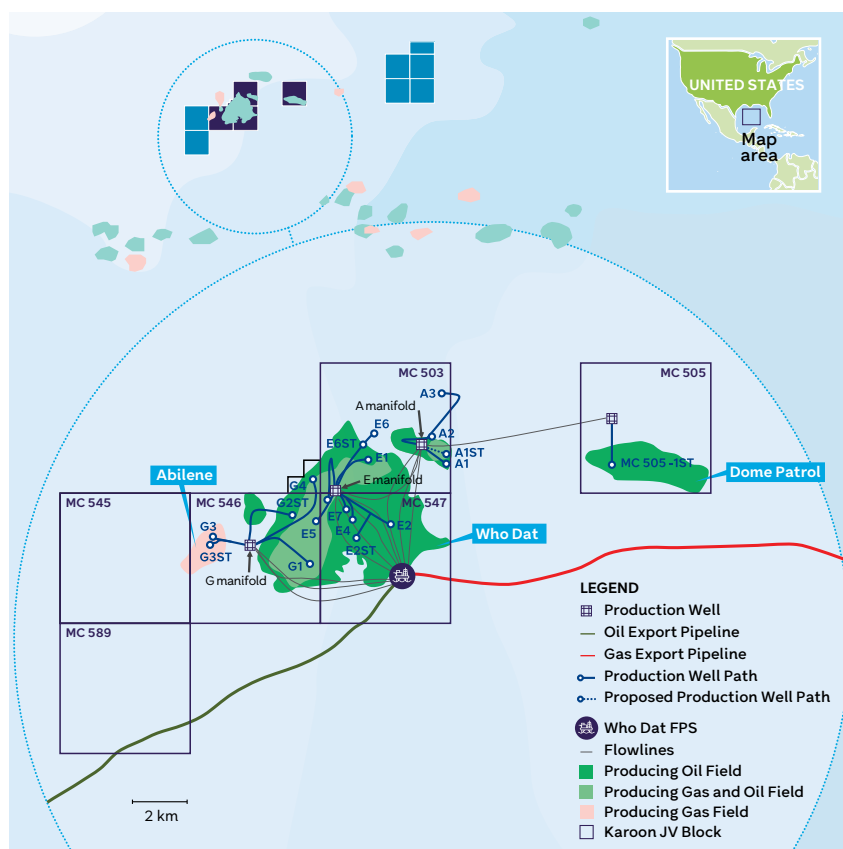
WHO DAT, GULF OF AMERICA, USA

Production

In 2025, gross production from the Who Dat oil and gas fields (Who Dat, Dome Patrol and Abilene), operated by LLOG Exploration Company LLC (LLOG), was 10.7 MMboe, produced at an average rate of approximately 29,233 boepd. 74% of production comprised oil, condensate and NGLs, and 26% gas. Karoon's Net Revenue Interest (NRI) share (based on its working interest after government and overriding royalties of approximately 20%) was 2.6 MMboe.

Production was 10% lower than in 2024 primarily due to natural reservoir

Who Dat, Gulf of America, USA



decline. This was partially offset by less weather-related interruptions than in 2024 and towards the end of the year, production from a side track of the E6 well.

E6 sidetrack operations included re-entry and de-completing the existing E6 well and drilling and completing a sidetrack from the E6 wellbore. The sidetrack successfully

targeted an oil reservoir that is producing in other Who Dat wells. The well came back online in late 4Q25 at an initial gross oil production rate of approximately 4,000 bopd plus 2.2 MMscf/d associated gas (approximately 1,050 boepd on an NRI basis), in line with expectations, prior to natural reservoir decline.

WHO DAT OIL PRODUCTION AND SALES DATA (NRI)^{1,2}

		1Q25	2Q25	3Q25	4Q25	CY25
Production	MMboe	0.7	0.7	0.6	0.6	2.6
% of oil, condensate & NGLs	%	74	69	73	79	74
Oil, condensate & NGL sales volume	MMbbl	0.5	0.5	0.4	0.5	1.9
Gas sales volume	Bcf	1.00	1.11	0.81	0.74	3.66
Weighted average realised oil, condensate & NGL price	US\$/bbl	70.02	64.39	62.32	57.06	63.35
Weighted average realised gas price	US\$/mcf	4.47	3.92	4.15	4.29	4.20

1. Numbers may not add due to rounding.

2. Who Dat production on a Net Revenue Interest basis (after government and third party royalties).

Safety performance

Who Dat experienced another positive year, with zero recordable safety incidents and zero Tier 1 or 2 process safety incidents, continuing the strong safety and process safety performance seen in 2024. Who Dat safety performance metrics are excluded from this report, as Karoon is a non-operating joint venture partner. See Karoon's 2025 Sustainability Report for further details.

Sales

2025 sales volumes for Who Dat were 2.6 MMboe on an NRI basis. The average realised price for the liquids sold was US\$63.35/bbl, down from US\$75.88/bbl in 2024, while the average realised gas price was US\$4.20/mcf (2024: US\$2.95/mcf). This resulted in total 2025 sales revenue of US\$139.2 million, comprising US\$123.8 million from liquids (oil, condensate and NGL) and US\$15.4 million from gas.

Oil from Who Dat was transported via the Shell operated Mars Pipeline to the Louisiana Offshore Oil Port, which has access to the domestic

and international market. Natural gas from Who Dat was transported and processed via Williams Company infrastructure to the Mobile Bay Gas Processing Plant, which has access to multiple onshore markets. Who Dat oil was marketed as Mars grade sour crude, with prices typically at a similar price to WTI, while Who Dat gas was priced off Platt's Florida Zone 3 at a small premium to Henry Hub.

Who Dat optimisation opportunities

During 2025, a debottlenecking study took place on potential opportunities to improve the reliability and capacity of the Opti-Ex floating production system (FPS) and associated infrastructure, in light of the potential development of the Who Dat East and South discoveries (see page 28 for details of these growth opportunities). While there were no constraints in the gas export system, opportunities to improve compressor and liquids handling were identified. The FPS currently has a nameplate processing capacity of 40,000 bpd of liquids and 150 MMscf/d of gas.

Studies also continued on potential value accretive incremental production opportunities, aimed at mitigating natural decline. These include:

- Drilling new infill production wells.
- Sidetracks from existing wells.
- Potential sliding sleeve opportunities to accelerate production from existing completions and reservoirs.
- Recompletions to utilise existing wells to access additional zones.

The opportunity to sidetrack the A-1 well, aimed at the 4700 and 5100 reservoirs, was matured, with operations planned to take place in the second quarter of 2026. On average, the Joint Venture expects to implement one in-field opportunity per annum, dependent on maturation and economic conditions, and maintains a portfolio of asset improvement opportunities.



Central Control Room on the Who Dat FPS, Gulf of America, USA

Key infrastructure, Gulf of America, USA



OUTLOOK FOR 2026

2026 is expected to be a year of two contrasting halves. First half production will reflect natural reservoir decline at both Baúna and Who Dat, as well as the intensive activities program at the Baúna Project. This work includes the four-month flotel-supported FPSO maintenance campaign, the annual scheduled full shutdown and activities which are aiming to restore 4,000 – 5,000 bopd from SPS-92 and PRA-2. Following completion of these activities, targeted by mid-year, Baúna production is forecast to rise

materially, subject to natural reservoir decline resuming. In the US, another Who Dat sidetrack, A1ST, is planned to commence activities in the second quarter of 2026 which, assuming success, will also benefit second half production. In addition, the operator, LLOG, plans to undertake operations to reinstate production from the Who Dat production riser which is currently out of service.

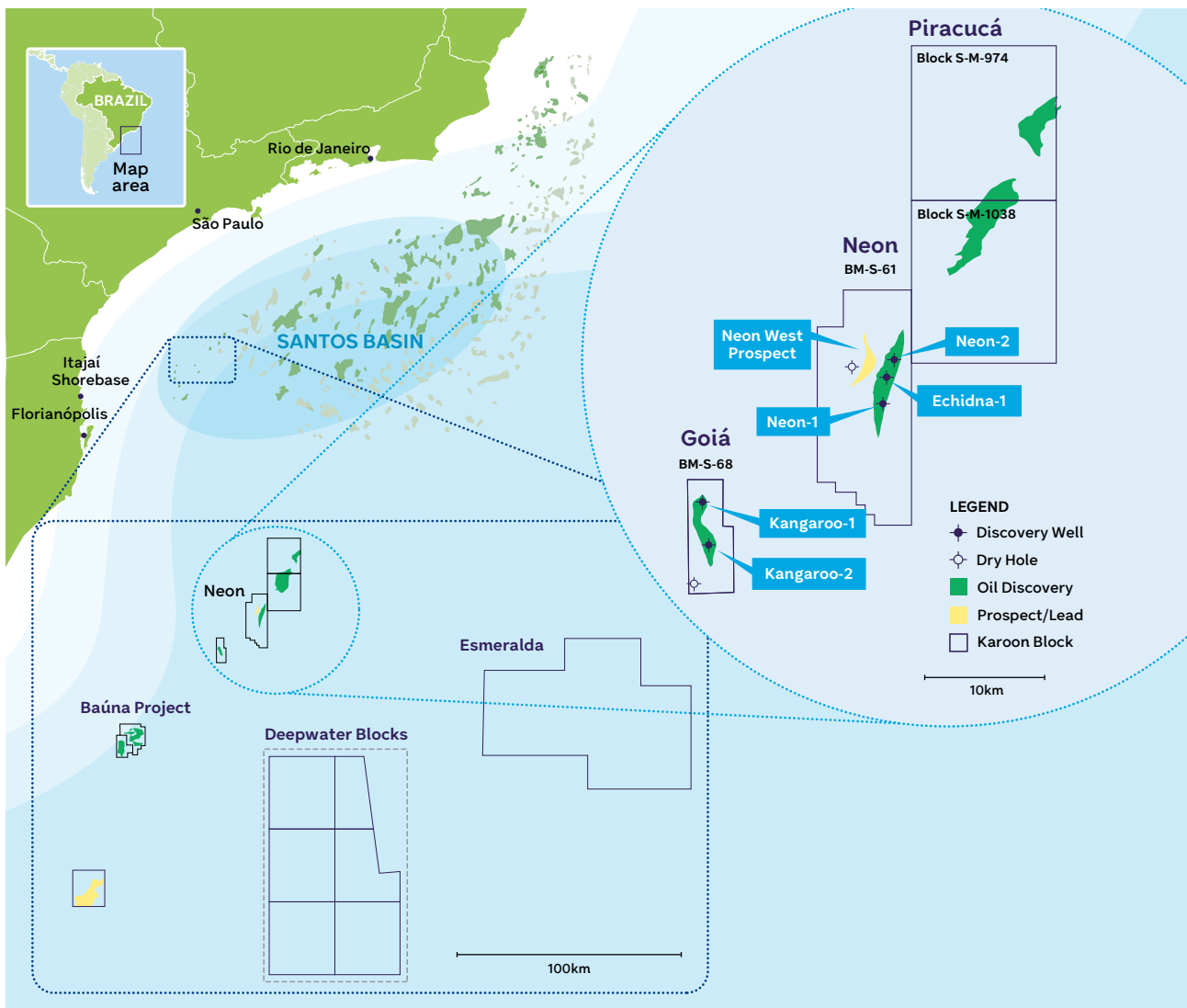
When Karoon assumes direct operational control of the Baúna FPSO in 2026, our focus will remain firmly on the safety of all personnel,

minimising emissions to the environment and the continued strengthening of our safety culture. This will be particularly important during the flotel campaign in the first half of the year, when a significantly larger onboard workforce and multiple concurrent activities will increase operational complexity. Effective planning, clear communication and the robust implementation of safety-critical controls and processes will be key priorities during this period.

GROWTH OPPORTUNITIES

Over 2025, Karoon continued to mature its organic growth opportunities. The Company now has an attractive portfolio of exploration, appraisal and development opportunities in the Santos Basin, offshore Brazil, and the US Gulf of America, which are both world class basins with attractive fiscal terms. The Company's 2C Contingent Resources increased 34% over the year, representing material potential upside if these Resources can be monetised.

Neon, Santos Basin, Brazil





FPSO transport helicopter taking off from Baúna FPSO, Santos Basin, Brazil.

CREATING A BALANCED GROWTH PORTFOLIO

Karoon undertook work on a range of organic growth options over 2025, which span short term (Who Dat East and Who Dat South), medium term (Neon/Neon West/Piracucá and Who Dat exploration), and long term opportunities (Santos Basin deepwater exploration).

Over 2025, the Neon development opportunity in Brazil and Who Dat East in the US both entered the 'Define' phase, including FEED, while alternative development concepts for the Who Dat South discovery were also assessed.

In addition, Karoon consolidated its position in the deepwater south Santos Basin and now has an extensive acreage position over an exciting, potentially material new exploration play which, subject to ongoing positive results from technical studies underway, a farm down and relevant approvals, the Company is aiming to test in 2027. This has been built at a relatively low cost with limited work obligations, including no formal well commitments. In the GoA, the Company continued to assess several

exploration leads close to existing Who Dat infrastructure that could present future low cost/high value development opportunities. While acquiring assets is not a priority at present, Karoon also continued to monitor the market in Brazil and the US.

Karoon's approach to growth is anchored in long term value creation, low-cost exposure, disciplined risk mitigation and the potential for material upside as projects are selected, advanced and executed.

SANTOS BASIN, OFFSHORE BRAZIL

Neon development opportunity, Block BM-S-61 (100% equity interest, Operator)

In early 2025, Karoon completed the Concept Select phase for the Neon development opportunity, located approximately 75 kilometres northeast of the Baúna Project. Extensive technical and commercial work provided the basis for an increased resource assessment and revised estimate of economics and confirmed that a Neon standalone development has the potential to be an attractive and value accretive growth opportunity.

Consequently, in April 2025, Neon progressed into the 'Define' phase, including Front End Engineering and Design (FEED). The development concept taken into the Define phase was based on the following parameters:

- A standalone development using a redeployed FPSO with a capacity of up to 50,000 bopd, capable of accommodating Neon field peak production rates as well as future infill and nearby tieback opportunities, such as Neon West, Goiá and Piracucá.
- An initial phase of development drilling targeting the recovery of 60-70 MMbbl under the first phase development, with potential for additional phases at later dates.

Preliminary estimates of capital costs (gross) for the first phase of development were between US\$900 million and US\$1.2 billion.



Onboard the Baúna FPSO, Santos Basin, Brazil.

Work commenced on the key technical and commercial undertakings required to mature the opportunity towards a potential development. This included the design of subsea infrastructure, including the number, phasing and location of wells, work to identify and secure a suitable FPSO and determining the key supply and service contracts required. In addition, the Neon team worked on project optimisation and risk mitigation strategies.

The 'Define' phase was divided into three parts, each with rigorous technical, commercial and market hurdles, to allow for intermediate review stages to mitigate capital exposure.

During the year, Neon Contingent Resources were reassessed based on a comprehensive review of seismic and subsurface data, updated integrated reservoir modelling and a revised reservoir development plan. This resulted in a 66% increase in 1C Contingent Resource estimates to 62.6 MMbbl and a 50% rise 2C Resources to 90.3 MMbbl. In addition, 5.9 MMbbl of 2U Prospective

Resources was recognised, with a geological chance of success of 73%.

Prospective Resources in Neon West, a low risk exploration prospect located two kilometres west of the Neon field, were also re-evaluated as part of the 2025 year end Reserves and Resource assessment. The 2U Prospective Resources were upgraded from 14.8 MMbbl to 25.0 MMbbl, with a geological chance of success of 45%. (See Reserves and Resource Report on page 36 for full details).

Given the capital and risk exposure of holding 100% of Neon, the Board determined that a farm-down of 30-50% in the Neon and other nearby licenses was a pre-requisite to advancing a development to FID. In 3Q25, a data room was opened and made available to interested parties, with several companies subsequently engaging directly with the Neon team. The farm-down process is ongoing and is targeted to be completed in the first half of 2026.

In response to the material decline in oil prices since selection of the development concept, in late 2025,

the Neon team commenced project cost reduction studies and a focus on project optimisation opportunities, such as phased development well drilling. In 2026, the team will continue this work, including revisiting the development concept to ensure it is optimal in the current commodity environment. This will include reassessing potential development and operational synergies with the Baúna Project.

The cost reduction initiatives, development concept review and equity farm down will steer activities in 2026, with progression into the next stages of the Define phase subject to ongoing positive results.

Goiá, BM-S-68 (100% equity interest, Operator)

Piracucá, S-M-974 and S-M-1038 (100% equity interest, Operator.)

During 2025, Karoon secured a 100% interest in Blocks S-M-974 and S-M-1038 in the ANP 5th Permanent Offer Bid Round for Concession Contracts, which were both formally awarded to Karoon in November 2025.

The blocks, located approximately 17 kilometres northeast of the Neon field, contain the already fully appraised Piracucá discovery.

As part of the 2025 year end Reserves and Resource Review, Piracucá was assessed to contain 2C Contingent Resources of 19.6 MMbbl by independent auditor Miller & Lents and Associates. The Piracucá discovery could be an attractive future tie-back candidate into a potential Neon development, if it proceeds. (See the Reserves and Resource Report on page 36 for details).

No additional work took place during the year on the Goiás field, located approximately 18 kilometres southwest of Neon. With 27 MMbbl of 2C Contingent Resource, if the Neon opportunity were to be sanctioned, Goiás could be developed as a subsea tieback. (See the Reserves and Resource Report on page 36 for details).

Santos Basin deepwater concession blocks, S-M-1356, S-M-1358, S-M-1482, S-M-1484, S-M-1603 and S-M-1605 (100% equity interest, Operator)

Esmeralda Block (100% equity interest, operator, grant pending)

Over 2025, Karoon was successful in its bid to secure 100% interests in four concession blocks through the ANP 5th Permanent Offer Bid Round for Concession Contracts. The blocks, located adjacent to Karoon’s two existing deepwater exploration blocks in the Santos basin (S-M-1356 and 1482), were formally awarded in November 2025. In addition, the Company successfully bid for the Esmeralda Block, located 70 kilometres east of Karoon’s Santos Basin deepwater concession blocks, in the ANP 3rd Permanent Offer Cycle for Production Sharing Contracts.

Karoon has identified an untested and potentially material post-salt Tertiary oil play in these deepwater blocks, comprising an interpreted, potential deepwater turbidite reservoir fairway.

The Company has undertaken extensive advanced geophysical

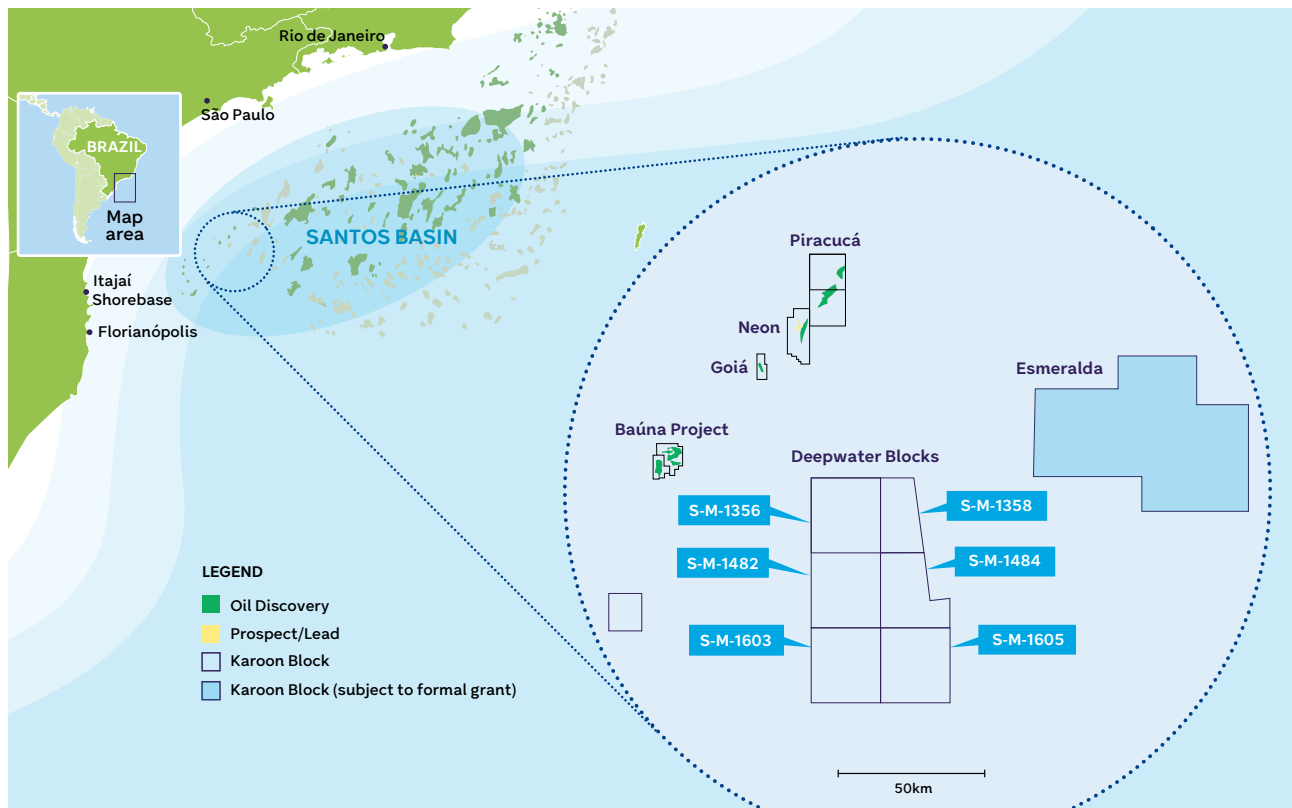
reprocessing of available 3D seismic over the western part of the play using globally recognised seismic processing specialists, Viridien, complemented by regional 2D data.

Desktop studies are underway to delineate and derisk a suite of prospects and leads for volumetric and economic analysis and potential future drilling.

In early 2026, a farm-down process commenced, with the aim of bringing in a partner to share the risk and rewards, ahead of a potential drilling campaign in 2027, subject to completion of technical work, the farm-down and necessary approvals.

Signature bonuses for the concession blocks formally awarded in 2025 totalled US\$15.3 million, with a bonus payment of US\$6.2 million payable for the Esmeralda Block on formal grant, which is expected to occur in the first half of 2026. The bids include a total minimum work program of US\$20.2 million, plus US\$6.5 million at Esmeralda, to be undertaken within seven years of the formal award of the blocks. The bids did not include well commitments on any of the blocks.

Deepwater blocks, Santos Basin, Brazil



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

Work continued on this block, south of the Baúna Project, during the year to define the potential next options of the work program.

GULF OF AMERICA, USA

Who Dat East, MC 464, MC 465, MC 508 and MC 509 (40% equity interest, Operator – LLOG)

In 2025, FEED studies commenced to investigate the preferred development concept for the Who Dat East discovery, following the successful well drilled in 2024. Who Dat East contains both gas and condensate and is located 27 kilometres east of the Who Dat Floating Production System (FPS).

This work concluded that the optimal development comprises an initial one well development connected via a subsea tieback directly to the Who Dat production facility, with the potential for further wells in future.

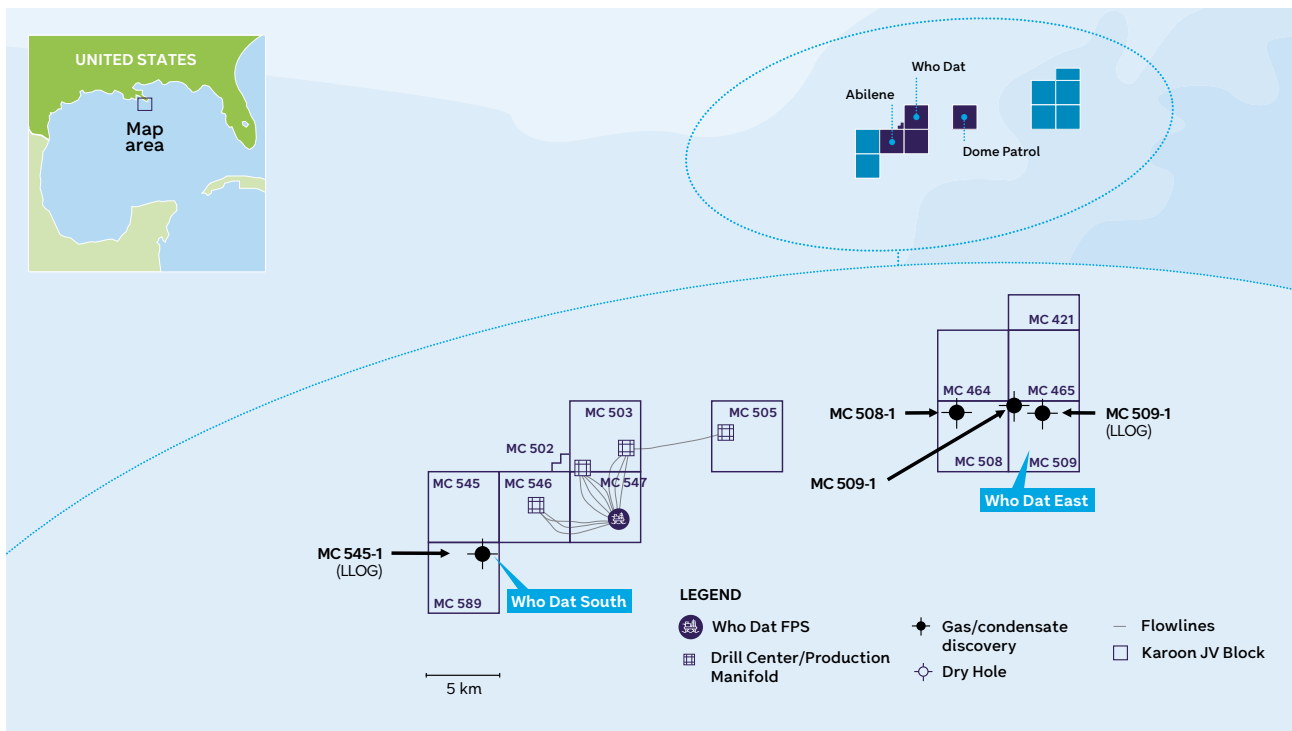


Mooring anchor chains on the Who Dat FPS, Gulf of America, USA

Karoon estimates that the initial development could deliver an initial production rate of 3,500 – 5,000 boepd on an NRI basis to Karoon, which would provide a material offset to natural reservoir decline.

In late 2025, an application was made to the US Bureau of Safety and Environmental Enforcement (the US Federal agency responsible for regulating offshore energy) to receive royalty relief.

Who Dat development opportunities, Gulf of America, USA



The Joint Venture, comprising LLOG (Operator), Westlawn Americas Offshore and Karoon, are continuing to work towards a potential final investment decision on Who Dat East once the outcome of the application for royalty relief is known, and subject to supportive economics in a lower oil price environment.

Who Dat South, MC 545 and MC 589 (30% equity interest, Operator – LLOG)

Studies to mature Who Dat South progressed during the year, to determine the optimal development plan. The Joint Venture expects to commence a seismic reprocessing project in 1H26, to assist with the assessment of the potential development options.

Who Dat West, MC 629 (35% equity interest, Operator – LLOG)

The Who Dat West exploration well, located 31 kilometres west of the Who Dat FPS, completed drilling in early 2025. No significant hydrocarbon bearing intervals were present within

the drilled section and the well was plugged and abandoned. The lease was relinquished in late 2025.

Mississippi Canyon (MC) 587 (Apparent high bidder, pending lease award)

In 4Q25, Karoon participated in the Big Beautiful Gulf 1 Oil & Gas Lease Sale and was successful as the apparent high bidder for Mississippi Canyon Block 587, located adjacent to the Who Dat South discovery. The Bureau of Ocean Energy Management (BOEM) will review all bids and confirm lease awards in 1Q26.

AUSTRALIA

WA-315-P and WA-398-P

At the end of 2025, 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.

OUTLOOK FOR 2026

Karoon's focus in 2026 will be on maturing its organic growth pipeline across Brazil and the US. The Neon team will revisit and optimise the development concept in light of lower oil prices and seek to secure a farm-in partner and a suitable FPSO, which are the most critical factors in assessing the Project's progression towards a Final Investment Decision (FID). Who Dat East is expected to be considered for FID, while Who Dat South is expected to advance through initial development screening studies.

Exploration in the deepwater Santos Basin is an important longer term potential growth opportunity for Karoon and provides an option for possible future high value organic growth. During 2026, desktop studies will continue and a farm-down will be undertaken, to balance risk and cost exposure. Evaluation of prospective exploration targets within the greater Who Dat area will also continue over the year.



FPSO transport helicopter arriving at Baúna FPSO, Santos Basin, Brazil.

SUSTAINABILITY

The acquisition of the Baúna FPSO and a significant increase in operational reliability contributed to positive improvements in Karoon's sustainability performance in 2025. The Company achieved an 80% reduction in the Total Recordable Injury Rate (TRIR), a 9.5% reduction in emissions intensity and a 41% reduction in emissions from flaring. In addition, Karoon's commitment to human rights, social and community programs, and environmental management continued to be strengthened.

Following the introduction of the Australian Sustainability Reporting Standard (ASRS) in Australia, Karoon's reporting of sustainability and climate management has changed. Comprehensive reporting data is provided in Karoon's 2025 Sustainability Report.

SAFETY PERFORMANCE

In 2025, Karoon achieved a significant improvement in personal safety, recording zero Lost Time Injuries (LTI) and one Restricted Work Case (RWC), resulting in a Total Recordable Injury Rate (TRIR) of 0.16 per 200,000 exposure hours. Process safety performance also improved, with no Tier 1 or Tier 2 incidents during the year. These results reflect Karoon's strong commitment to safety following a challenging 2024.

Much of this improvement was driven by the flotel-supported maintenance and revitalisation campaign that took place at the Baúna FPSO in the first quarter of 2025. The campaign activities focused on improving reliability, integrity and environmental performance of the vessel, combined with the transfer of the Baúna FPSO ownership to Karoon.

This ownership change allowed Karoon to more fully integrate operational safety, maintenance and integrity into its Baúna governance frameworks. Two structured 100-Day

Safety Improvement Plans supported this process during the year, focusing on leadership engagement, behaviour-based safety programs, hazard identification and enhanced process safety training. The relaunch of the Golden Safety Rules (focused on fatality prevention) and auditing of critical systems further strengthened compliance and reliability. The transfer of Baúna FPSO operational control to Karoon is expected to be completed by mid-2026 and will provide opportunities for further improvements.

Karoon's non-operated Who Dat asset maintained its strong safety performance, with zero safety and process safety incidents.

Cyber security

In 2025, Karoon strengthened its cyber resilience by embedding security into everyday operations. Cybersecurity is now viewed as a core enabler of safe, reliable and innovative performance, protecting both operations and shareholder value. During the year, Karoon achieved its targeted NIST Cybersecurity Framework Level 3 maturity, while maintaining compliance with ISO 27001 and the Australian Essential Eight controls, ensuring globally aligned and consistent practices.

Human rights and modern slavery

Karoon continued to strengthen its approach to human rights and modern slavery risk management, submitting its fourth Modern Slavery Statement in June 2025. The statement outlines assessments of Karoon's business model and supply chain for risks such as human trafficking, forced labour, and poor working conditions.

Karoon advanced its Modern Slavery Action Plan, utilising the Fair Supply platform to assess risk in its supply chain. 171 suppliers were assessed, representing 99% of procurement spend, and a further 21 suppliers completed self-assessment questionnaires. This approach enhances transparency and accountability throughout the supply chain.

Additionally, Karoon commissioned an independent review of the Hiwi carbon project, located in the state of Acre, in the northern region of Brazil, to evaluate social and community impacts. The review confirmed compliance with Modern Slavery controls, identifying only minor improvements related to communication.

These initiatives reflect Karoon's commitment to ethical practices, transparency and continuous improvement in human rights performance.



Young ballet students at Generating Falcons / Gerardo Falcões, supported by Karoon's Social and Community Development Program.

Social investment and community engagement

Karoon's community investment program continued in 2025. Karoon supported four voluntary projects in Brazil with an investment of US\$381,000, a nearly 60% increase from 2024, in addition to US\$2.1 million of incentivised funding to support 21 additional projects in Brazil.

Karoon remains on track to meet its target of contributing 0.1% of sales revenue to social projects by 2027. While contributions vary with production levels, our approach remains unchanged, with a focus on supporting projects that deliver the greatest, lasting positive impact and maintaining partnerships with proven initiatives

Environment

In 2025, Karoon advanced its environmental management as part of the preparations for the transfer of operational control for the Baúna FPSO, which is expected to complete by mid-2026. This included implementing plans and procedures to strengthen environmental monitoring programs and improve the management of waste, emissions and effluents, and monitoring compliance with regulatory requirements and industry best practices.

All mandatory environmental programs were successfully completed during the Baúna 2025 flotel campaign, and Karoon continued annual audits of waste management partners (covering shore bases, transport contractors and disposal facilities) to verify proper handling, traceability and compliance with environmental and safety standards.

Karoon continued its participation in nine mandatory environmental projects in Brazil under its Baúna operating licence, focused on marine monitoring, waste management, species conservation, education and oil spill readiness. In addition, the Company contributed funding and resources to collaborative initiatives under the Macro-Regional Plan, working with peers and regulators in Brazil to share best practices and deliver positive environmental and social outcomes.

These actions reflect Karoon's ongoing commitment to operational excellence, regulatory compliance and embedding sustainability principles across all stages of its operations.

Climate

The 2025 reporting year marks Karoon's first year reporting under the Australian Sustainability Reporting Standard (ASRS), specifically the AASB S2 Climate-related Disclosure Standard, representing a significant milestone in the Company's commitment to transparency and climate resilience. This new framework has driven the development of more robust processes for identifying, assessing and managing climate-related financial risks and opportunities across our operations.

In 2025, this included improvements in data and governance, more detailed climate-related risk assessments and reviewing alignment with Karoon's business strategy, as well as assessing resilience through scenario assessment.

Karoon's detailed reporting under AASB S2 is included in the Company's 2025 Sustainability Report.

Karoon’s emissions intensity was 10.6 kgCO₂e/boe and absolute emissions were 118,236 in 2025, a significant reduction from 2024. These results were largely due to improvements in reliability and operational performance over the year, in particular for the Baúna asset, which in 2025 achieved a 41% reduction in safety flaring compared to 2024.

127,996 verified carbon units (VCUs) were surrendered, to fully offset Scope 1 emissions in the period from 1 January 2024 to 31 December 2024,

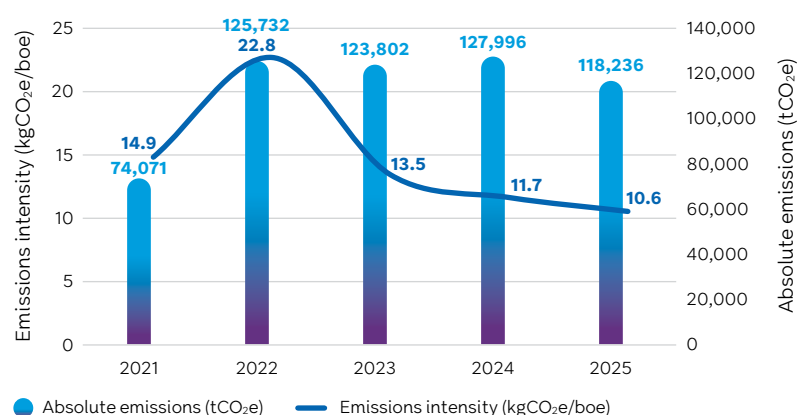
and Karoon continued to purchase renewably generated electricity for shore based operations. In line with Karoon’s commitment to improve the quality of credits used, 48,029 Afforestation, Reforestation and Revegetation (ARR) credits were surrendered, resulting in 38% of credits being generated from ARR projects and 62% from REDD+ projects (Reducing Emissions from Deforestation and Forest Degradation). Karoon intends to fully offset Scope 1 and 2 emissions associated with 2025 operations in 2026.

OUTLOOK FOR 2026

The flotel campaign, which will require increased support activities, including additional helicopter and vessel movements, together with changes in operational modes are expected to temporarily impact Karoon’s emissions profile in the first half of 2026. This is expected to result in short-term increases in both absolute emissions and emissions intensity. These impacts are anticipated to be balanced by long-term improvements in operational efficiency and asset reliability, which remain central to Karoon’s climate strategy. Emissions from the Who Dat asset have remained consistent over the past two years and are expected to be broadly similar in 2026.

New financial regulatory reporting requirements in Australia provide an opportunity for Karoon to further mature its climate governance and reporting practices. Karoon’s first climate report aligned with the AASB S2 standard was released in 2026 as part of the initial cohort of reporting entities, at a time when limited market precedent was available. Over time, Karoon expects to identify opportunities to further enhance the quality, consistency and transparency of its future disclosures.

SCOPE 1 & 2 ABSOLUTE EMISSIONS AND EMISSIONS INTENSITY¹



1. Operated assets and non-operated assets on an equity basis.

EMISSIONS DATA SUMMARY^{1,3}

	CY21	CY22	CY23	CY24	CY25
Climate					
Scope 1 emissions (tCO₂e)	73,942	125,694	123,747	127,937	118,236
Operational Control	73,942	125,694	123,294	104,018	96,876
Equity Share	-	-	453	23,919	21,360
Scope 2 emissions (tCO₂e)²	129	38	55	59	137
Market based	129	38	55	59	0
Location based					137
Scope 1 + 2 (Total)	74,071	125,732	123,802	127,996	118,236
Operational Control	74,071	125,732	123,349	104,077	96,876
Equity Share			453	23,919	21,360
Emissions Intensity (kgCO ₂ e/boe)	14.9	22.8	13.5	11.7	10.6
Scope 3 emissions (tCO₂e)	1,000,886	2,679,198	3,941,858	4,651,475	4,673,826

1. Operated assets and non-operated assets on an equity basis.

2. Location-based emissions are calculated using the average emissions intensity of the local grid where the energy is consumed. Market-based emissions reflect the emissions associated with the specific electricity products the entity has contractually purchased.

3. Data listed here is a summary of emissions categories and totals. For full breakdown, specifications and notes on the calculation and reporting of climate and HSE related data refer to p.32 and p.78 of Karoon’s Sustainability Report 2025.

PEOPLE AND CULTURE

At Karoon, our people are integral to achieving our strategic objectives. Guided by our values of respect, safety, integrity, commitment and collaboration, we foster a culture where every individual is empowered, included and encouraged to contribute, and where both personal growth and collective success is supported.

INCLUSIVE AND VALUES-DRIVEN CULTURE

Karoon's culture is built on a clear purpose that directly connects to our performance and is supported by our core values of respect, safety, integrity, commitment and collaboration. This culture is central to achieving our strategy and guides decision-making at every level. Dedicated governance mechanisms ensure that our practices and behaviours align with Karoon's purpose and values, and foster an environment where people are respected, empowered and proud of their contributions.

Karoon's culture is not defined solely by what we say we believe, but also by how these beliefs translate into the decisions and actions our people take every day. Our values are transformed into operational imperatives, evidenced through our people's behaviour and understanding of the link between values, daily work practices and strategic objectives. This is reflected in regular employee engagement surveys, workshops and informal conversations, with reporting of successes and areas for development, especially during periods of organisational change.

As a company with personnel and operations across three continents, Karoon recognises the necessity for employees to feel empowered and recognised in their work locally, while contributing to the achievement of the Company's overall objectives and collaborating with a diverse range of colleagues through a shared set of values and priorities. We support this through ongoing staff development, transparent governance and a focus on engagement.

A YEAR OF TRANSITION

2025 represented a period of significant change for Karoon. In May 2025, the Board approved a progressive transition of Karoon's headquarters from Melbourne to Houston, while maintaining a smaller team in Melbourne to support our ASX listing responsibilities. The Board's decision reflects the location of the Company's assets in Brazil and the United States, the acquisition of the Baúna FPSO and the location of future growth opportunities requiring more direct local support.



Karoon team members in the Houston office, USA

OUR PURPOSE	OUR VISION	OUR MISSION
To provide energy safely, reliably and responsibly, creating lasting benefits for all our stakeholders.	To be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way.	To empower our people to deliver safe and reliable operations and build scale in a socially responsible and sustainable manner.

OUR VALUES

Guide how we operate as a business and underpin everything we do.



Safety is our highest priority, a state of mind in respect of personnel, community, and the environment.



Integrity is honestly doing what is right and what we say we will do.



Collaboration is working together, to achieve our goals and striving for better outcomes for all stakeholders.



Commitment is following through on our promises with focus, passion, and dedication.



Respect is actively listening to, harnessing, and embracing different backgrounds, cultures, thoughts, and ideas.

In keeping with Karoon’s culture, every care and effort was made to ensure a fair, equitable, and respectful transition program for the affected Melbourne team members. Approximately 50% of the Melbourne team had left the business by the end of 2025, with the transition continuing through the first half of 2026.

PROMOTING A CULTURE OF BELONGING AND INCLUSION

Karoon’s employee base comprises 167 permanent employees, of which 42% were women as of 31 December 2025, representing an increase of 1%

over the previous year. Female representation also grew at senior levels, with women making up 22% of Senior Leaders and 57% of Board members at the end of 2025. The team is also highly diverse, with 15 different nationalities represented, and the majority of employees representing the country in which Karoon operates.

At Karoon, we believe that fostering a sense of belonging and inclusion is essential to our success as a global organisation. Our people come from a wide range of backgrounds and experiences, and we recognise that when every employee feels value and included, we unlock creativity, drive innovation and make better decisions.

Our approach to inclusion is embedded in our values, our leadership practices, our regular communications with staff and our everyday interactions. By cultivating a workplace where differences are respected and celebrated, we strengthen our resilience and drive sustainable growth.

Karoon sets clear annual objectives to advance belonging and inclusion, in line with our global footprint and our commitment to transparent reporting. These objectives guide our actions and help us measure progress to ensure we remain accountable to our people and our stakeholders.

Karoon's Board composition reflects the diversity of our international operations. Directors bring a mix of professional backgrounds, international experience, and skills relevant to our business in Australia, Brazil, and the United States. The appointment of Ms Carri Lockhart as CEO and Managing Director in November 2025 further strengthened female representation at the highest level.

Karoon is committed to balanced gender representation in senior leadership by nurturing an inclusive environment and supporting equal opportunities for advancement. In 2025, women were appointed to 29% of Senior Leadership vacancies, which led to a 5% increase of women in our Senior Leadership team, to 22% by the end of 2025. Across the Karoon Group, women comprise 42% of our workforce. Our leadership development, mentorship programs and succession planning initiatives are designed to empower diverse talent and drive better business outcomes. We are also committed to providing regular workplace behaviour training, to reinforce the importance of positive conduct and maintaining a healthy and inclusive workplace, free from harassment and bullying.



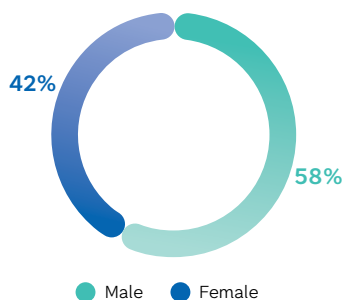
Karoon team members participating in an educational session, Rio de Janeiro office, Brazil.

GENDER REPRESENTATION PROFILE

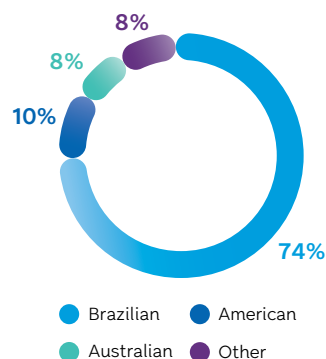
Category	Female representation (%)				
	FY22	FY23	TY23 ¹	CY24	CY25
Board	17	17	14	43	57
Senior Leaders	26	17	11	17	22
Group-wide	50	46	42	41	42

1. Represents six-month period from 1 July to 31 December 2023.

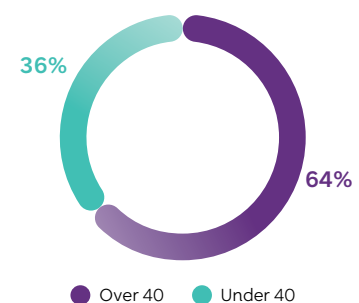
GENDER PROFILE



NATIONALITY PROFILE



AGE PROFILE



HYDROCARBON RESERVES AND RESOURCE STATEMENT

AS AT 31 DECEMBER 2025

Over 2025, Karoon recorded a 7% net increase in 2P Reserves to 72.8 MMboe, after production of 10.3 MMboe. Including Reserves additions in 2025, the Company has achieved a three-year rolling average Reserves Replacement Ratio of 160%. 2C Contingent Resources increased 34%, to 163.0 MMboe, providing material potential upside if these Resources are commercial and can be matured to production.

DELIVERING RESERVES AND RESOURCE GROWTH

Karoon has assessed its hydrocarbon Reserves and Resources estimates as at 31 December 2025, based on production performance, new field and well data, as well as field and commercial studies. The statement of hydrocarbon Reserves and Resource has been prepared in compliance with Karoon's Reserves and Resource Policy and the relevant ASX Listing Rules, and has been approved by the Company's Board of Directors.

The Baúna Project Reserves and Resources have been prepared internally and reviewed by independent expert, AGR Petroleum Services (AGR). The US Gulf of America (GoA) Reserves are based on independent evaluation by Netherland Sewell and Associates, Inc. Updated Neon, Neon West and Piracucá Contingent and Prospective Resource estimates were prepared by Miller & Lents and Associates. Contingent and Prospective Resources associated with Goiá, Who Dat East and South, and Who Dat East Deep are unchanged from year end 2024.

In aggregate, 2P Reserves at the end of 2025 were 72.8 MMboe, up 7% compared to 67.9 MMboe at 31 December 2024. This includes after adjusting for Baúna and Who Dat combined annual production

of 10.3 MMboe, and net positive revisions of 15.2 MMboe, primarily at Baúna due to a seven year extension of the field life.

Karoon has achieved a three-year rolling average annual Reserves Replacement Ratio (organic plus inorganic additions and revisions) of 160% at the 2P level (since December 2022). This primarily reflects new Reserves bookings and revisions associated with the Who Dat acquisition in late 2023, and the Baúna life extension in 2025.

Karoon's 2P Reserves at 31 December 2025 comprised 85% oil and condensate, and 15% natural gas and natural gas liquids (NGLs), essentially unchanged from year end 2024. The 2P Reserves life (Reserves divided by 2025 production) increased to 71 years (previously 6.5 years), reflecting higher 2P Reserves due to the Baúna life extension.

2C Contingent Resources increased by 34% to 163.0 MMboe, primarily due to the addition of the Piracucá discovery, increases in Neon estimates, and Baúna revisions.

2U Prospective Resources increased by 21% to 93.3 MMboe unrisks, largely reflecting a new booking for Neon and a positive revision of estimates for Neon West. Individual prospect geological probabilities of success are provided later in this report.

RESERVES

Baúna Project

At 31 December 2025, the Baúna Project's 1P Reserves were 29.7 MMbbl and 2P Reserves were 46.4 MMbbl. The Reserves assessment considers a range of technical and commercial parameters, including the following:

- Production during 2025 of 7.7 MMbbl, up from 7.5 MMbbl in 2024.
- Updated performance modelling and decline analysis, accounting for individual well and field level performance data and production system constraints.
- Karoon's acquisition of the Baúna FPSO, the Cidade de Itajaí, completed on 30 April 2025, and the associated reduction in forecast future operating costs.
- A change in the 1P end of field life assumption from 2032 to 2034, primarily due to the acquisition of the Baúna FPSO and removal of field charter costs, and execution of a life extension program, with the 2P end of field life assumption extended out to 2039 (previously 2032).

The Reserves estimates are based on Karoon 100% ownership of the Baúna FPSO and forecast reductions in operating costs arising from the FPSO acquisition.



Baúna FPSO, Santos Basin, Brazil.

The Reserves reported are based on estimates prepared internally by Karoon and independently reviewed by AGR.

Who Dat

At 31 December 2025, the Who Dat asset's 1P Reserves were 18.1 MMboe and 2P Reserves were 26.4 MMboe, on an NRI basis (after government and third-party royalties). The Reserves assessment considers a range of technical and commercial factors, including but not limited to the following:

- Production during 2025 of 2.6 MMboe (NRI), down from 2.9 MMbbl in 2024 due to natural reservoir decline.
- Updated historical performance data and forward modelling at the reservoir, well and field level.
- The inclusion of produced natural gas which is used to fuel the Who Dat production facility, but which would otherwise be sold to market.
- Updated analysis of production system performance, including constraints, equipment optimisation and fuel gas demands.
- Updated future reservoir development plans, including future infill drilling.

The Reserves reported are based on estimates independently prepared by Netherland, Sewell & Associates, Inc.

CONTINGENT RESOURCES

Karoon's total 2C Contingent Resources at 31 December 2025 were assessed to be 163.0 MMboe, which represents an increase of 41.6 MMboe, or 34%, on 31 December 2024. Most of this increase is attributable to revised estimates for Neon and the award of licences containing the Piracucá discovery.

Contingent Resources are resources that are not yet technically or commercially mature, and their future potential development is not certain.

Baúna Project

Baúna Contingent Resources were updated based on further technical studies and the acquisition of the Baúna FPSO, which resulted in a portion of these volumes being transferred into the Reserves category. 1C, 2C and 3C Contingent Resources are now 2.8 MMboe, 3.0 MMboe and 3.8 MMboe, respectively. The remaining Contingent volumes represent potentially recoverable volumes beyond the current licence expiry dates.

Neon Opportunity

The Neon discovery entered the 'Define' phase in 2025, with the development concept currently being optimised.

As a result of field development studies during 2025, the Contingent Resources associated with a full field development have increased from those previously reported at 31 December 2024 and 16 April 2025. The 1C estimate has increased by 66% to 62.6 MMbbl and the 2C estimate has increased by 50% to 90.3 MMbbl, compared to 31 December 2024 figures. The estimates consider the following:

- The estimates reflect Karoon's 100% operated interest in BM-S-61 (as at 31 December 2025).
- Probabilistic methods benchmarked against deterministic scenarios have been used to estimate the Contingent Resources.
- The Contingent Resources figures reflect recoverable resources for the whole field and all potential phases of development. However, any finalised development plan may not recover all these Resources. The figures exclude Neon West volumes which are classified as Prospective Resources.
- Contingent Resources are assessed within the Development Unclarified subclass and have not been subject to commerciality determination.

2025 ANNUAL REPORT RESERVES AND RESOURCE STATEMENT¹

DEVELOPED AND UNDEVELOPED RESERVES (NET KAROON SHARE, AS AT 31 DECEMBER 2025)

Country	Asset	Oil & Condensate (MMbbl)			Natural Gas (Bcf)			NGL (MMbbl)			Total (MMboe)		
		1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Brazil	Baúna Project												
	Developed	29.7	46.4	54.7	-	-	-	-	-	-	29.7	46.4	54.7
	Undeveloped	-	-	-	-	-	-	-	-	-	-	-	-
	Total	29.7	46.4	54.7	-	-	-	-	-	-	29.7	46.4	54.7
USA	Who Dat												
	Developed	5.5	8.6	11.8	7.0	13.0	19.3	0.1	0.3	0.4	6.8	11.0	15.4
	Undeveloped	4.9	6.8	10.6	33.5	45.0	52.5	0.8	1.0	1.2	11.3	15.3	20.6
	Total	10.4	15.4	22.4	40.5	58.0	71.8	0.9	1.3	1.6	18.1	26.4	36.0
Total	Developed	35.2	55.0	66.5	7.0	13.0	19.3	0.1	0.3	0.4	36.5	57.5	70.1
	Undeveloped	4.9	6.8	10.6	33.5	45.0	52.5	0.8	1.0	1.2	11.3	15.3	20.6
	Total	40.1	61.8	77.1	40.5	58.0	71.8	0.9	1.3	1.6	47.8	72.8	90.7

RESERVES RECONCILIATION (NET KAROON SHARE, 31 DECEMBER 2024 TO 31 DECEMBER 2025)

	Oil & Condensate (MMbbl)			Natural Gas (Bcf)			NGL (MMbbl)			Total (MMboe)		
	1P	2P	3P	1P	2P	3P	1P	2P	3P	1P	2P	3P
Reserves as at 31 December 2024	45.2	56.9	73.9	35.5	59.1	74.7	0.8	1.2	1.5	51.8	67.9	87.9
Acquisitions and Divestments	-	-	-	-	-	-	-	-	-	-	-	-
Revision of Previous Estimates	0.6	1.5	0.1	(0.7)	(8.1)	(11.9)	0.1	(0.0)	(0.1)	0.6	0.1	(1.9)
Transfer to/from Reserves	3.8	13.0	12.6	9.7	11.0	13.0	0.2	0.2	0.2	5.6	15.1	15.0
Extensions and Discoveries	-	-	-	-	-	-	-	-	-	-	-	-
Production	(9.5)	(9.5)	(9.5)	(4.0)	(4.0)	(4.0)	(0.1)	(0.1)	(0.1)	(10.3)	(10.3)	(10.3)
Reserves as at 31 December 2025	40.1	61.8	77.1	40.5	58.0	71.8	0.9	1.3	1.6	47.8	72.8	90.7

CONTINGENT RESOURCES (NET KAROON SHARE, AS AT 31 DECEMBER 2025)

Country	Asset	Oil & Condensate (MMbbl)			Natural Gas (Bcf)			NGL (MMbbl)			Total (MMboe)		
		1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Brazil	Baúna	2.8	3.0	3.8	-	-	-	-	-	-	2.8	3.0	3.8
	Neon	62.6	90.3	112.7	-	-	-	-	-	-	62.6	90.3	112.7
	Piracucá	10.9	19.6	32.7	-	-	-	-	-	-	10.9	19.6	32.7
	Goiá	16.0	27.0	46.0	-	-	-	-	-	-	16.0	27.0	46.0
USA	Who Dat South	1.6	3.6	7.6	11.1	22.5	45.5	-	-	-	3.5	7.4	15.2
	Who Dat East	4.0	7.0	13.5	30.1	52.2	100.3	-	-	-	9.1	15.7	30.2
Total		97.9	150.5	216.3	41.2	74.7	145.8	-	-	-	104.9	163.0	240.6

CONTINGENT RESOURCES RECONCILIATION (NET KAROON SHARE, 31 DECEMBER 2024 TO 31 DECEMBER 2025)

	Oil & Condensate (MMbbl)			Natural Gas (Bcf)			NGL (MMbbl)			Total (MMboe)		
	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Contingent Resources as at 31 December 2024	68.0	108.9	173.0	41.2	74.7	145.8	-	-	-	75.0	121.4	197.3
Acquisitions and Divestments	10.9	19.6	32.7	-	-	-	-	-	-	10.9	19.6	32.7
Revision of Previous Estimates	24.9	30.2	23.2	-	-	-	-	-	-	24.9	30.2	23.2
Transfer to/from Reserves	(5.9)	(8.2)	(12.6)	-	-	-	-	-	-	(5.9)	(8.2)	(12.6)
Extensions and Discoveries	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Resources as at 31 December 2025	97.9	150.5	216.3	41.2	74.7	145.8	-	-	-	104.9	163.0	240.6

PROSPECTIVE RESOURCES (NET KAROON SHARE, AS AT 31 DECEMBER 2025)

Country	Asset	POS ²	Oil & Condensate (MMbbl)			Natural Gas (Bcf)			NGL (MMbbl)			Total (MMboe)		
			1U	2U	3U	1U	2U	3U	1U	2U	3U	1U	2U	3U
Brazil	Neon	73%	2.7	5.9	10.4	-	-	-	-	-	-	2.7	5.9	10.4
	Neon West	45%	15.5	25.0	39.1	-	-	-	-	-	-	15.5	25.0	39.1
USA	Who Dat East	51%	1.1	2.9	6.7	8.0	21.4	48.9	-	-	-	2.4	6.5	14.9
	Who Dat South	59%	0.8	2.1	4.2	4.0	10.3	19.3	-	-	-	1.5	3.8	7.4
	Who Dat East Deep	7%	1.8	6.0	14.4	104.1	277.0	529.8	-	-	-	19.1	52.1	102.7
Total			21.9	41.9	74.8	116.1	308.7	598.0	-	-	-	41.2	93.3	174.5

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

2. Geological probability of success.

No changes have been made to the Goiás discovery Contingent Resources assessment from the previous Karoon Annual Report statement.

Following the award of licenses S-M-974 and S-M-1038 during 2025, 1C Contingent Resources of 10.9 MMbbl and 2C Contingent Resources of 19.6 MMbbl associated with the discovered and appraised Piracucá field have been included for the first time.

The Resources associated with Goiás and Piracucá could potentially be developed as subsea tiebacks to a potential future Neon production facility, if a development proceeds.

Who Dat

Contingent Resources associated with the Who Dat East and Who Dat South discoveries are unchanged from 31 December 2024. Development studies continue to be progressed for these Resources and may result in future Reserves bookings, subject to the outcome of technical and commercial evaluations, and Final Investment Decisions.

PROSPECTIVE RESOURCES

Karoon holds a number of interests and licenses containing undrilled exploration prospects and leads of varying maturity levels. These are classified as Prospective Resources. All volumes are unrisks. Geological probabilities of success are provided for each prospect, in addition to the volumetric uncertainty in potentially recoverable volumes in the event of a discovery.

Brazil

Prospective Resources for the Neon and Neon West prospect have been prepared primarily using probabilistic methods and have been revised based on technical studies completed during 2025. Year on year, the Neon West 2U Prospective Resource has increased by 69% to 25.0 MMbbl as at 31 December 2025 as a result of further seismic processing and interpretation and increases in estimates of the structure size due to improvements in the seismic imaging.

Given the close proximity of Neon West to the Neon discovery, subject to confirmation of commercial volumes through drilling and technical and commercial studies, these Resources could be developed via a potential future Neon production facility. A small Prospective Resource volume has also been recognised in an undrilled, faulted area of the Neon field.

The Neon and Neon West estimates were certified by independent third party Miller & Lents, Ltd.

USA

Prospective Resources are unchanged from those reported at 31 December 2024 as there was no new material information or technical studies associated with this category of resource in Who Dat.

NOTES ON CALCULATION OF RESERVES AND RESOURCES

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

All statements are net to Karoon's interests (as defined below) estimated at 31 December 2025 and use a combination of deterministic and probabilistic methods. Asset and Project level Reserves and Resource have been arithmetically aggregated. There may be minor differences in addition due to rounding.

For Reserves and Resource associated with assets in Brazil, Karoon's reported net share is based on the Working Interest for each license. For Reserves and Resources associated with assets in the USA, Karoon's reported net share is based on the Net Revenue Interest (NRI) for each license, well or reservoir, which is after the deduction of relevant government and third-party royalties.

Resource volumetric estimates in MMboe have been rounded to one decimal place. Gas volumes are converted to barrels of oil equivalent (boe) on the basis of 6,000 scf = 1 boe.

The reference point for Reserves calculation is at the fiscal meter situated on the respective production facility.

Undeveloped Reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening or sidetracking existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recompleat an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Prospective Resources Cautionary Statement: *Prospective Resources are the estimated quantities of petroleum from undiscovered accumulations at a given date, that may potentially be recoverable by the application of a future development project(s). These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal, and studies are required to determine the existence and quantity of potentially recoverable hydrocarbons.*

GOVERNANCE AND COMPETENT PERSONS STATEMENT

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

All Reserves and Resource statements in this report are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, Martin Austgulen, SVP New Business, Karoon Energy Limited. Mr Austgulen is qualified in accordance with ASX listing rule 5.41, being a member of the Society of Petroleum Engineers (SPE) and, with over 18 years' experience, has consented in writing to the inclusion of Reserves and Resource in the format and context in which they appear.

FORWARD LOOKING STATEMENTS

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

This Annual Report may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward-looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this Annual Report.

Indications of, and guidance on, future earnings and financial position and performance, well drilling programs and drilling plans, estimates of Reserves and Contingent Resources and information on future production are also forward-looking statements.

You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this Annual Report necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise (including, without limitation, in respect of imprecise Reserve and Resource estimates, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling, demand for oil, commercial negotiations and other technical and economic factors), many of which are outside the control of Karoon.

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

Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.





STRENGTHS AND RISKS

STRENGTHS



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



Clear corporate strategy, including sustainability targets



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



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

MATERIAL BUSINESS RISKS

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



Offtake certainty via leading counterparts and market connectivity.



Knowledgeable and experienced staff in all functions of the business.



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

- **Cybersecurity:** Cyber incidents could result in interruptions to, or failure of, the Company's operations and business. Offtake certainty via leading counterparts and market connectivity. Knowledgeable and experienced staff in all functions of the business.
- **Cashflow:** Insufficient cashflow could result in inability to meet contingent payment obligations to Petrobras, debt servicing and/or hedging obligations and/or day to day operational commitments may result in either a default or review event under the Debt Facility.
- **Insurance coverage:** Insurance coverage may be insufficient to cover all risks associated with oil and gas production, development, exploration and evaluation.
- **Health and Safety:** Exploration and production of oil and gas has inherent risks and may expose Karoon's staff and contractors to potentially dangerous working environments. These hazards include marine, road and air transport, construction, maintenance and operational activities, and process safety events.
- **Currency risk:** Changes in foreign exchange rates and interest rates may negatively impact the Company's liquidity.
- **Litigation risk:** There is a risk that Karoon may have claims made against it and be the subject of litigation or be required to commence litigation, including with respect to its other contracting parties. The impact of such actions may have a material adverse impact on Karoon.
- **Access to capital:** Karoon's activities may require Karoon to obtain additional funding from domestic and international equity and debt capital providers. The ability to secure financing, or financing on acceptable

terms, may be adversely affected by Karoon's financial position, ESG considerations, volatility in the financial markets, or downgrade by credit rating agencies. Any material restriction on the ability of Karoon to source capital may restrict its operations preventing Karoon from acquiring new assets and taking advantage of new development opportunities, or delaying the commencement or completion of projects in which Karoon is involved.

- **Taxation risk:** Changes to the rate of taxes imposed on Karoon or changes in tax legislation or changing interpretations enforced by taxation authorities, whether in Australia or such other foreign jurisdictions in which Karoon may operate, may lead to an increase in Karoon's taxation obligations and a reduction in potential shareholder returns.
- **Australian Accounting Standards risk:** Australian Accounting Standards are set by the AASB and are outside the Directors' and Karoon's control. Changes to accounting standards issued by the AASB may have a material adverse impact on the financial performance and position of Karoon as reported in its financial statements.
- **Environment:** Oil and gas exploration, development and production activities may damage the environment. If Karoon is responsible, it will be required to remediate such damage which may involve substantial expenditure and adversely affect Karoon's reputation.
- **Access to committed reserve based credit facility:** Karoon has entered into a syndicated revolving credit facility agreement. The available amount of the facility is based on the lesser of the facility amount, and the calculated borrowing base amount, which is subject to a semi-annual redetermination process which takes

into account production, price and cost estimates. In certain circumstances, the facility may be terminated, funding unavailable or withdrawn and/or repayments accelerated.

- **Baúna and Who Dat liabilities:** Liabilities relating to the Baúna and Who Dat concessions (in respect of periods prior to Karoon's ownership) may arise which Karoon is not currently aware of but liable for.
- **Unforeseen risk:** There may be other unforeseeable circumstances beyond the control of the Company which may impact Karoon, its operations and/or the valuation and performance of its shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by Karoon or by investors in Karoon. The above risks and others not specifically referred to above may in the future materially affect Karoon, its financial performance or the value of its shares.

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

DIRECTORS' REPORT



MR PETER BOTTEN AC, CBE, GICD

Chair of the Board

Appointed to the Karoon Board on 1 October 2020.

Appointed as the Chair of the Board on 23 November 2023.

Mr Botten is a highly experienced and successful former Chief Executive and internationally recognised business leader with over 45 years' experience in the international resources sector. His executive career was dominated by his 26-year tenure as CEO of Oil Search, where he was instrumental in driving its growth from a market capitalisation of A\$200 million to a peak of A\$15 billion.

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

Peter holds a Bachelor of Science (Geology) from the Imperial College

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

Current directorships of other listed companies include:

- Chair, Conrad Asia Energy (ASX: CRD)

Previous public listed directorships in the last three years: Vast Renewables Limited (Nasdaq: VSTE), ceased November 2025. Aurelia Metals Limited (ASX: AMI), ceased 27 November 2025.

Committees

- Member of the Audit and Risk Committee
- Member of the Sustainability and Operational Risk Committee
- Member of the People and Culture Committee

Mr Botten was last elected to the Board on 22 May 2025.



MR PETER TURNBULL, AM B.COM., LLB, FGIA, (LIFE), FAICD

Independent Non-Executive Director

Appointed to the Karoon Board on 6 June 2014

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

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

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

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

In June 2020, Peter was made a Member of the Order of Australia.

Previous public listed directorships in the last three years: Chair, Calix Limited (ASX: CXL), since its ASX listing on 20 July 2018 until 30 September 2024.

Committees

- Chairman of the People and Culture Committee
- Member of Audit, Risk and Governance Committee
- Member of the Sustainability and Operational Risk Committee

Mr Turnbull was last elected to the Board on 23 May 2024.



MS MELISSA HOLZBERGER

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

Independent Non-Executive Director

Appointed to Karoon Board on 19 April 2024

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

She is currently a Non-executive Director of Argo Investments Ltd (ASX: ARG); and a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation Health and Safety Advisory Council.

Melissa has served on ASX100, private, government and not-for-profit boards spanning a range of sectors including international energy & resources, international trade, logistics, infrastructure, technology and agribusiness. Her former Non-Executive Director roles include Silex Systems Ltd (ASX: SLX), Paladin Energy Ltd (ASX: PDN), and Andromeda Metals Ltd (ASX: ADN).

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

Ms Holzberger holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre

for Energy, Petroleum and Mineral Law and Policy, University of Dundee in Scotland; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier in France; a Bachelor of Laws and Bachelor of Arts from the University of Adelaide; and a Graduate Diploma in Legal Practice.

She is a graduate of the University of Oxford's Leading Sustainable Corporations; a graduate member of the Australian Institute of Company Directors; a Fellow of the Governance Institute of Australia; and a member of the American National Association of Corporate Directors. Ms Holzberger was awarded a SA Telstra Young Business Woman of the Year for her leadership in the energy, resources and business community.

Current directorships of other listed companies include:

- Argo Investments Ltd (ASX: ARG)

Previous public listed directorships in the last three years: Paladin Energy Limited (ASX: PDN), ceased 23 August 2024 and Andromeda Metals Ltd (ASX: ADN) ceased 2 February 2024.

Committees

- Member of the People and Culture Committee.

Ms Holzberger was elected to the Board on 19 April 2024.



MS LUCIANA BASTOS DE FREITAS RACHID

BA Chem Eng.

Independent Non-Executive Director

Appointed to the Karoon Board on 26 August 2016.

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

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

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

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

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

Committees

- Chair of the Sustainability and Operational Risk Committee.

Ms Rachid was last elected to the Board on 22 May 2025.



MS JOANNE PALMER

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

Independent Non-Executive Director

Appointed to the Karoon Board on 19 April 2024

Ms Palmer has over 29 years of professional experience providing audit and assurance services, with 19 years working at EY in various positions and ultimately holding the position of Equity Partner before becoming an Executive Director (Partner) at Pitcher Partners. Ms Palmer's experience spans across UK and Australian companies operating in Africa, Europe, America and Australasia.

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

Current directorships of other listed companies include:

- Non-Executive Director of St Barbara Limited (ASX: SBM)
- Non-Executive Director of Boss Energy Limited (ASX: BOE)
- Non-Executive Director of New Muchison Gold Ltd (ASX: NMG).

Previous public listed directorships in the last three years: Paladin Energy Limited (ASX: PAL), ceased 29 November 2024 and Sierra Rutile (ASX: SRX), ceased 24 April 2024.

Committees

- Chair of the Audit, Risk and Governance Committee.

Ms Palmer was elected to the Board on 19 April 2024.



MR TADEU FRAGA

BEng

Independent Non-Executive Director

Appointed to the Karoon Board on 26 August 2022

Mr Fraga has over 40 years of experience in the oil and gas sector, including 23 years as an executive at Petrobras. Mr Fraga held various positions at Petrobras over his career, including as Campos Basin Production General Manager, Gulf of Mexico E&P Operations Manager, Board Member Petrobras Argentina SA, General Manager – Domestic Oil and Gas Production, Executive Manager – E&P Brazil – South and Southeast Regions, Executive Manager – Research and Development and E&P Executive Manager – Pre-Salt Developments. During his career at Petrobras, Mr Fraga led the team involved in the development of various technologies applied on pre-salt fields and played a vital role in the development of pre-salt discoveries, being responsible for the implementation of several projects, from conceptual design to first oil.

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

Mr Fraga currently serves as a board member at Vast Infraestrutura (formerly Açú Petr leo), Radix Engenharia, Colombo

Agroind stria and PetroReconcavo, and as board advisor at Constellation.

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

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

Committees

- Member of the Sustainability and Operational Risk Committee.

Mr Fraga was last elected to the Board on 23 May 2024.



MS CARRI LOCKHART

B.S. in Petroleum Engineering (Montana Tech) & Executive Education Commercial series (Harvard Business School)

Chief Executive Officer and Managing Director

Appointed to the Board on 3 November 2025.

Ms Lockhart has more than 30 years of global experience in the energy industry and has a proven track record in driving corporate strategic growth, leading large-scale operations, and managing complex projects. Ms Lockhart's most recent executive role was as Chief Technology Officer and Executive Vice President – Technology, Digital and Innovation for Equinor ASA, based in Oslo. Prior to this, Ms Lockhart held several VP roles at Equinor ASA in development and production, with geographical responsibilities spanning the Americas, Africa, the Middle East, Asia, India and Australia. Before Equinor, Ms Lockhart worked for Marathon Oil Company in a range of technical and management roles.

She has been recognised as one of Hart's Oil and Gas Investor's 25 Influential Women in Industry and named among the Energy Council's Top Female Executives.

She is also actively involved in the University of Houston Energy Advisory Board and the Society of Petroleum Engineers.

She is currently a member of the board of directors of Williams Companies Inc (NYSE: WMB) and Innovex International Inc (NYSE: INVX) and the management committee of Ascent Resources LLC. She has agreed with Karoon that she will gradually reduce her non-executive director roles.



DR JULIAN FOWLES

BSc (Hons), PhD, GradDipAppFinInv, GAICD

Chief Executive Officer and Managing Director

Appointed to the Board on 27 November 2020, ceased on 3 November 2025

Dr Fowles ceased as CEO/MD on 3 November 2025. Prior to joining Karoon, Dr Fowles had a 17 year career with Shell, gaining extensive upstream experience across Europe, West Africa, Australasia, South Asia and Latin America, including five years as Exploration and New Ventures Manager in Brazil. He subsequently held senior executive roles at Cairn India, Petra Energia and Oil

Search. At Oil Search, he initially led exploration and new business before taking responsibility for both operated and nonoperated oil and LNG production and development in PNG. After leaving Oil Search in late 2018, Dr Fowles joined the boards of Central Petroleum and FAR Limited as an independent non-executive director in 2019.



MR DANIEL MURNANE

BA.LLB

Company Secretary

Appointed on 8 December 2022

Daniel has more than 18 years' experience gained in Australia and internationally, including over 14 years advising resources companies. He has worked as a senior associate in private legal practice predominantly for energy companies on mergers and acquisitions, major projects, capital raisings and commercial disputes.

Daniel is a qualified as a solicitor and admitted to practice in the State of Victoria, Australia and Papua New Guinea and holds a Bachelor of Arts and a Bachelor of Laws.

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

MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and attendance by each Director of the Company during 2025 were as follows:

Director	BOARD MEETINGS		AUDIT, RISK AND GOVERNANCE COMMITTEE MEETINGS		SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE MEETINGS		PEOPLE AND CULTURE COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B
MR P BOTTEN	12	12	4	4	5	3	5	4
DR J FOWLES	10	10						
MS L RACHID	12	12			5	5		
MR T FRAGA	12	12			5	5		
MR P TURNBULL	12	12	4	4	5	5	5	5
MS M HOLZBERGER	12	12					5	5
MS J PALMER	12	12	4	4				
MS C LOCKHART	2	2						

A. The number of meetings held during the time the Director held office during 2025.

B. The number of meetings attended during the time the Director held office during 2025.

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

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

Director	ORDINARY SHARES, FULLY PAID	UNLISTED PERFORMANCE RIGHTS
Ms Carri Lockhart	-	-
Ms Luciana Rachid	63,860 ¹	-
Mr Peter Turnbull	183,000 ³	-
Mr Peter Botten	116,760 ³	-
Mr Tadeu Fraga	21,100 ¹	-
Ms Joanne Palmer	18,400 ²	-
Ms Melissa Holzberger	24,492 ³	-

1. Held directly.

2. Held directly and indirectly.

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

DIRECTOR APPOINTMENTS AND RETIREMENTS

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

- Ms Carri Lockhart was appointed as CEO/MD on 3 November 2025
- Dr Julian Fowles ceased as CEO/MD on 3 November 2025.

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 1 May 2025, Karoon completed the acquisition of the Baúna FPSO (Cidade de Itajai) from A&O. The total consideration for the FPSO was US\$115 million plus approximately US\$8 million in transaction costs. Transition of operational control of the FPSO is underway and is expected to complete in 2Q26. Karoon also implemented a project to establish Karoon's group headquarters in Houston USA, including the orderly transition of responsibilities and employees. This transition is expected to be largely complete by the end of 2Q26.

RESULTS

FINANCIAL SUMMARY

12 MONTHS TO	31 DEC 25	31 DEC 24
Production volume (MMbbl) – NRI	10.3	10.4
Production volume (MMbbl) – NWI	10.9	11.0
Sales volume (MMbbl)	9.9	10.7
Unit production costs (US\$/bbl) – NWI ¹	13.2	13.6
Realised oil, condensate and NGL price (US\$/boe)	65.9	77.1
Realised gas (US\$/mcf)	4.20	2.95
	US\$	US\$
	MILLION	MILLION
Sales revenue	628.6	776.5
Underlying EBITDAX ^{2,3,5}	388.8	492.4
EBITDAX ^{2,3}	403.2	470.2
EBITDA ^{2,3}	380.7	450.3
Net interest and other finance costs	70.2	46.1
Depreciation and amortisation ⁴	167.3	164.8
Underlying net profit before tax ²	143.6	276.6
Underlying net profit after tax ^{2,3,5}	107.5	214.0
Net profit/(loss) after income tax	125.5	127.5
Operating cash flows	251.4	434.6
Depreciation and amortisation – oil and gas assets	165.5	163.5
Investment Expenditure		
FPSO acquisition	115.0	–
Development and production	65.4	22.3
Exploration and evaluation expenditure ⁶	23.4	96.0
Other plant and equipment ⁷	4.3	1.3

1. Unit Production Costs are based on daily operating costs associated with Baúna and Who Dat production, and Baúna FPSO lease costs (pre AASB 16). NWI unit production costs are based on Karoon's Net Working Interest production.

2. EBITDA (earnings before interest, tax, depreciation, depletion, and amortisation), underlying EBITDA, EBITDAX (earnings before interest, tax, depreciation, amortisation, exploration expense and cost of unsuccessful wells), underlying EBITDAX, underlying net profit before tax and underlying net profit after tax are non-IFRS measures that are unaudited but are derived from figures within the audited financial statements. These measures are presented to provide further insight into Karoon's performance.

3. Includes depreciation on FPSO charter lease right-of-use asset and finance charges on the FPSO right-of-use lease.

4. Excludes depreciation on FPSO charter lease right-of-use asset.

5. Underlying EBITDAX, underlying net profit before tax ("NPBT") and underlying net profit after tax ("NPAT") have been adjusted for the following items:

	2025 NPAT US\$ MILLION	2024 NPAT US\$ MILLION
Statutory results	125.5	127.5
Non-recurring FPSO transition costs	2.9	–
Change in fair value of contingent consideration	(14.0)	4.3
Realised losses/(gains) on cash flow hedges	1.5	8.1
Foreign exchange losses/(gains)	5.1	(2.6)
Unsuccessful exploratory wells	10.9	12.0
Non-recurring gain on disposal of right of use asset – FPSO	(35.3)	–
Tax impact on disposal of right of use asset – FPSO	18.6	–
Non-recurring corporate relocation costs	4.8	–
Non-recurring advisory & transaction costs	–	3.8
Non-recurring flotel costs expensed	13.9	–
Non-cash FX movements – Brazil deferred tax assets (in Tax Expense)	(26.4)	60.9
Total adjustments	(18.0)	86.5
Underlying results	107.5	214.0

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

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

REVENUE

Revenue of US\$628.6 million was 19% lower than 2024. The decrease was driven predominantly by reduced realised oil prices but was also impacted by lower sales volumes. Revenues from the Baúna Project fell from US\$606.1 million in 2024 to US\$489.4 million while Who Dat revenues reduced by US\$31.2 million, to US\$139.2 million in CY25.

The weighted average realised oil price followed global oil markets and for Baúna crude fell from US\$77.36/bbl in 2024 to US\$66.57/bbl and for Who Dat oil, condensate and NGLs pricing was US\$63.35/bbl (from US\$75.84/bbl in 2024).

Total production for CY25 was 10.3 MMboe, only marginally below CY24's record production of 10.4 MMboe. Total hydrocarbon sales were 9.9 MMboe (10.7 MMboe in 2023), 8% lower than the previous year, driven predominantly by Baúna sales volumes which fell from 7.8 MMbbl in CY24 to 7.4 MMbbl, reflecting a reduction of one cargo, with a cargo of oil held as inventory at the end of 2023 and recognised as revenue during CY24.

PROFITABILITY

Statutory net profit after tax (NPAT) for 2025 was US\$125.5 million, 2% lower than CY24 (US\$127.5 million). EBITDAX for 2025 was US\$403.2 million, a 14% reduction from US\$470.2 million in CY24.

Statutory results include significant non-recurring items. Karoon believes for comparability, and a better understanding of the financial results, that underlying NPAT and EBITDAX best presents the key business drivers and performance.

Underlying EBITDAX reduced by US\$103.6 million to US\$388.8 million (US\$492.4 million in 2024), with the revenue reduction partly offset by a reduction in production costs which benefited from the FPSO acquisition in April 2025 and the removal of the charter costs. Other production-related costs such as royalties and government take were also lower in 2025 due to pricing and inventory movements, with more oil inventory

on hand at year end reflecting production and one less cargo in the period.

Underlying NPAT fell by US\$106.5 million to US\$107.5 million (US\$214.0 million in 2024) with the key impacts on top of the movements in EBITDAX being an increase in the spend on exploration driven by the work on Karoon's new Santos Basin exploration play, a slight increase in DD&A due to the acquisition of the FPSO in April and a reduction in interest income due to reduced cash holdings in 2025. While profitability was reduced, both assets continued to deliver strong underlying EBITDAX margins in excess of 60%. The Who Dat assets generated underlying EBITDAX of US\$93.1 million (US\$124.6 million 2024), while Baúna underlying EBITDAX was US\$316.3 million (US\$386.4 million in 2024).

Unit production costs (comprising operating costs plus the FPSO charter lease costs to April 2025) are a key measure for the business and for the Company were US\$13.2/boe in 2025, a 3% decrease on 2024. This was largely due to minimal movement in production year over year and costs at the Baúna Project reducing post the acquisition of the FPSO. The Baúna Project unit production costs reduced from US\$15.96/ bbl in 2024 to US\$14.8/bbl in 2025. Who Dat 2025 unit production costs increased to US\$9.15/boe (US\$8.5/boe 2024) on an NWI basis, driven by a reduction in production. Unit DD&A increased from US\$14.90/boe to US\$15.19/boe.

CASHFLOW

Cashflow from operating activities for 2025 was US\$251.4 million compared to US\$434.6 million generated in CY24, with the reduction largely driven by lower revenue and the majority of cash outflow for the unsuccessful Who Dat West exploration well impacting 2025.

Net cash outflows from investment activities in 2025 were US\$288.5 million, of which US\$115.0 million related to the acquisition of the Baúna Cidade de Itajaí FPSO and US\$87.6 million related to the Petrobras contingent consideration payment in January 2025. Other key

cash outflows were for the SPS-88 workover, the E6 sidetrack at Who Dat and the acquisition of the licenses in the Santos Basin.

The cash flow financing outflow in 2025 was US\$100.5 million, primarily driven by US\$80.4 million in capital returns to shareholders, including share buybacks and the payment of the 2024 final dividend and 2025 interim dividend.

These outflows were all funded through cash generation in the year and existing funds/debt, with no draw down on the reserve-based lending facility.

FINANCIAL POSITION & LIQUIDITY

Karoon remains in a strong financial position at 31 December 2025 with continued liquidity. The Company's cash balance was US\$206.1 million on 31 December 2025 with net debt of US\$143.9 million, and the Company had liquidity of US\$546.1 million. This comprised cash and US\$340.0 million from the RBL facility, with Karoon continuing to have access to the full facility.

CAPITAL MANAGEMENT: DIVIDENDS AND ON-MARKET SHARE BUYBACK

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

In line with this policy, on 27 August 2025, the Directors resolved to pay an unfranked interim dividend of 2.4 Australian cents per fully paid ordinary share on 29 September 2025 to shareholders registered in the books of the Company on 2 September 2025. This interim dividend amounted to approximately US\$11.5 million.

Subsequent to the year end, on 26 February 2025, the Directors resolved to pay a fully franked 2025 final dividend of 3.1 Australian cents per fully paid ordinary share on 31 March 2026 to shareholders registered in the books of the Company on 6 March 2026. This final dividend amounts to approximately US\$15.8 million. This takes the total dividend in respect of the 2025 year to 5.5 Australian cents per share. This represents a dividend payout ratio of 25%, in line with the Company's Capital Returns policy.

Karoon commenced an on-market share buyback program in 2H24, based on the Board's view that the Karoon share price did not reflect the underlying value of the Company. Since the Company commenced buying back shares, Karoon has acquired and cancelled 82.5 million shares, or approximately 11% of shares on issue, at a cost of US\$82.3 million. Over 2025, Karoon acquired and cancelled 43.5 million shares at an average price of A\$1.69/share through on-market share buybacks, which amounted to approximately US\$45.0 million. As at the date of this Directors' Report, an additional 3.75 million shares had been purchased at an average price of A\$1.60 per share and cancelled.

SHARE OPTIONS AND PERFORMANCE RIGHTS

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

As at the date of this Directors' Report, there were 8,901,174 performance rights issued under the 2022 PRP and 2025 PRP respectively, representing approximately 1.24% of the Company's total number of shares issued. The details of performance rights over unissued ordinary shares in the Company were as follows:

TYPE	GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE PER PERFORMANCE RIGHT	NUMBER OF PERFORMANCE RIGHTS
Performance Rights	16 December 2022	30 June 2026	\$-	138,233
Performance Rights	31 March 2023	30 June 2026	\$-	39,484
Performance Rights	23 November 2023	30 June 2027	\$-	871,595
Performance Rights	23 May 2024	31 December 2025	\$-	5,349
Performance Rights	23 May 2024	31 December 2027	\$-	2,567,866
Performance Rights	1 October 2024	23 June 2027	\$-	99,174
Performance Rights	1 October 2024	31 December 2027	\$-	446,554
Performance Rights	22 May 2025	31 December 2026	\$-	79,085
Performance Rights	22 May 2025	31 December 2028	\$-	4,375,704
Performance Rights	22 August 2025	30 June 2027	\$-	100,904
Performance Rights	22 August 2025	30 June 2028	\$-	100,904
Performance Rights	17 October 2025	31 December 2028	\$-	76,322
Total performance rights				8,901,174

1. On-market buyback as announced on 25 September 2025 to the ASX, which expires on 21 May 2026.

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

40,502 fully paid ordinary shares have been issued since 1 January 2025 as a result of the vesting and conversion of performance rights under the 2022 and 2025 Performance Rights Plan (each being a 'PRP').

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

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

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EXTERNAL AUDITOR

An indemnity agreement has been entered into between the Company and the Directors of the Company named earlier in this Directors' Report and with the full time executive officers, directors and secretaries of the Company and all Australian subsidiaries. Under this agreement, the Company has agreed to indemnify, to the extent permitted by law, these Directors, full time executive officers, directors and secretaries against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The Company has also entered into a contract of insurance in respect of any liability incurred by the Directors, full time executive officers, directors and secretaries (referred to above) in such capacity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium (which is paid by the Company).

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate governance in order to drive performance and accountability, the Directors support the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Company's Corporate Governance Statement can be found under the Governance tab on the Company's website at www.karoonenergy.com.au.

ENVIRONMENTAL REGULATION

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

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

GREENHOUSE GAS EMISSIONS AND REPORTING REQUIREMENTS

The Group was not required to register and report greenhouse gas emissions, energy consumption, or energy production under the National Greenhouse and Energy Reporting Scheme for this financial year, as it did not meet the relevant Australian thresholds for the reporting period.

The Group was required to report under the Australian Sustainability Reporting Standards (ASRS), including disclosures aligned with AASB S2 Climate related Financial Disclosures. These reporting requirements have been met in Karoon's 2025 Sustainability Report.

Further detail on Karoon's greenhouse gas emissions and its approach to climate related risks and opportunities is provided in the Sustainability section on page 38 and in the 2025 Sustainability Report.

NON AUDIT SERVICES

The Company may decide to engage its external auditor, PricewaterhouseCoopers, on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Company and/or Group are important. Details of the amounts paid or payable to the external auditor for audit and non audit services provided during the financial year are set out in Note 26 of the consolidated financial statements.

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

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

EXTERNAL AUDITOR'S INDEPENDENCE DECLARATION

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

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

REMUNERATION REPORT

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

Dear Shareholders,

On behalf of Karoon's Board of Directors, I am pleased to present to you the Karoon Energy Remuneration Report for the financial year ended 31 December 2025.

Overview

The goal of the Remuneration Report is to provide transparency in relation to our remuneration strategies, structures and outcomes to emphasise shareholder alignment. We do this by ensuring that you have detailed information in relation to all relevant activities and significant developments concerning Karoon's remuneration outcomes and people related policies.

The 2025 Remuneration Report will provide detailed information on 2025 outcomes as well as a look forward to expected developments for the 2026 financial year ahead.

The structure of our remuneration strategies has not materially changed during 2025, noting that these strategies are intended to help achieve the following goals:

- Support the achievement of Karoon's overall strategic goals,
- Ensure capital management discipline,
- Demonstrate clear and direct alignment between remuneration policy and realised performance,
- Achieve a steady state outcome of safe and reliable production in all areas of operation,
- Create a high-performance, outcomes focused culture, support a culture of trust, transparency and teamwork,
- Help attract, retain and appropriately incentivise high calibre people,
- Appropriately balance the relative percentages of fixed and variable (incentive based) remuneration,
- Help ensure decision making with a longer term and sustainable focus, provide clear and transparent remuneration related information for shareholders and stakeholders.

2025

2025 was a period of consolidation, evolution and significant change. Karoon's workforce faced many priorities and challenges during 2025 and made real progress as a result of their focus, dedication and expertise.

During 2025, notable developments included:

Operational Highlights

- We allocated significant resources toward optimising the reliability and volume of production in Brazil and the US. This was, and remains, our key priority looking forward to 2026.
- We progressed transition plans for a smooth transfer of FPSO operational control from Altera & Ocyan to Karoon in 2026, with the aim of improving overall asset integrity, FPSO uptime and production.
- The acquisition of the Baúna field FPSO was completed in April 2025.
- An intensive flotel campaign was conducted on the Baúna FPSO, which was designed to improve overall operational efficiency – noting that Karoon addressed various operational and reliability challenges throughout the year at the Baúna field.
- We worked collaboratively with our joint venture partners.

- A successful sidetrack was drilled at Who Dat in the Gulf of America.
- Progressed the Who Dat East discovery towards consideration of a FID with the JV partnership.
- The formal process for a potential farm-down of Neon was commenced.
- Significant new exploration acreage was acquired in Brazil with detailed internal analysis and planning commencing.
- KUSA Inc. is the apparent successful bidder of Mississippi Canyon 587 in the Gulf of America Lease Sale BBG1.

Key Management Personnel (KMP) changes

- We appointed Carri Lockhart as CEO and Managing Director with effect from 3 November 2025. Details of her remuneration arrangements, based on benchmarking, are set out in the ASX release of that date.
- Dr Julian Fowles ceased as CEO and Managing Director on 3 November 2025. Details of his outgoing remuneration arrangements are set out in section 7.
- Ms. Lockhart is working with Karoon's appointed executive search consultants to appoint various new members of the executive leadership team who will be based in Houston, thus materially improving team collaboration and time zone management across the Company, while maintaining an appropriate Melbourne, Australia office. The core purpose of this move is to ensure that Karoon's teams are in the best possible location having regard to our current production assets and development projects. Put another way, we wanted to ensure that our people can engage and collaborate with each other in the most efficient ways possible having regard to the different time zones in which Karoon operates. The overall aim is to ensure the best possible decision making. We will provide an update on progress of the corporate office relocation either at the 2026 AGM or by relevant disclosures to the ASX.

Shareholder Alignment:

- Karoon simplified and re-focused its corporate scorecard for variable remuneration to ensure the best possible alignment with the interests of shareholders.
- Karoon understands the need to balance shareholder returns with funding for short and longer term growth, which includes necessary reserves replacement.
- Robust cash flows, strong liquidity and low leverage during 2025 provided the opportunity to balance capital returns to shareholders and pursue a range of organic growth opportunities that will create value accretive returns for shareholders over time.
- The overall safety, financial and performance outcomes for 2025 are set out on page 65.
- Consistent with Karoon's capital allocation framework, Karoon undertook a series of on market share buybacks as set out on page 51.

Changes to Executive KMP fixed remuneration

Like most of its peers, Karoon has assessed the level of inflation on an annual basis in its countries of operation, which has historically led to some annual adjustments to fixed remuneration across the company.

The outcomes in this regard to adjust for inflation for 2025 are:

- Dr Julian Fowles, former Chief Executive Officer and Managing Director received a 2.6% increase.
- Mr Raymond Church, Executive Vice President & Chief Financial Officer received an increase of 2.6%.
- Mr Marco Brummelhuis, Executive Vice President & Country Manager Brazil (EVP Brazil) received an increase of 4.6%.
- Ms Carri Lockhart, Chief Executive Officer and Managing Director did not receive an increase, having only joined Karoon on 3 November 2025.

Short Term Incentive outcomes for 2025 (STI)

In determining the 2025 variable remuneration STI outcomes for employees and executives, the Board has considered both the overall performance metrics of Karoon, as well as individual performance outcomes (where applicable) having regard to the specific objectives set for individuals at the beginning of 2025. The Board also considered the overall shareholder experience for 2025.

Section 6 on page 65 of the Remuneration Report provides the detail on the 2025 Corporate Scorecard performance outcomes for 2025. The scorecard achievement for 2025 was assessed by the board at 83.2% out of a maximum of 100%.

This level of achievement is indicative of a number of the key operational and financial goals having been achieved in 2025, but with a good deal more work to do to transition the FPSO and provide further operational resilience, to farm down the Neon development, to further develop exploration prospects and to increase production at Who Dat in the Gulf of America. These important operational and organic growth goals remain the focus for the 2026 scorecard.

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

Long Term Incentive outcomes for 2025 (LTI)

FY23 LTI award vested at 50%. The Karoon share price at the start of the performance period on 1 July 2022 was A\$1.62 and on 30 June 2025, the last trading day of the performance period, was A\$1.92.

The growth in Karoon Energy's Total Shareholder Return (TSR) is used to measure the company's performance using the change in the share price over the performance period including the effect of dividends paid.

The LTI performance hurdles for the period commencing 1 July 2022 and ending 30 June 2025 are structured as follows:

50% Relative TSR: Assessed against a list of comparable and representative industry peer group companies, whose business models and/or regions of operations are similar to those of Karoon, and

50% Absolute TSR: Set within a range of 10% to 18%.

The combined vesting percentages for both relative and absolute TSR for the period from 1 July 2022 to 30 June 2025 result in an overall vesting of 50% of the total performance rights awarded:

- The Company's relative TSR for the period from 1 July 2022 to 30 June 2025, compared to the peer group's TSR performance, results in 100% of the award linked to relative TSR vesting.
- The Company's absolute total shareholder return (TSR) for the period from 1 July 2022 to 30 June 2025 was a compound annual growth rate (CAGR) of 7.79%, which falls below the minimum performance hurdle of 10% for absolute TSR CAGR. As a result, 100% of the performance rights linked to this condition lapse.

Non-Executive Director Fees

The Non-Executive Director (NED) fee pool was unchanged from A\$1,500,000 for 2025. There were no increases made to base director fees in 2025 apart from a legislated increase in the superannuation contribution (from 11.5% to 12%) paid to Australian resident NEDs from 1 July 2025.

Prospective 2026 financial year look forward

As noted above, Karoon has a clear focus for 2026 on behalf of the shareholders which will include:

- Achieve a steady state outcome of safe and reliable production in all areas of operation.
- Ensuring that changes to the executive leadership team arising from the corporate office relocation are working well and that the best possible collaboration, high-performance, outcomes focused culture and decision-making are in place across Karoon's operations.
- Finalising operatorship of the Baúna FPSO (subject to regulatory approvals).
- Maximising performance on the Baúna FPSO so as to ensure safe and reliable production and economic payback on the investment.
- Returning SPS-92 and PRA-2 to full production.
- Bringing new production on-line in the Gulf of America.
- Completing strategic farm-downs, subject to achieving strategic goals, and
- Progressing analysis of promising exploration acreage.

Summary

We intend the 2026 financial year to be a year in which safe and reliable production is maximised at Baúna, natural decline is mitigated in the Gulf of America and Karoon organic growth prospects are advanced.

We will continue to meet regularly with shareholders and other stakeholders across our operations (including in the lead-up to the 2026 AGM), thus benefiting from the views provided which are, in turn, factored into our consideration of our goals, targets and remuneration settings.

Karoon sincerely thanks its shareholders for their continuing support, and all of the Karoon team collectively for their focus, dedication and achievements across the course of 2025.



Mr Peter Turnbull, AM

Chair, People and Culture Committee

26 February 2026

SECTION 2. INTRODUCTION

The Board is pleased to provide Karoon's 2025 Remuneration Report, which details the remuneration for its KMP, defined as those persons having the authority and responsibility for planning, directing, and controlling, directly or indirectly, the activities of the Group.

For the 2025, KMP disclosed in the Remuneration Report are as follows:

NAME	POSITION	LOCATION	TERM AS KMP
Executive Director			
Ms C Lockhart	Chief Executive Officer and Managing Director (CEO/MD)	United States of America	Appointed 3 November 2025
Non-Executive Chair			
Mr P Botten	Independent Non-Executive Chair	Australia	Full Period
Non-Executive Directors			
Ms L Rachid	Independent Non-Executive Director	Brazil	Full Period
Mr P Turnbull	Independent Non-Executive Director	Australia	Full Period
Mr T Fraga	Independent Non-Executive Director	Brazil	Full Period
Ms J Palmer	Independent Non-Executive Director	Australia	Full Period
Ms M Holzberger	Independent Non-Executive Director	Australia	Full Period
Other KMP			
Mr R Church	Executive Vice President and Chief Financial Officer (CFO)	Australia	Full Period
Mr M Brummelhuis	Executive Vice President and Country Manager Brazil	Brazil	Full Period
Former KMP			
Dr J Fowles	Chief Executive Officer and Managing Director (CEO/MD)	Australia	Ceased 3 November 2025

For the purposes of the Remuneration Report:

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

The Remuneration Report for 2025 outlines the remuneration arrangements of KMP of the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this Remuneration Report has been audited by Karoon's external auditor, as required by Section 308(3C) of the *Corporations Act 2001*. The Remuneration Report forms part of this Directors' Report.

SECTION 3: REMUNERATION STRATEGY AND GUIDING PRINCIPLES

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

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

SECTION 3: REMUNERATION STRATEGY AND GUIDING PRINCIPLES CONTINUED

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

- Our remuneration structures are designed to attract, motivate and retain high calibre executives capable of managing Karoon’s diverse international operations.
- We encourage our people to hold equity in Karoon which builds a culture of viewing management decisions as an owner, thereby helping to further align executives’ and shareholders’ interests. Minimum shareholding policies apply to our executives and directors.
- Remuneration and people issues are considered by the People and Culture Committee (PCC) of the Board and environmental and social issues by the Sustainability and Operational Risk Committee of the Board. Nonetheless, all relevant decision-making and associated discussion remains the responsibility of the Board.
- Linking Environment, Social and Governance (ESG) measures to remuneration: ESG considerations are integrated into our remuneration structures via our 2025 STI Corporate Scorecard.
- Ensuring transparency: remuneration measures, outcomes and reporting are as simple and transparent as possible for our shareholders and other stakeholders.

Board and People and Culture Committee Oversight

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

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

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

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

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

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

Share Trading Policy

The trading of ordinary shares by NEDs and executives is subject to, and conditional on, compliance with Karoon’s Share Trading Policy. Under Karoon’s Share Trading Policy, an individual may not limit his or her exposure to risk in relation to securities (including performance rights). Directors and executives are prohibited from entering into any hedging arrangements over unvested share options or performance rights under Karoon’s share-based remuneration schemes.

Karoon monitors compliance with its Share Trading Policy.

To gain approval to trade and ensure that trading restrictions are not in force, any employee, contractor or other designated person wishing to trade in Karoon securities must consult the Company Secretary, while the EVP Brazil, the Company Secretary or any director wishing to trade in Karoon securities must consult the Chair, and the Chair must consult and seek approval of the Audit, Risk and Governance Committee Chair. All trades by directors and executives during the financial period ended 31 December 2025 were conducted in compliance with Karoon’s Share Trading Policy.

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

How does Karoon make decisions about remuneration

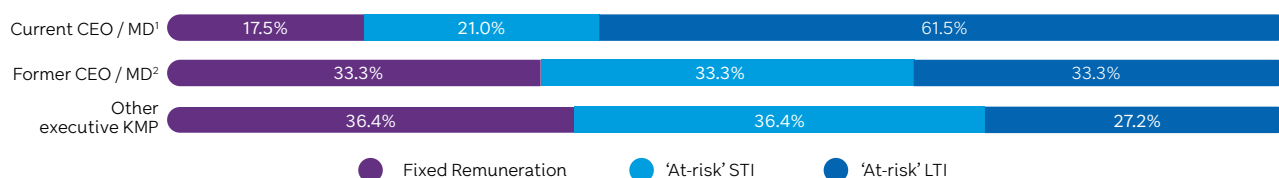
The Board has developed a remuneration policy that ensures executive remuneration supports the current business strategy and needs of the business. In particular, the decision to use performance tested share-based remuneration (in addition to cash-based incentive payments) for its incentive plans reflects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

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

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

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2025

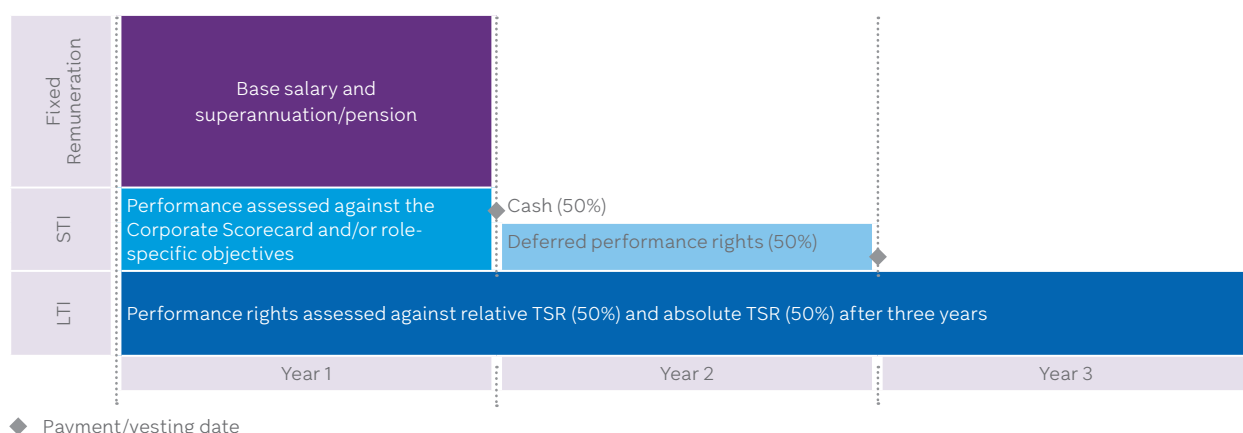
The following table summarises the target remuneration mix for executives at the end of 2025, based on maximum achievement of incentive plan outcomes. Each executive is eligible to receive fixed remuneration and at-risk remuneration (STI and LTI). The majority of the remuneration package is weighted towards at-risk remuneration, which is only received where performance conditions are met and is not guaranteed. The table also includes look forward elements associated with future financial years.



1. Current CEO / MD remuneration mix for 2025 includes base salary and STI opportunity equal to 120% of base salary. For 2025, STI was pro-rated and no LTI opportunity was offered.
2. Dr Fowles ceased as CEO / MD on 3 November 2025 and continues to participate as an employee in the STI and LTI program on those terms. More information is available in Section 7.

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

	CEO/MD ¹	CFO	EVP Brazil
STI OPPORTUNITY	120% of fixed remuneration	100% of fixed remuneration	100% of fixed remuneration
LTI OPPORTUNITY	350% of fixed remuneration	75% of fixed remuneration	75% of fixed remuneration



1. **CEO / MD** – For 2025, the current CEO / MD has a pro-rated STI opportunity equal to 120% of base salary. For the 2026 financial year onwards, in addition to the base opportunity, outperformance of 1.5 times (up to 180% maximum) on the STI opportunity is offered for “stretch targets” which will be set annually by the Board and delivered 50% in cash and 50% as performance rights.
For 2025, no LTI opportunity was offered to the current CEO/MD. For the 2026 financial year onwards, the maximum LTI opportunity offer is 350% of base salary and will be provided in a materially similar manner to other executives, subject to shareholder approval. From the 2026 grant onwards (a) 70% of the opportunity will be granted with performance conditions over a three year period and (b) 30% of the opportunity will be granted with a service condition of one, two and three years respectively.

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2025 CONTINUED

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

FIXED REMUNERATION

WHAT IS FIXED REMUNERATION?	<p>Fixed remuneration consists of base salary and superannuation/pension contributions received.</p> <p>Other benefits not included in fixed remuneration include accruals of annual or long service leave, any salary sacrifice items or non-monetary benefits such as temporary allowances, health insurance, motor vehicles, expatriate travel, defined contributions and associated company matching contributions under the United States 401(K) plan, certain membership and associated fringe benefits tax, depending on each individual's respective employment arrangements ('Other Benefits'). Details of other benefits paid to executives are set out in full in section 10.</p>
FIXED REMUNERATION CHANGES FOR 2025	<p>As Karoon operates internationally in Brazil and the US, our fixed remuneration levels need to be globally competitive to attract and retain talent beyond Australian markets. Fixed remuneration of executives increased at the start of 2025, to ensure ongoing market competitiveness.</p> <p>Changes to fixed remuneration (per annum) were¹:</p> <ul style="list-style-type: none"> • Current CEO/MD (Ms Carri Lockhart) did not receive an increase, having only joined Karoon on 3 November 2025 • Former CEO/MD – 2.6% increase from US\$644,596 to US\$661,355 • CFO – 2.6% increase from US\$495,190 to US\$508,065 • EVP Brazil – 4.6% increase from US\$333,863 to US\$349,221

1. Exchange rates of A\$/US\$0.6449 and R\$/US\$0.1789 were used to convert from local currency.

Superannuation/Pension Contributions

Dr Julian Fowles, former CEO/MD, received fixed remuneration inclusive of superannuation contributions, above the maximum contributions cap. Other Australian executives of the Company received statutory superannuation contributions of 11.5% of salary up to 30 June 2025 and then 12% of salary from 1 July 2025 up to the maximum statutory contribution for each financial year.

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

Ms Carri Lockhart did not participate in the United States 401(K) defined contribution plan in 2025. The plan provides an employer matching contribution in an amount equal to 100% of employee contributions up to the first 6% of eligible compensation made each payroll cycle. The maximum contribution allowed by the plan in 2025 is US\$23,500.

Social Security and Indemnity Fund Contributions

Karoon's United States based executives are subject to specific United States employment regulations under the Federal Insurance Contributions Act (FICA), whereby the Group is required by the Internal Revenue Service (IRS) to make a Social Security contribution for each employee, currently at a rate of 6.2% of wages up to the annual wage base limit.

For 2025, employers pay Social Security tax on the first \$176,100 (wage base limit) of an employee's annual earnings. In addition, the Group is required to pay Medicare Tax of 1.45%. This tax applies to all covered wages, with no wage base limit. For 2025, the total combined employer contribution rate is 7.65% (6.2% Social Security + 1.45% Medicare) up to the wage base limit and 1.45% of earnings above the wage base limit.

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

'At risk' Remuneration

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

STI PLAN

WHO PARTICIPATES	Executives participation in the STI Plan is at the discretion of the Board on the recommendation of the People and Culture Committee.
PERFORMANCE PERIOD	For 2025, the performance period is 1 January 2025 to 31 December 2025. The Corporate Scorecard and 'role-specific' objectives are set by the Board to reflect key priorities to build long term value. Details of the Corporate Scorecard are set out in section 6.
STI OPPORTUNITY	The STI opportunity level of each executive is a pre-determined proportion of an executive's fixed remuneration. In respect of the 2025 award, the current CEO/MD can earn up to 120% of fixed remuneration. For 2025, Ms. Carri Lockhart's award is pro-rated. The CFO and EVP Brazil can earn up to 100% of their fixed remuneration.

The calculation of the 2025 award can be illustrated as follows:

$$\boxed{\text{Fixed Remuneration}} \times \boxed{\text{Annual STI opportunity}} \times \boxed{\text{Outcome of performance conditions (as at 31 December 2025)}} = \boxed{\text{STI outcome}}$$

FORM OF INCENTIVE	Subject to the achievement of the performance conditions, the 2025 award is delivered to executives in two parts, a cash element (50%) and a deferred element via performance rights (50%).
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The cash component is paid following the end of 2025.

The number of performance rights to be granted is to be determined by dividing 50% of the total STI award outcome by Karoon's weighted average share price in the 20-trading day period after the release of the Company's 2025 financial results.

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

DEFERRAL PERIOD	Performance rights are subject to a further retention period of 12 months until December 2026, which is subject to continuing employment.
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PERFORMANCE CONDITIONS	As part of the 2025 remuneration review, the Board set out the 2025 award based on a mix of the following performance hurdles:
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	COMPANY-WIDE OBJECTIVES	ROLE-SPECIFIC OBJECTIVES
CEO/MD	120%	-
Other KMP	80%	20%

Company-wide Objectives

Company-wide Objectives were set by the Board at the beginning of the performance period.

The Company-wide Objectives, known as the 'Corporate Scorecard', includes financial and operational objectives, project objectives and strategic targets.

Role-specific Objectives

Role-specific Objectives were set at the beginning of the performance period or from the commencement of the role and related directly to individual/team specific responsibilities.

All short term performance outcomes are subject to both a gateway for safety outcomes and a claw back (negative discretion) provision in relation to any fatality and bribery and/or corruption issues. Where there is a fatality during the reporting period, no STI is payable.

Further details on the performance conditions, targets and outcomes for the 2025 award are outlined below in the STI outcomes within section 6.

SECTION 4. EXECUTIVE REMUNERATION FRAMEWORK FOR 2025 CONTINUED

HOW DO STI'S RELATE TO KAROON'S OBJECTIVES	<p>The STI framework is based on a set of challenging Company building goals, granted on an annual short term basis. Linking outcomes to operational performance develops an essential alignment between Karoon's year-to-year inherent value growth and total shareholder returns and rewards those who establish that value and returns only when the company-wide Objectives are met.</p> <p>The Board assesses the objectives for the performance period annually in light of the long term strategic building blocks and upcoming key value drivers within Karoon's operations, allowing for transparent measurement of company performance against these objectives.</p> <p>The Board recognises the risks associated with offshore oil production and drilling and considers ensuring the safety of the workforce and avoiding any instances of bribery and corruption as paramount to its operations. Achieving appropriate safety standards is used as a gateway for any vesting of the STI, while any fatality or instance of bribery and corruption can be utilised to claw back incentives should they have been previously paid.</p>							
CESSATION OF EMPLOYMENT	<p>Unvested performance rights will lapse on cessation of employment with Karoon, subject to the nature and circumstances of the termination and the discretion of the Board.</p>							
CHANGE OF CONTROL	<p>On a change of control, the Board may determine that a portion of the individual's unvested performance rights will vest based on pro-rata achievement of the performance conditions. Adjustments to an individual's unvested performance rights may also occur in the event of a Company reconstruction and certain share issuances.</p>							
DIVIDEND AND VOTING RIGHTS	<p>Performance rights carry no dividend or voting rights during the one year deferral period.</p>							
LTI PLAN								
WHO PARTICIPATES	<p>Executives participation in the LTI Plan is at the discretion of the Board on the recommendation of the People and Culture Committee.</p>							
LTI OPPORTUNITY	<p>The LTI opportunity available to an executive is determined as a percentage of the executive's fixed remuneration. No 2025 LTI grant was made to Ms Carri Lockhart, CEO/MD, having only joined Karoon on 3 November 2025. The CFO and EVP Brazil can earn up to 75% of fixed remuneration.</p> <p>The key features of the LTI grant for 2025 are outlined in the table below:</p>							
<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="border: 1px dashed black; padding: 5px;">Fixed Remuneration (at 1 January 2025)</td> <td style="font-size: 2em; padding: 0 10px;">×</td> <td style="border: 1px dashed black; padding: 5px;">Annual LTI opportunity</td> <td style="font-size: 2em; padding: 0 10px;">×</td> <td style="border: 1px dashed black; padding: 5px;">Outcome of performance conditions (as at 31 December 2027)</td> <td style="font-size: 2em; padding: 0 10px;">=</td> <td style="border: 1px dashed black; padding: 5px;">LTI vesting outcome</td> </tr> </table>		Fixed Remuneration (at 1 January 2025)	×	Annual LTI opportunity	×	Outcome of performance conditions (as at 31 December 2027)	=	LTI vesting outcome
Fixed Remuneration (at 1 January 2025)	×	Annual LTI opportunity	×	Outcome of performance conditions (as at 31 December 2027)	=	LTI vesting outcome		
FORM OF INCENTIVE	<p>The quantum of performance rights received was determined by dividing the LTI opportunity for each executive by the volume weighted average price of Karoon Energy ordinary shares for 20 trading days from 27 February 2025 (being the date on which Karoon's 2024 financial results were released to the market).</p> <p>Performance rights do not have a strike price. Each performance right provides the participant with the right to receive one fully paid ordinary share in Karoon, or its equivalent for no consideration.</p> <p>Under the rules of the Performance Rights Plan, ordinary shares issued or provided as a result of the exercise of vested and converted performance rights may be issued as new ordinary shares or ordinary shares acquired on-market.</p>							
PERFORMANCE PERIOD	<p>Three years (commencing 1 January 2025 and vesting on 31 December 2027).</p>							
PERFORMANCE CONDITIONS	<p>The LTI performance hurdles are assessed against:</p> <ul style="list-style-type: none"> • 50% relative total shareholder return (TSR) against a list of closely comparable and representative industry peer group companies, whose business models and/or regions of operations are similar to those of Karoon (Industry Peer Group). • 50% absolute TSR (based on a compound annual growth rate (CAGR)), which is set at a range of 14% to 18%. 							

**PERFORMANCE
CONDITIONS
CONTINUED**

Relative TSR (50%)

Relative TSR has been selected as it assesses Karoon’s ability to deliver shareholder returns above that of our peers, aligning executives’ incentives with shareholder experience. Given Karoon operates internationally, the peer group comprises a mix of domestic and global peers.

Industry peer group

AUSTRALIAN MARKET PEERS

Amplitude Energy Limited
Australis Oil & Gas Limited
Beach Energy Limited
Carnarvon Energy Limited
Central Petroleum Limited
Horizon Oil Limited
Santos Limited
Strike Energy Limited
Woodside Energy Group Ltd

GLOBAL PEERS

Capricorn Energy plc
Echelon Resources Limited
GeoPark Limited
Gran Tierra Energy Inc
Jadestone Energy Inc
Kosmos Energy Ltd
Pharos Energy plc
Prio S.A.
Tullow Oil plc

Companies that are no longer part of the Industry Peer Group at the end of the performance period (for instance, due to acquisition or delisting) may be removed from the Peer Group calculation.

The vesting schedule for the relative TSR measure is outlined and illustrated below:

**PERFORMANCE AGAINST
INDUSTRY PEER GROUP**

**PROPORTION OF PERFORMANCE
RIGHTS VESTING**

Less than 50th percentile

Nil

At 50th percentile

50%

Between 50th and 75th percentile

50% plus 2% for each additional percentile ranking above the 50th percentile

At or above 75th percentile

100%

Absolute TSR (50%)

Absolute TSR has been selected as it assesses Karoon’s ability to deliver positive shareholder returns at a sufficient return to shareholders over the long term. Assessed alongside relative TSR, it ensures that executives are only fully rewarded under the LTI plan where Karoon’s shareholder returns exceed those of the Company’s peers.

The vesting schedule for the Absolute TSR measure is outlined and illustrated below:

ABSOLUTE TSR (CAGR)¹

**PROPORTION OF PERFORMANCE
RIGHTS VESTING**

Less than 14%

Nil

At 14%

50%

Between 14.01% and 17.99%

50% plus 12.5% linearly correlated on a straight-line basis for each additional percentile ranking above the 14% threshold

At or above 18.00%

100%

1. TSR is calculated inclusive of any dividends or capital returns, in line with Karoon’s capital management policy and additional buybacks made in accordance with Karoon’s Capital Allocation Framework.

EXERCISE PERIOD

Performance rights will remain exercisable for a period of one year following vesting.

**CESSATION OF
EMPLOYMENT**

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

**CHANGE OF
CONTROL**

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

**DIVIDEND AND
VOTING RIGHTS**

Performance rights carry no dividend or voting rights during the performance period.

SECTION 5: COMPANY PERFORMANCE OVERVIEW

Relationship between Executive Remuneration and Company Performance

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

The tables below set out summary information about the Company's financial performance from 1 July 2021 to 31 December 2025 and how this links to the remuneration outcomes in section 6.

FINANCIAL PERIOD	31 DECEMBER 2025	31 DECEMBER 2024	31 DECEMBER 2023 TY23 (6 MONTHS)	30 JUNE 2023 1HFY23 (6 MONTHS)	30 JUNE 2023	30 JUNE 2022
	US\$M	US\$M	US\$M	US\$M	US\$M	US\$M
Revenue	628.6	776.5	412.9	267.1	566.5	385.1
Profit/(loss) before income tax	143.2	239.3	182.1	99.8	216.2	(89.8)
Profit/(loss) after income tax	125.5	127.5	122.5	85.4	163.0	(64.4)
Net assets at end of the period	1,032.5	976.4	914.0	473.6	473.6	276.2

FINANCIAL PERIOD	31 DECEMBER 2025	31 DECEMBER 2024	31 DECEMBER 2023 TY23 (6 MONTHS)	30 JUNE 2023 1HFY23 (6 MONTHS)	30 JUNE 2023	30 JUNE 2022
	Share price at beginning of the period	A\$1.39	A\$2.03	A\$1.97	A\$2.19	A\$1.74
Share price at end of the period	A\$1.54	A\$1.39	A\$2.03	A\$1.97	A\$1.97	A\$1.74
Basic earnings per ordinary share (US\$)	0.1694	0.1607	0.2018	0.1517	0.2899	(0.1159)
Diluted earnings per ordinary share (US\$)	0.1678	0.1597	0.2003	0.1495	0.2859	(0.1159)
Dividends per ordinary share (AUD cents) ¹	0.055	0.09496	-	-	-	-

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

SECTION 6: EXECUTIVE REMUNERATION OUTCOMES

Performance Outcomes for 2025

The table below outlines the Company-wide Objectives, known as the Corporate Scorecard, for the year ended 31 December 2025.

MEASURE	FULL YEAR WEIGHTING	PERFORMANCE			OUTCOME
		THRESHOLD	TARGET	STRETCH	
Financial and operational objectives					
Safety TRIR Result (per 200,000 exposure hours)	15.0%	TRIR <= 0.6	TRIR <= 0.4	TRIR <= 0.2 TRIR 0.16	15.0%
Production (MMboe)	25.0%	9.0	9.75	10.5 10.3 MMboe (NRI)	21.7%
Production costs (US\$/bbl)	15.0%	\$17.5	\$15.0	\$12.5 \$13.1 / boe	13.0%
Reserves Replacement Ratio (RRR)	10.0%	100%	150%	200% Annual RRR	6.0%
Neon farm down working interest %	7.5%	• Not achieved. Neon farm down delayed			0.0%
Value accretive monetisation of at least one Who Dat Discovery	7.5%	• Achieved, Who Dat East development progressed according to plan			7.5%
Baúna Project FPSO Acquisition	7.5%	• Achieved, FPSO acquisition completed with confidence in economics			7.5%
Baúna Project – Safe and Reliable Transition	7.5%	• Achieved, Floating Production, Storage, and Offloading (FPSO) transition executing on plan			7.5%
ESG / Sustainability	5.0%	• Achieved, Production Emissions intensity achieved at year end was 9.9kgCO ₂ e/boe.			5.0%
Total weighting	100%	• Corporate Scorecard outcome			83.2%

STI Outcomes for 2025

The Board carefully assessed the 2025 scorecard outcomes, considering the Company's overall performance. A summary of the STI outcomes for 2025 is detailed below.

	ANNUAL MAXIMUM STI OPPORTUNITY	STI AWARDED (% OF MAXIMUM)	2025 STI CASH	2025 STI PERFORMANCE RIGHTS	2025 TOTAL STI
	US\$ ¹	%	US\$	US\$	US\$
Current KMP					
Ms C Lockhart	960,000	83.2%	64,554	64,554	129,108 ²
Mr R Church	508,109	86.6%	219,910	219,910	439,819
Mr M Brummelhuis	349,221	85.0%	148,349	148,349	296,698
Former KMP					
Dr J Fowles	661,355	83.2%	275,124 ³	275,124	550,248

1. Exchange rates of A\$/US\$ 0.6449 and R\$/US\$ 0.1789 were used to convert from local currency.

2. Pro-Rated for 2025 from 3 November 2025 to 31 December 2025.

3. Inclusive of superannuation contributions.

SECTION 6: EXECUTIVE REMUNERATION OUTCOMES CONTINUED

LTI outcomes for 2025

Karoon's 2023 LTI award vested at 50% (based on 50% of the award attributable to absolute TSR performance and 50% attributable to relative TSR performance). This was calculated for the period 1 July 2022 to 30 June 2025 on an absolute total shareholder return of 7.79% compound annual growth, resulting in 0% of the award pertaining to absolute TSR vesting and 100% of the award pertaining to relative TSR versus the peer group vesting.

Voluntary Information: 2025 'Remuneration Received' (Non-IFRS Information)

The amounts disclosed below reflect the actual remuneration received by each executive during 2025 and have been translated into US\$ from local currencies using the average exchange rate for 2025. The average rate used for A\$/US\$ was 0.6449 and R\$/US\$ was 0.1789. The amounts disclosed below include the actual value of any equity-settled and/or cash settled award received from STI and/or LTI.

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

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

- Fixed remuneration comprises base salary and company superannuation/pension contributions received in 2025.
- Other benefits comprise any salary sacrifice items or non-monetary benefits, such as temporary allowances, health insurance, motor vehicles, expatriate travel, certain membership and associated fringe benefits tax received in 2025.
- Cash STI comprises the cash component received in 2025 for performance in 2024.
- Deferred STI vested and exercised comprises the equity component of the TY23 STI which vested in 2025. All vested TY23 STI awards were exercised.
- LTI vested and exercised includes the value of the vested FY23 LTI received by executives in 2025. All vested FY23 LTI awards were exercised.

	FIXED REMUNERATION	OTHER BENEFITS	CASH STI	DEFERRED STI VESTED AND EXERCISED	LTI VESTED AND EXERCISED	TOTAL REMUNERATION RECEIVED
	US\$	US\$	US\$	US\$	US\$	US\$
Current KMP						
Ms C Lockhart ¹	133,333	6,579	-	-	-	139,912
Mr R Church	508,096	-	-	74,322	153,754	736,172
Mr M Brummelhuis	408,981	72,703	-	-	-	481,684
Former KMP						
Dr J Fowles ²	551,139	1,985	-	108,962	281,519	943,605

1. Commenced as KMP effective 3 November 2025.

2. Ceased as KMP effective 3 November 2025.

SECTION 7: EXECUTIVE AGREEMENTS

Remuneration and other terms of employment for the executives are formalised in employment agreements. Details of existing employment agreements between the Company and current KMP are as follows:

NAME	TERM	NOTICE PERIOD	TERMINATION PAYMENTS
Ms C Lockhart	From 3 November 2025, ongoing	Three months	Terms outlined below ¹
Mr R Church	From 27 September 2021, ongoing	Six months	Not applicable
Mr M Brummelhuis	From 24 June 2024, ongoing	90 days	Not applicable

1. The CEO is a US based executive. Termination payments may accrue:
 - (a) If Ms Lockhart's employment ends for cause, death, disability, or without good reason, Ms Lockhart receives only her base salary up to the termination date and statutory entitlements (Accrued Amounts).
 - (b) If Karoon terminates without cause or Ms Lockhart resigns for good reason, she is entitled to the Accrued Amounts plus a severance payment equal to twelve months base salary and after tax amounts equal to Karoon's contributions to her health and retirement benefits and at the Board's sole discretion, a pro-rated portion of any LTI awards on foot may continue to be held and will be tested and may vest in accordance with Karoon's Performance Rights Plan (collectively, the Service Amounts).
 - (c) If termination occurs within twelve months of a change in control, Ms Lockhart receives the Accrued Amounts, the Severance Amounts (subject to executing a release) and her STI for the year of termination will continue to be tested and may vest based on performance outcomes.

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

During CY25, Dr Fowles ceased as Managing Director and CEO by way of redundancy. His termination arrangements are:

- He will cease on 30 June 2026 following conclusion of a notice period, during which time he is available for continuity, if required. Dr Fowles receives his ordinary remuneration and entitlements during the notice period.
- Participated for the full year in the 2025 STI program with opportunity up to 100% of total fixed remuneration with 100% of performance based on company wide objectives. Participated in the 2025 LTI program with opportunity up to 100% of total fixed remuneration.
- Entitled to participate on a pro-rata basis in the CY26 STI and LTI programs based on employment.
- All remaining unvested LTI Performance Rights will remain on foot to be tested in the ordinary course and vest to the extent the applicable performance conditions are met.
- Payments as per his statutory entitlements and consistent with Karoon's corporate practices.

SECTION 8: MINIMUM SHAREHOLDING POLICY

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

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

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

SECTION 9: DIRECTOR FEES

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

NED fees are determined with an aggregate directors' fee pool limit, which is approved by shareholders. The maximum aggregate amount, including applicable superannuation contributions, that may be paid to NEDs of the Company as remuneration for their services per annum is A\$1,500,000, as approved by shareholders at the Company's 2024 AGM. For 2025, the total fees paid to NEDs was A\$981,036.

There were no increases to base director fees in 2025 aside from an increase in the statutory superannuation contribution of 0.5% (from 11.5% to 12%) paid to Australian resident NEDs from 1 July 2025. The last change to base director fees occurred in FY23.

Share-based Remuneration

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

NED Fees

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

BASE FEE

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

Committee fees

Audit, Risk and Governance Committee

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

People and Culture Committee

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

Sustainability and Operational Risk Committee

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

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

SECTION 10: STATUTORY AND SHARE-BASED REPORTING

Details of the Remuneration of KMP

Details of the remuneration of the KMP for 2025 and 2024 are set out in the following table. For all remuneration reporting stated in US\$, exchange rates A\$/US\$ 0.6449 (2024: 0.6601) and R\$/US\$ 0.1789 (2024: 0.1855) have been used.

NAME	SHORT TERM BENEFITS			POST EMPLOY-MENT BENEFITS			LEAVE BENEFITS	SHARE-BASED PAYMENTS	TOTAL REMUNERATION ² US\$	PERFORMANCE BASED REMUNERATION ³ %
	CASH SALARY AND FEES US\$	OTHER US\$	CASH STI/ BONUS US\$	SUPERANNUATION/ PENSION CONTRIBUTIONS US\$	SOCIAL SECURITY & INDEMNITY FUND CONTRIBUTIONS US\$	TERMINATION BENEFITS US\$	LEAVE ENTITLEMENTS ¹ US\$	PERFORMANCE RIGHTS US\$		
Executive Directors										
Ms C Lockhart – Appointed 3 November 2025										
2025	133,333	6,579	64,554	–	–	–	10,261	32,277	247,004	39.2%
2024	–	–	–	–	–	–	–	–	–	–
Other KMP										
Mr R Church										
2025	488,771	–	219,910	19,325	–	–	22,275	276,696	1,026,977	48.4%
2024	487,306	–	–	18,923	–	–	43,950	316,085	866,264	36.5%
Mr M Brummelhuis – Appointed 24 June 2024										
2025	331,467	72,703³	148,349	31,202	46,313	–	18,948	159,487	808,469	38.1%
2024	180,474	116,959 ³	–	15,586	29,300	–	24,739	39,106	406,164	9.6%
Former KMP										
Dr J Fowles – Ceased as KMP 3 November 2025										
2025	503,324	1,985	251,255	71,685⁵	–	283,923⁶	(1,207)	393,509	1,504,474	44.4%⁷
2024	602,568	151,536 ⁴	–	62,017	–	–	59,564	537,161	1,412,846	38.0%
Total										
2025	1,456,895	81,267	684,068	122,212	46,313	283,923	50,277	861,969	3,586,924	
2024	1,270,348	268,495	–	96,526	29,300	–	128,253	892,352	2,685,274	

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

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

3. Comprises non-monetary benefits of dental, health and life insurance and driver costs. Additional costs in 2024 included the costs of relocating to Brazil including a relocation allowance and temporary accommodation assistance.

4. Comprises travel allowance and apartment costs. The former CEO/MD spent additional time in Brazil in 1H24 in order to provide management continuity and strategic direction to the local management team given the EVP Brazil role was vacant for this period.

5. Inclusive of superannuation contribution of US\$23,869 relating to 2025 Cash STI.

6. Accrual of termination benefits payable to Dr J Fowles on his cessation date of 30 June 2026.

7. Inclusive of superannuation contribution on 2025 Cash STI.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED

Details of the Remuneration of Non-Executive Directors

Details of the remuneration of the Non-Executive Directors for 2025 and 2024 are set out in the following table. For all remuneration reporting stated in US\$, exchange rates of A\$/US\$ 0.6449 (2024: 0.6601) and R\$/US\$ 0.1789 (2024: 0.1855) have been used.

NAME	SHORT TERM	POST	TOTAL
	BENEFITS	EMPLOYMENT	
	CASH SALARY	SUPERANNUATION	REMUNERATION ¹
	AND FEES	CONTRIBUTIONS	US\$
	US\$	US\$	US\$
Non-Executive Directors			
Mr P Botten			
2025	148,974	17,505	166,479
2024	152,488	17,155	169,643
Ms L Rachid			
2025	83,839	-	83,839
2024	85,816	-	85,816
Mr T Fraga			
2025	77,873	-	77,873
2024	79,710	-	79,710
Mr P Turnbull			
2025	107,539	12,636	120,175
2024	110,076	12,383	122,459
Ms J Palmer – Appointed 19 April 2024			
2025	87,063	10,230	97,293
2024	57,845	6,576	64,421
Ms M Holzberger – Appointed 19 April 2024			
2025	77,873	9,150	87,023
2024	54,726	6,219	60,945
Mr C Davey – Retired 31 October 2024			
2025	-	-	-
2024	82,928	9,288	92,216
Total			
2025	583,161	49,521	632,682
2024	623,589	51,621	675,210

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

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

NAME	NOT RELATED TO PERFORMANCE CONDITIONS		RELATED TO PERFORMANCE CONDITIONS							
	FIXED REMUNERATION		TERMINATION PAYMENT		STI (PERFORMANCE RIGHTS)		LTI (PERFORMANCE RIGHTS)		CASH BONUS	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Executive Director										
Ms C Lockhart	60.8%	-	-	-	13.1%	-	-	-	26.1%	-
Non-Executive Directors										
Mr P Botten	100%	100.0%	-	-	-	-	-	-	-	-
Ms L Rachid	100%	100.0%	-	-	-	-	-	-	-	-
Mr T Fraga	100%	100.0%	-	-	-	-	-	-	-	-
Mr P Turnbull	100%	100.0%	-	-	-	-	-	-	-	-
Ms J Palmer	100%	100.0%	-	-	-	-	-	-	-	-
Ms M Holzberger	100%	100.0%	-	-	-	-	-	-	-	-
Other KMP										
Mr R Church	51.6%	63.5%	-	-	6.9%	11.2%	20.1%	25.3%	21.4%	-
Mr M Brummelhuis	61.9%	90.4%	-	-	5.7%	-	14.1%	9.6%	18.3%	-
Former KMP										
Dr J Fowles	36.9%	62.0%	19.0%	-	4.8%	8.5%	21.4%	29.5%	17.9%	-

Further information on performance rights is set out in Note 24 of the consolidated financial statements.

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED**Share-based Remuneration**

As at 31 December 2025, there were 8,941,676 performance rights issued under the 2022 PRP and 2025 PRP respectively, representing approximately 1.24% of the Company's total number of shares issued. Subsequent to year end, 40,502 performance rights have vested and converted to ordinary shares as outlined on page 51.

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

GRANT DATE	DATE VESTED AND EXERCISABLE	EXPIRY DATE	EXERCISE PRICE PER PERFORMANCE RIGHT	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE	% VESTED	PERFORMANCE CONDITION ACHIEVED
Performance rights						
24 November 2022	1 July 2025	30 June 2026	\$-	A\$1.707	50.00%	2025 Performance Condition
16 December 2022	1 July 2025	30 June 2026	\$-	A\$1.559	50.00%	2025 Performance Condition
31 March 2023	1 July 2025	30 June 2026	\$-	A\$1.508	50.00%	2025 Performance Condition
14 November 2023	1 July 2025	30 June 2026	\$-	A\$1.509	50.00%	2025 Performance Condition
23 November 2023	1 July 2026	30 June 2027	\$-	A\$1.321	-	To be determined
23 May 2024	1 January 2025	31 December 2025	\$-	A\$1.791	100.00	TY23 Performance Condition
23 May 2024	1 January 2027	31 December 2027	\$-	A\$0.859	-	To be determined
1 October 2024	1 January 2027	31 December 2027	\$-	A\$0.597	-	To be determined
1 October 2024	24 June 2026	23 June 2027	\$-	A\$1.422	-	To be determined
22 May 2025	1 January 2026	31 December 2026	\$-	A\$1.540	-	To be determined
22 May 2025	1 January 2028	31 December 2028	\$-	A\$0.974	-	To be determined
22 August 2025	1 July 2026	30 June 2027	\$-	A\$1.796	-	To be determined
22 August 2025	1 July 2027	30 June 2028	\$-	A\$1.729	-	To be determined
17 October 2025	1 January 2028	31 December 2028	\$-	A\$0.807	-	To be determined

Number of Performance Rights provided as Remuneration during period

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

NAME	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE PERIOD	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE	VALUE OF PERFORMANCE RIGHTS AT GRANT DATE	NUMBER OF PERFORMANCE RIGHTS VESTED DURING THE PERIOD	NUMBER OF PERFORMANCE RIGHTS FORFEITED	VALUE OF PERFORMANCE RIGHTS FORFEITED
Executive Director						
Ms C Lockhart						
- Performance rights (LTI)	-	-	-	-	-	-
- Performance rights (STI)	-	-	-	-	-	-
Other KMP						
Mr R Church						
- Performance rights (LTI)	378,299	A\$0.974	368,463	-	-	-
- Performance rights (STI)	-	-	-	-	-	-
Mr M Brummelhuis						
- Performance rights (LTI)	256,821	A\$0.974	250,144	-	-	-
- Performance rights (STI)	-	-	-	-	-	-
Former KMP						
Dr J Fowles						
- Performance rights (LTI)	656,583	A\$0.974	639,512	-	-	-
- Performance rights (STI)	-	-	-	-	-	-
Total KMP - Performance rights	1,291,703		1,258,119	-	-	-

Long term performance rights granted during the current financial year which are subject to market-based performance conditions, have been valued using a Monte Carlo simulation approach.

Shares issued on the Conversion of Performance Rights Provided as Remuneration

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

NAME	GRANT DATE	DATE OF EXERCISE OF PERFORMANCE RIGHTS	NUMBER OF ORDINARY SHARES ISSUED	VALUE AT CONVERSION DATE US\$ ¹	AMOUNT PAID PER PERFORMANCE RIGHT
Other KMP					
Mr R Church					
- Performance rights (LTI)	16 December 2022	29 July 2025	115,007	143,705	\$-
- Performance rights (LTI)	31 March 2023	29 July 2025	8,042	10,049	\$-
- Performance rights (STI)	23 May 2024	8 April 2025	93,482	74,322	\$-
			216,531	228,076	\$-
Former KMP					
Dr J Fowles					
- Performance rights (LTI)	24 November 2022	24 July 2025	216,289	273,522	\$-
- Performance rights (LTI)	23 November 2023	24 July 2025	6,324	7,997	\$-
- Performance rights (STI)	23 May 2024	6 January 2025	121,594	108,962	\$-
			344,207	390,481	\$-
			560,738	618,557	\$-

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

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED**Details of Remuneration – Performance Rights**

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

NAME	FINANCIAL PERIOD GRANTED	VESTED %	FORFEITED %	FINANCIAL PERIOD IN WHICH SHARE OPTIONS OR PERFORMANCE RIGHTS MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST US\$
Other KMP (Group)					
Mr R Church					
– Performance rights (LTI)	30 June 2023	50.0	50.0	31 December 2025	–
– Performance rights (STI)	31 December 2024	100.00	–	31 December 2025	–
– Performance rights (LTI)	31 December 2023	–	–	31 December 2026	16,072
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	53,699
– Performance rights (LTI)	31 December 2025	–	–	31 December 2028	158,538
Mr M Brummelhuis					
– Performance rights (Recruitment Award ¹)	31 December 2024	–	–	31 December 2026	21,797
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	14,540
– Performance rights (LTI)	31 December 2025	–	–	31 December 2028	107,629
Former KMP					
Dr J Fowles					
– Performance rights (LTI)	30 June 2023	50.0	50.0	31 December 2025	–
– Performance rights (LTI)	31 December 2023	50.0	50.0	31 December 2025	–
– Performance rights (STI)	31 December 2024	100.00	–	31 December 2025	–
– Performance rights (LTI)	31 December 2023	–	–	31 December 2026	27,987
– Performance rights (LTI)	31 December 2024	–	–	31 December 2027	93,509
– Performance rights (LTI)	31 December 2025	–	–	31 December 2028	275,161

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

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

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

Movement of Performance Rights over Unissued Ordinary Shares in the Company during 2025.

During 2025 performance rights over unissued ordinary shares in the Company were issued to directors and other KMP, including their personally related parties.

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

	BALANCE AS AT 31 DECEMBER 2024	GRANTED AS REMUNER- ATION	VESTED AND EXERCISED PERFORM- ANCE RIGHTS	PERFORM- ANCE RIGHTS FORFEITED ¹	BALANCE AS AT 31 DECEMBER 2025	TOTAL VESTED AND EXERCISABLE AS AT 31 DECEMBER 2025	TOTAL UNVESTED AS AT 31 DECEMBER 2025
Executive Director							
Ms C Lockhart	-	-	-	-	-	-	-
Other KMP							
Mr R Church	744,598	378,299	(216,531)	(123,048)	783,318	-	783,318
Mr M Brummelhuis	212,458	256,821	-	-	469,279	-	469,279
Former KMP							
Dr J Fowles	1,272,104	656,583	(344,207)	(222,613)	1,361,867	-	1,361,867
Total KMP – Performance rights	2,229,160	1,291,703	(560,738)	(345,661)	2,614,464	-	2,614,464

1. Performance rights forfeited during the year relate to the partial vesting of the FY2023 LTI. Refer to 2025 LTI outcomes on page 66.

All performance rights granted during 2025 were issued under the 2025 Performance Rights Plan.

Movement in Ordinary Shares during 2025

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

	BALANCE AS AT 31 DECEMBER 2024	RECEIVED AS REMUNER- ATION	RECEIVED AND EXERCISED PERFORM- ANCE RIGHTS	SHARES ACQUIRED	SHARES SOLD	BALANCE AS AT 31 DECEMBER 2025 ¹
Executive Director						
Ms C Lockhart	-	-	-	-	-	-
Non-Executive Directors						
Mr P Botten	116,760	-	-	-	-	116,760
Ms L Rachid	60,960	-	-	2,900	-	63,860
Mr T Fraga	21,100	-	-	-	-	21,100
Mr P Turnbull	183,000	-	-	-	-	183,000
Ms J Palmer	10,400	-	-	8,000	-	18,400
Ms M Holzberger	11,794	-	-	12,698	-	24,492
Other KMP						
Mr R Church	300,358	-	216,531	-	(136,358)	380,531
Mr M Brummelhuis	-	-	-	-	-	-
Former KMP						
Dr J Fowles	1,549,795	-	344,207	-	-	1,894,002
Total KMP	2,254,167	-	560,738	23,598	(136,358)	808,143¹

1. The total number does not include Dr J Fowles.

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

SECTION 10: STATUTORY AND SHARE-BASED REPORTING CONTINUED

Other Transactions with Directors and Other KMP

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

During 2025, the Group paid US\$820,218 to Radix Engenharia e Software (Radix), an entity of which Mr Tadeu Fraga, a Non-Executive Director, is a Board member. Radix provided engineering consulting services to the Group at market prices.

During 2025, Ms Fraga, a family member of Mr Tadeu Fraga, an Independent NED, remained employed by the Group as People and Culture Co-ordinator in Brazil. The total value of her remuneration (including share-based payments expense) for 2025 was US\$124,271. Ms Fraga's employment with the Karoon Group commenced prior to the appointment of Mr Fraga.

Ms Lockhart, Executive Director, is currently a non-executive director of Williams Companies (NYSE: WMB) (Williams). The Group utilises Williams group companies for ongoing gas transportation and processing services at market prices. The Group paid \$368,374 to Transco and Williams Field Services from Ms Lockhart's appointment on 3 November 2025 to 31 December 2025. These contracts were assigned to the Group at the time of the Who Dat asset acquisition (in Q4 of 2023) and Ms Lockhart was not an employee or director of Karoon at the time of the assignment. In addition, we note that Karoon has limited optionality of offtake from the Who Dat facility and Ms Lockhart is not currently involved in the day to day management of the contracts.

Loans to Directors and Other KMP

There were no loans to directors or other KMP during 2025.

Rounding

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

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



Mr Peter Botten

Independent Non-Executive Chair

26 February 2026

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor of Karoon Energy Ltd's financial report and lead auditor of the review of specified sustainability disclosures within the sustainability report for the year ended 31 December 2025, respectively, we each declare that, having regard to our responsibilities in relation to the respective audit of the financial report and review of the specified sustainability disclosures within the sustainability report, to the best of our knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the respective audit of the financial report or the review of the specified sustainability disclosures; and
- b) no contraventions of any applicable code of professional conduct in relation to the respective audit of the financial report or the review of the specified sustainability disclosures.

Handwritten signature of Graeme McKenna in black ink.

Graeme McKenna
Lead auditor (financial report)
Partner
PricewaterhouseCoopers

Handwritten signature of Scott Thompson in black ink.

Scott Thompson
Lead auditor (sustainability report)
Partner
PricewaterhouseCoopers

Melbourne
26 February 2026

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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

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

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

The consolidated financial statements are presented in United States dollars.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025 US\$M	2024 US\$M
Revenue	3(a)	628.6	776.5
Cost of sales	4(a)	(387.3)	(397.4)
Gross profit		241.3	379.1
Other income	3(b)	42.9	11.7
Finance costs	4(b)	(80.9)	(69.3)
Net foreign currency gains/(losses)		(7.3)	3.3
Other expenses	4(c)	(74.0)	(79.0)
Change in fair value of contingent consideration	18(ii)	21.2	(6.5)
Profit before income tax		143.2	239.3
Income tax expense	5(a)	(17.7)	(111.8)
Profit for financial year attributable to equity holders of the Company		125.5	127.5
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from the translation of financial statements into presentation currency		7.0	(12.0)
Net change in fair value of cash flow hedges and cost of hedging	20	1.2	4.9
Other comprehensive income/(loss) for financial year, net of income tax		8.2	(7.1)
Total comprehensive income for financial year attributable to equity holders of the Company, net of income tax		133.7	120.4
Earnings per share attributable to equity holders of the Company:			
Basic earnings per ordinary share (cents per share)	6	16.94	16.07
Diluted earnings per ordinary share (cents per share)	6	16.78	15.97

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTE	2025 US\$M	2024 US\$M
Current assets			
Cash and cash equivalents	8	206.1	341.2
Receivables	9	48.9	61.8
Inventories	10	23.3	4.4
Current tax asset		8.1	-
Other financial assets	18	-	0.6
Other assets		8.7	9.6
Total current assets		295.1	417.6
Non-current assets			
Oil and gas assets	12	1,114.8	1,180.2
Exploration and evaluation assets	13	297.6	275.3
Property, plant and equipment		6.2	3.2
Intangible assets		2.4	0.8
Deferred tax assets	5	36.4	42.9
Inventories	10	10.5	10.5
Other assets		10.6	11.0
Total non-current assets		1,478.5	1,523.9
Total assets		1,773.6	1,941.5
Current liabilities			
Trade and other payables	11	68.1	52.6
Current tax liabilities		11.5	37.4
Other financial liabilities	18	27.4	87.6
Lease liabilities	14	0.7	51.8
Provisions	15	2.3	0.2
Total current liabilities		110.0	229.6
Non-current liabilities			
Trade and other payables	11	7.8	6.4
Borrowings	17	337.7	333.5
Other financial liabilities	18	6.8	55.4
Lease liabilities	14	0.4	125.9
Provisions	15	278.4	214.3
Total non-current liabilities		631.1	735.5
Total liabilities		741.1	965.1
Net assets		1,032.5	976.4
Equity			
Contributed equity	19	1,129.5	1,174.6
Accumulated losses		(341.2)	(457.8)
Reserves	19	244.2	259.6
Total equity		1,032.5	976.4

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	CONTRIBUTED EQUITY US\$M	ACCUMULATED LOSSES US\$M	DISTRIBUTION RESERVE US\$M	SHARE-BASED PAYMENTS RESERVE US\$M	FOREIGN CURRENCY TRANSLATION RESERVE US\$M	HEDGING RESERVES US\$M	TOTAL EQUITY US\$M
Balance as at 1 January 2024		1,210.8	(193.3)	-	57.7	(155.1)	(6.1)	914.0
Profit for financial year		-	127.5	-	-	-	-	127.5
Other comprehensive income (loss)		-	-	-	-	(12.0)	4.9	(7.1)
Total comprehensive income/(loss) for financial year		-	127.5	-	-	(12.0)	4.9	120.4
Transactions with owners in their capacity as owners:								
Dividends paid		-	(24.2)	-	-	-	-	(24.2)
Transaction costs associated with issue of shares		(0.4)	-	-	-	-	-	(0.4)
Deferred tax adjustment on transaction costs arising on ordinary shares issued in prior period		1.4	-	-	-	-	-	1.4
Transfer to distribution reserve	19	-	(367.8)	367.8	-	-	-	-
Ordinary shares bought back (on-market) and cancelled		(37.2)	-	-	-	-	-	(37.2)
Share-based payments expense	24(c)	-	-	-	2.4	-	-	2.4
		(36.2)	(392.0)	367.8	2.4	-	-	(58.0)
Balance as at 31 December 2024		1,174.6	(457.8)	367.8	60.1	(167.1)	(1.2)	976.4
Profit for financial year		-	125.5	-	-	-	-	125.5
Other comprehensive income		-	-	-	-	7.0	1.2	8.2
Total comprehensive income for financial year		-	125.5	-	-	7.0	1.2	133.7
Transactions with owners in their capacity as owners:								
Dividends paid		-	-	(35.3)	-	-	-	(35.3)
Transfer to distribution reserve	19	-	(8.9)	8.9	-	-	-	-
Ordinary shares bought back (on-market) and cancelled		(45.1)	-	-	-	-	-	(45.1)
Share-based payments expense	24(c)	-	-	-	2.8	-	-	2.8
		(45.1)	(8.9)	(26.4)	2.8	-	-	(77.6)
Balance as at 31 December 2025		1,129.5	(341.2)	341.4	62.9	(160.1)	-	1,032.5

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025 US\$M	2024 US\$M
Cash flows from operating activities			
Receipts from customers		669.3	800.8
Payments to suppliers and employees		(278.5)	(271.7)
Payments for exploration and evaluation expenditure expensed		(33.8)	(4.8)
Payments for cash flow hedges		-	(5.0)
Interest received		8.7	10.3
Borrowing and other costs of finance paid		(66.3)	(52.0)
Income taxes paid		(48.0)	(43.0)
Net cash flows from (used in) operating activities	8	251.4	434.6
Cash flows from investing activities			
Acquisition of oil and gas assets		(202.6)	(88.0)
Payments for oil and gas assets		(57.9)	(26.0)
Purchase of plant and equipment and intangibles		(4.0)	(0.9)
Payments for exploration and evaluation expenditure capitalised		(24.0)	(106.0)
Release of security deposits		-	2.3
Net cash flows from (used in) investing activities		(288.5)	(218.6)
Cash flows from financing activities			
Proceeds from issue of debt instruments		-	350.0
Principal elements of lease payments		(20.1)	(39.4)
Payment of equity raising costs		-	(0.6)
Share buy-back (on-market)		(45.1)	(37.2)
Repayment of borrowings		-	(274.1)
Dividends paid		(35.3)	(24.2)
Transaction costs paid		-	(11.7)
Net cash flows from (used in) financing activities		(100.5)	(37.2)
Net increase/(decrease) in cash and cash equivalents		(137.6)	178.8
Cash and cash equivalents at beginning of the year		341.2	170.4
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		2.5	(8.0)
Cash and cash equivalents at end of the year	8	206.1	341.2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

SECTION A: ABOUT THESE STATEMENTS

NOTE 1. GENERAL INFORMATION

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

(a) Basis of Preparation

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

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

Rounding

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

Historical Cost Convention

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

Comparative Figures

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

Key Accounting Estimates, Assumptions and Judgements

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

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS	NOTE	PAGE
Revenue from contracts with customers	Note 3	88
Income tax	Note 5	90
Impairment of oil and gas assets, Estimates of reserves quantities	Note 12	98
Capitalised exploration and evaluation expenditure	Note 13	101
Provision for restoration	Note 15	104
Fair value measurement of financial instruments	Note 18	108
Share-based payments	Note 24	123

Compliance with International Financial Reporting Standards

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

NOTE 1. GENERAL INFORMATION CONTINUED*Climate Change*

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

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

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

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

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

The Group has adopted all of the new, revised and/or amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the financial year ended 31 December 2025.

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

- *AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability*

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

New standards and interpretations not yet adopted

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

New standards and interpretations effective for the period commencing from 1 January 2026 include:

- *AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

New standards and interpretations effective for the period commencing from 1 January 2027 include:

- *AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*
- *AASB 18 Presentation and Disclosure in Financial Statements*

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

In September 2024, the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* was legislated, requiring companies to report climate-related activities aligned with the requirements in the AASB S2 – *Climate-related Disclosures Standard*. This standard was developed using the global ISSB framework, AASB S1 provides a framework for voluntary reporting and AASB S2 for mandatory reporting. While the Group has reported voluntary sustainability metrics since 2021 these have not been assessed against AASB S1 for the 2025 report.

As a Group 1 reporter on a calendar year financial cycle, the Group's first report is for the period 1 January 2025 to 31 December 2025, and is released aligned with the Company's 2025 Annual Report. The Group's progress in identifying its climate-related risks and building its transition plan is discussed in the Company's 2025 Sustainability Report.

(b) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2025 and the results of all subsidiaries for the financial year then ended.

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

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

(c) Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

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

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

Transactions and Balances

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

Group Companies

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

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

SECTION B: GROUP PERFORMANCE

NOTE 2. SEGMENT INFORMATION

(a) Description of Segments

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

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 in Australia, net financing costs 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.

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

Segment revenue is derived from external customers who market to a range of end customers. Karoon USA's revenue is reported on a Net Revenue Interest (NRI) basis, meaning it reflects the Group's share of oil revenue after accounting for royalties and other interests payable to third parties. The Group has two major customers which respectively account for greater than 98% 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.

NOTE 2. SEGMENT INFORMATION CONTINUED

(b) Operating Segments

SEGMENT PERFORMANCE	NOTE	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
Result for financial year ended 31 December 2025					
Revenue					
Crude oil sales		489.4	120.6	-	610.0
Gas sales		-	15.4	-	15.4
NGL sales		-	3.2	-	3.2
Total revenue from contracts with customers	3(a)	489.4	139.2	-	628.6
Expenses					
Cost of sales					
Operating costs		(94.0)	(29.6)	-	(123.6)
Carbon credit costs		(1.7)	(1.2)	-	(2.9)
Flotel costs		(21.1)	-	-	(21.1)
Depreciation and amortisation – production assets		(75.1)	(76.5)	-	(151.6)
Depreciation and amortisation – FPSO asset		(13.9)	-	-	(13.9)
Depreciation and amortisation – FPSO right-of-use asset		(14.2)	-	-	(14.2)
Change in inventories		10.1	-	-	10.1
Transportation and marketing costs		(10.9)	(10.7)	-	(21.6)
FPSO transition costs		(4.4)	-	-	(4.4)
Royalties and other government take		(44.1)	-	-	(44.1)
Total cost of sales	4(a)	(269.3)	(118.0)	-	(387.3)
Gross profit		220.1	21.2	-	241.3
Other income					
Gain on disposal of FPSO right-of-use asset		35.3	-	-	35.3
Interest income		-	-	7.4	7.4
Sundry income		0.2	-	-	0.2
Total other income	3(b)	35.5	-	7.4	42.9
Other expenses					
Business development and other project costs		(2.1)	-	(0.6)	(2.7)
Exploration and evaluation expenditure expensed		(7.4)	(0.3)	-	(7.7)
Costs of unsuccessful exploration wells		-	(14.8)	-	(14.8)
Corporate		(12.6)	(4.2)	(18.0)	(34.8)
Realised losses on cash flow hedges		-	-	(2.2)	(2.2)
Depreciation and amortisation – non-oil and gas assets		(1.0)	(0.2)	(0.6)	(1.8)
Share-based payments expense		(0.4)	(0.3)	(2.1)	(2.8)
Social investments/sponsorships		(0.4)	-	-	(0.4)
Corporate relocation		-	-	(6.8)	(6.8)
Total other expenses	4(c)	(23.9)	(19.8)	(30.3)	(74.0)
Finance costs					
Finance charges on lease liabilities		(3.4)	-	-	(3.4)
Discount unwinding on provision for restoration		(7.3)	(3.2)	-	(10.5)
Interest expense		-	-	(37.4)	(37.4)
Withholding tax expense		-	-	(17.8)	(17.8)
Other finance costs		-	-	(11.8)	(11.8)
Total finance costs	4(b)	(10.7)	(3.2)	(67.0)	(80.9)
Net foreign currency gains/(losses)		(0.3)	-	(7.0)	(7.3)
Change in fair value of contingent consideration		21.2	-	-	21.2
Profit/(loss) before income tax		241.9	(1.8)	(96.9)	143.2
Income tax (expense)/benefit	5(a)	-	-	(17.7)	(17.7)
Profit/(loss) for financial year		241.9	(1.8)	(114.6)	125.5

SEGMENT PERFORMANCE	NOTE	BRAZIL US\$M	USA US\$M	CORPORATE/ OTHER US\$M	CONSOLIDATED US\$M
Result for financial year ended 31 December 2024					
Revenue					
Crude oil sales		606.1	153.8	-	759.9
Gas sales		-	13.2	-	13.2
NGL sales		-	3.4	-	3.4
Total revenue from contracts with customers	3(a)	606.1	170.4	-	776.5
Expenses					
Cost of sales					
Operating costs		(65.5)	(29.8)	-	(95.3)
Carbon credit costs		(3.0)	-	-	(3.0)
Royalties and other government take		(50.9)	-	-	(50.9)
Depreciation and amortisation – production assets		(82.4)	(81.1)	-	(163.5)
Depreciation and amortisation – FPSO right-of-use asset		(45.2)	-	-	(45.2)
Change in inventories		(16.2)	-	-	(16.2)
Transportation and marketing costs		(12.3)	(11.0)	-	(23.3)
Total cost of sales	4(a)	(275.5)	(121.9)	-	(397.4)
Gross profit		330.6	48.5	-	379.1
Other income					
Interest income		-	-	11.6	11.6
Sundry income		0.1	-	-	0.1
Total other income	3(b)	0.1	-	11.6	11.7
Other expenses					
Advisory and transaction costs		-	-	(4.8)	(4.8)
Business development and other project costs		(1.1)	-	(3.0)	(4.1)
Exploration and evaluation expenditure expensed		(3.9)	(0.8)	(0.1)	(4.8)
Costs of unsuccessful exploration wells		-	(15.1)	-	(15.1)
Corporate		(13.7)	(4.9)	(13.7)	(32.3)
Realised losses on cash flow hedges		-	-	(12.2)	(12.2)
Depreciation and amortisation – non-oil and gas assets		(0.7)	(0.1)	(0.5)	(1.3)
Share-based payments expense		(0.2)	(0.1)	(2.1)	(2.4)
Social investments/sponsorships		(2.0)	-	-	(2.0)
Total other expenses	4(c)	(21.6)	(21.0)	(36.4)	(79.0)
Finance costs					
Finance charges on lease liabilities		(11.7)	-	-	(11.7)
Discount unwinding on provision for restoration		(6.3)	(2.7)	-	(9.0)
Interest expense		-	-	(33.5)	(33.5)
Withholding tax expense		-	-	(6.2)	(6.2)
Other finance costs		-	-	(8.9)	(8.9)
Total finance costs	4(b)	(18.0)	(2.7)	(48.6)	(69.3)
Net foreign currency gains/(losses)		0.1	-	3.2	3.3
Change in fair value of contingent consideration		(6.5)	-	-	(6.5)
Profit/(loss) before income tax		284.7	24.8	(70.2)	239.3
Income tax (expense)/benefit	5(a)	-	-	(111.8)	(111.8)
Profit/(loss) for financial year		284.7	24.8	(182.0)	127.5

NOTE 2. SEGMENT INFORMATION CONTINUED

	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
FINANCIAL YEAR ENDED 31 DECEMBER 2025				
Total segment assets	828.1	858.2	87.3	1,773.6
Total segment liabilities	283.1	97.0	361.0	741.1

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

(c) Other Segment Information

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

	BRAZIL US\$M	USA US\$M	CORPORATE /OTHER US\$M	CONSOLIDATED US\$M
FINANCIAL YEAR ENDED 31 DECEMBER 2025				
Property, plant and equipment [^]	1.9	2.2	0.2	4.3
Exploration and evaluation assets	23.7	(0.4)	-	23.3
Oil and gas assets	151.3	29.2	-	180.4

[^]Includes right-of-use assets.

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

NOTE 3. REVENUE AND OTHER INCOME

Karoon recognises revenue from the sale of hydrocarbons under contracts with customers at a point in time when the performance obligations are considered met, which is when control of the products or services provided are transferred to the customer. Karoon USA's revenue is reported on a Net Revenue Interest (NRI) basis, meaning it reflects the Group's share of oil revenue after accounting for royalties and other interests payable to third parties.

Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Revenue from contracts with customers

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

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

Interest Income

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

	2025 US\$M	2024 US\$M
(a) Revenue		
Crude oil sales	610.0	759.9
Gas sales	15.4	13.2
NGL sales	3.2	3.4
Total revenue from contracts with customers	628.6	776.5
	2025 US\$M	2024 US\$M
(b) Other Income		
Gain on disposal of FPSO right-of-use asset	35.3	-
Interest income	7.4	11.6
Sundry income	0.2	0.1
Total other income	42.9	11.7

NOTE 4. EXPENSES

	2025 US\$M	2024 US\$M
(a) Cost of sales		
Operating costs	123.6	95.3
Carbon credit costs	2.9	3.0
Royalties and other government take	44.1	50.9
Depreciation and amortisation – production assets	151.6	163.5
Depreciation and amortisation – FPSO asset	13.9	-
Depreciation and amortisation – FPSO right-of-use asset	14.2	45.2
Change in inventories	(10.1)	16.2
Transportation and marketing costs	21.6	23.3
Flotel costs	21.1	-
FPSO transition costs	4.4	-
Total cost of sales	387.3	397.4
(b) Finance costs		
Finance charges on lease liabilities	3.4	11.7
Discount unwinding on provision for restoration	10.5	9.0
Interest expense	37.4	33.5
Withholding tax expense	17.8	6.2
Other finance costs	11.8	8.9
Total finance costs	80.9	69.3
(c) Other Expenses		
Advisory and transaction costs	-	4.8
Business development and other project costs	2.7	4.1
Exploration and evaluation expenditure expensed	7.7	4.8
Costs of unsuccessful exploration wells ⁽ⁱ⁾	14.8	15.1
Corporate	34.8	32.3
Realised losses on cash flow hedges	2.2	12.2
Depreciation and amortisation – non-oil and gas assets	1.8	1.3
Share-based payments expense	2.8	2.4
Social investments/sponsorships	0.4	2.0
Corporate relocation	6.8	-
Total other expenses	74.0	79.0

(i) Costs of unsuccessful exploration wells of \$14.8 million (31 December 2024: \$15.1m) 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 year have been expensed.

NOTE 5. INCOME TAX*Income Taxes and Other Taxes*

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

Tax Consolidation

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

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS*Income Tax*

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

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

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

	NOTE	2025 US\$M	2024 US\$M
(a) Income Tax Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income			
<i>Tax expense/(benefit) comprises:</i>			
Current income tax		11.6	55.9
Current income tax under/(over)		-	4.9
Deferred income tax		6.1	51.0
Total income tax expense/(benefit)		17.7	111.8
The prima facie tax on profit 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%			
		48.7	81.4
Add/(subtract) the tax effect of:			
Share-based payments expense (non-cash)		0.7	0.7
Other non-deductible items		3.8	0.4
Deferred tax impact – FPSO acquisition		18.6	-
Social investments/sponsorships ⁽ⁱ⁾		(0.4)	(2.0)
Effect on opening deferred taxes of increase in tax rate ⁽ⁱⁱ⁾		(2.6)	-
Adjustments for current tax of previous financial years		(6.8)	4.5
Difference in overseas tax rates		1.3	5.7
Utilisation of losses		(0.4)	(5.8)
Foreign exchange differences – translation adjustment		(26.4)	60.9
Foreign exchange differences – permanent differences		11.9	(25.6)
Non-assessable income		(12.9)	(4.2)
Tax credits available		(17.8)	(4.2)
Total income tax expense/(benefit)		17.7	111.8
(b) Amounts Recognised Directly in Equity			
Aggregate current and deferred tax arising during the financial year and not recognised in net profit or loss, but directly debited or credited in equity:			
Deferred tax – debited/(credited) directly in contributed equity	19(b)	-	(1.4)
Deferred tax – debited/(credited) directly in hedging reserves	19(d)(iii)	(0.4)	2.7
Total tax debited/(credited) directly in equity		(0.4)	(1.3)

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

(ii) The increase in the U.S. tax rate in 2025 reflects legislative changes in Louisiana that resulted in the Company becoming subject to Louisiana state tax, a 5.5% rate, following changes to foreign trade zone eligibility.

NOTE 5. INCOME TAX CONTINUED

	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 31 DECEMBER 2025 US\$M
(c) Deferred Tax Balances				
<i>Temporary differences</i>				
Provisions and accruals	39.2	9.1	-	48.3
Depreciation of oil and gas assets	(80.6)	(11.2)	-	(91.8)
Equity raising transaction costs	0.8	(0.4)	-	0.4
Unrealised foreign currency (gains)/losses	28.1	(20.6)	-	7.5
Translation adjustment	(27.8)	26.4	-	(1.4)
Fair value movement of financial liabilities	29.8	(20.5)	-	9.3
Right-of-use assets	(38.1)	38.1	-	-
Lease liabilities	56.5	(56.5)	-	-
Hedge premium	(0.6)	0.6	-	-
Net changes of cash flow hedges	0.4	-	(0.4)	-
Exploration and evaluation assets	(14.0)	(9.4)	-	(23.4)
Other	1.4	(2.4)	-	(1.0)
Total temporary differences	(4.9)	(46.8)	(0.4)	(52.1)
<i>Unused tax losses</i>				
Tax losses	47.8	40.7	-	88.5
Total unused tax losses	47.8	40.7	-	88.5
Net deferred tax assets/(liabilities)	42.9	(6.1)	(0.4)	36.4

	BALANCE AS AT 1 JANUARY 2024 US\$M	(CHARGED) CREDITED TO PROFIT OR LOSS US\$M	(CHARGED) CREDITED DIRECTLY TO EQUITY US\$M	BALANCE AS AT 31 DECEMBER 2024 US\$M
(c) Deferred Tax Balances				
<i>Temporary differences</i>				
Provisions and accruals	40.9	(1.7)	-	39.2
Depreciation of oil and gas assets	(48.6)	(32.0)	-	(80.6)
Equity raising transaction costs	-	(0.6)	1.4	0.8
Unrealised foreign currency (gains)/losses	(24.8)	52.9	-	28.1
Translation adjustment	33.1	(60.9)	-	(27.8)
Fair value movement of financial liabilities	68.5	(38.7)	-	29.8
Farm-out expenditures	0.1	(0.1)	-	-
Right-of-use assets	(67.1)	29.0	-	(38.1)
Lease liabilities	87.9	(31.4)	-	56.5
Hedge premium	(3.2)	2.6	-	(0.6)
Net changes of cash flow hedges	3.1	-	(2.7)	0.4
Exploration and evaluation assets	-	(14.0)	-	(14.0)
Other	0.4	1.0	-	1.4
Total temporary differences	90.3	(93.9)	(1.3)	(4.9)
<i>Unused tax losses</i>				
Tax losses	4.9	42.9	-	47.8
Total unused tax losses	4.9	42.9	-	47.8
Net deferred tax assets/(liabilities)	95.2	(51.0)	(1.3)	42.9
			2025 US\$M	2024 US\$M
(d) Unrecognised Deferred Tax Assets				
A deferred tax asset has not been recognised in the consolidated statement of financial position as the benefits of which will only be realised if the conditions for deductibility occur:				
Unrecognised temporary tax differences relating to deferred tax assets at a tax rate of 34% ⁽ⁱ⁾			16.5	16.5
Unrecognised deferred tax assets			16.5	16.5

(i) The amount for unrecognised temporary tax differences at 31 December 2025 and 31 December 2024 relates to the impairment of the Goiás exploration asset, which was fully impaired at 30 June 2018.

NOTE 6. EARNINGS PER SHARE

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

Diluted Earnings Per Share

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

	2025 US\$M	2024 US\$M
Profit/(loss) for the financial year used to calculate basic and diluted earnings per ordinary share:	125.5	127.5
(a) Basic earnings per ordinary share (cents per share)	16.94	16.07
(b) Diluted earnings per ordinary share (cents per share)	16.78	15.97
Weighted average number of ordinary shares on issue during the financial year used in calculating basic earnings per ordinary share	741,043,505	793,823,809
Weighted average number of potential ordinary shares	7,017,826	4,986,359
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per ordinary share	748,061,331	798,810,168

Potential ordinary shares

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

NOTE 7. DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2025 US\$M	2024 US\$M
(a) Dividends paid during the year		
Final ordinary dividend for the year ended 31 December 2024 of 5 cents per fully paid share	23.8	-
Interim ordinary dividend for the year ended 31 December 2025 of 2.4 Australian cents per fully paid share	11.5	24.2
	US\$M	US\$M
(b) Dividends declared subsequent to the reporting period (not recorded as a liability)		
Final ordinary dividend for the year ended 31 December 2025 of 3.1 Australian cents per fully paid share ^{1,2}	15.8	23.8

1. After the reporting date, on 25 February 2026, the Board of Directors declared a final dividend of 3.1 Australian cents per share. Consequently, the financial effect of the dividend has not been brought to account in the financial statements for the year ended 31 December 2025 and will be recognised in subsequent financial reports.

2. Converted at the AUD:USD exchange rate of 0.7107 (31 December 2024 converted at the exchange rate of 0.625).

The final ordinary dividend recommended after 31 December 2025 will be fully franked out of franking credits arising from the payment of income tax in the year ending 31 December 2026.

	2025 US\$M	2024 US\$M
(c) Dividend franking account		
Balance of franking account available for subsequent reporting periods	11.5	-

The above amount is calculated from the balance of the Company's franking account as at the end of the financial year, adjusted for franking credits that will arise from the settlement of the 31 December 2025 income tax position after the end of the year.

SECTION C: WORKING CAPITAL

NOTE 8. CASH AND CASH EQUIVALENTS

	2025 US\$M	2024 US\$M
Cash at bank and on hand	206.1	341.2
Total cash and cash equivalents	206.1	341.2

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

	2025 US\$M	2024 US\$M
Profit/(loss) for financial year	125.5	127.5
Add (subtract)		
Non-cash items included in profit/(loss) for financial year:		
Depreciation and amortisation	181.5	210.0
Amortisation of finance costs	4.0	3.3
Change in fair value of derivative financial instruments	1.6	7.6
Change in fair value of contingent consideration	(21.2)	6.5
Discount unwinding on provision for restoration	10.5	9.0
Share-based payments expense	2.8	2.4
Gain on disposal of FPSO right-of-use asset	(35.3)	-
Net foreign currency losses (gains)	4.2	(3.9)
Items classified as investing/financing activities:		
Impairment of exploration and evaluation assets	-	15.1
Change in operating assets and liabilities:		
(Increase)/decrease in assets		
Receivables – current	12.8	1.8
Inventories	(18.9)	16.2
Deferred tax assets	6.1	50.9
Other financial assets – derivative financial instruments	0.6	(0.3)
Other assets – current	2.4	(2.6)
Current tax asset	(8.1)	-
Other assets – non-current	0.5	(8.6)
Increase/(decrease) in liabilities		
Trade and other payables – current	5.0	(20.1)
Trade and other payables – non-current	1.4	(0.8)
Provisions – current	2.0	-
Provisions – non-current	(0.1)	-
Current tax liabilities	(25.9)	20.6
Net cash flows from operating activities	251.4	434.6

NOTE 9. RECEIVABLES

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

	2025 US\$M	2024 US\$M
Trade receivables	42.2	50.5
Other receivables	6.7	11.3
Total current receivables	48.9	61.8

(a) Impairment of Receivables and Financial Risk Management

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

NOTE 10. INVENTORIES

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

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

	2025 US\$M	2024 US\$M
Current		
Petroleum inventories – at cost	12.3	2.3
Drilling and workover spares inventory	11.0	2.1
Total current inventories	23.3	4.4
Non-current		
Drilling and workover spares inventory	10.5	10.5
Total non-current inventories	10.5	10.5

NOTE 11. TRADE AND OTHER PAYABLES

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

	2025 US\$M	2024 US\$M
Current		
Trade payables	50.6	35.9
Sundry payables and accruals (refer note (b) below)	17.5	16.7
Total current trade and other payables	68.1	52.6
Non-current		
Sundry payables and accruals	7.8	6.4
Total non-current trade and other payables	7.8	6.4

(a) Financial Risk Management

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

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

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

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

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

SECTION D: OPERATIONAL ASSETS AND LIABILITIES

NOTE 12. OIL AND GAS ASSETS

Production assets

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

FPSO asset

The Group completed the acquisition of the Cidade de Itajaí Floating Production, Storage and Offloading facility (FPSO), which services the Baúna Project, for consideration of US\$115.0 million, plus transaction costs, having previously leased the FPSO. From the acquisition date, the FPSO has been recognised as a production asset and is depreciated on a units of production basis consistent with other production assets within the Baúna cash-generating unit. The FPSO is presented as a separate line item within the oil and gas assets table to reflect its materiality and distinct nature.

Assets in development

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

Amortisation of production assets

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Impairment of oil and gas assets

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

As at 31 December 2025, the Group's net assets exceeded its market capitalisation and impairment testing was performed in relation to the Baúna and Who Dat cash generating units. The recoverable amount of each CGU was estimated using a fair value less costs of disposal (FVLCD) calculation. For oil and gas assets, these calculations are based on a number of variables and assumptions, including estimates of hydrocarbon reserves and resources, commodity prices, discount rates, future production profiles, operating and future development costs and fiscal regimes.

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

Future production profiles are based on the Group's life-of-field and development plans, which are dynamic and subject to revision as new information becomes available. These plans may be updated to reflect the results of subsurface and engineering work, changes in project economics, the timing of regulatory approvals and other execution factors.

Impairment of oil and gas assets continued

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

- Brent oil prices (real – 2025), US\$62.0 in 2026, US\$65.7 in 2027, US\$68.3 in 2028, US\$70.9 in 2029 and US\$73.5 in 2030 and beyond;
- Henry Hub gas prices (real – 2025), US\$3.9 in 2026, US\$3.9 in 2027, US\$4.0 in 2028, US\$4.1 in 2029 and US\$4.3 in 2030 and beyond;
- Post-tax nominal discount rates ranging between 9.2% to 10.8% have been applied reflecting the Group's assessment of the risks specific to the assets; and
- Resource estimates – for oil and gas properties the resources are as disclosed in the reserves and resources statement on page 36 of the Annual Report.

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

The Group did not identify any impairment of these CGUs as at 31 December 2025.

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates of reserves quantities used in amortisation and impairment/impairment reversal calculations

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

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

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

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

Right-of-use assets

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

During the year, following completion of the acquisition of the Baúna FPSO, the related lease arrangement was terminated and the associated right-of-use asset and lease liability were derecognised, resulting in a gain on disposal of FPSO right-of-use asset of \$35.3m (refer Note 3b). Accordingly, no right-of-use assets remain recognised at 31 December 2025 (2024: US\$134.9 million).

Refer to Note 14 'Leases' for the lease liabilities related to right-of-use assets held by Karoon at the end of the financial year.

NOTE 12. OIL AND GAS ASSETS CONTINUED

	NOTE	PRODUCTION ASSETS US\$M	FPSO ASSETS US\$M	DEVELOPMENT ASSETS US\$M	RIGHT OF USE ASSETS US\$M	CONSOLIDATED TOTAL US\$M
Financial year ended						
31 December 2024						
Balance at beginning of financial year		1,202.7	-	2.8	185.5	1,391.0
Acquisitions during the year		1.9	-	-	-	1.9
Additions during the year	2(c)	7.1	-	15.2	-	22.3
Disposals during the year		(0.6)	-	-	-	(0.6)
Tax credits received		(4.3)	-	-	-	(4.3)
Remeasurement of lease arrangements	14	-	-	-	(5.4)	(5.4)
Depreciation expense		(163.5)	-	-	(45.2)	(208.7)
Net decrease in provision for restoration	15(b)	(16.0)	-	-	-	(16.0)
Completions and transfers		18.0	-	(18.0)	-	-
Carrying amount at end of financial year		1,045.3	-	-	134.9	1,180.2
At 31 December 2024						
At cost		1,446.4	-	-	343.6	1,790.0
Accumulated depreciation		(401.1)	-	-	(208.7)	(609.8)
Carrying amount at end of financial year		1,045.3	-	-	134.9	1,180.2
Financial year ended						
31 December 2025						
Balance at beginning of financial year		1,045.3	-	-	134.9	1,180.2
Transfer from exploration and evaluation assets		1.1	-	-	-	1.1
Acquisitions during the year	2(c)	-	115.0	-	-	115.0
Additions during the year	2(c)	36.7	7.4	21.3	-	65.4
Disposals during the year		(0.1)	-	-	(118.7)	(118.8)
Remeasurement of lease arrangements	14	-	-	-	(2.0)	(2.0)
Depreciation expense		(151.6)	(13.9)	-	(14.2)	(179.7)
Net increase in provision for restoration	15(b)	53.6	-	-	-	53.6
Completions and transfers		21.3	-	(21.3)	-	-
Carrying amount at end of financial year		1,006.3	108.5	-	-	1,114.8
At 31 December 2025						
At cost		1,559.0	122.4	-	-	1,681.4
Accumulated depreciation		(552.7)	(13.9)	-	-	(566.6)
Carrying amount at end of financial year		1,006.3	108.5	-	-	1,114.8

NOTE 13. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

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

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

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

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

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

Impairment of Capitalised Exploration and Evaluation Expenditure

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

NOTE 13. EXPLORATION AND EVALUATION ASSETS CONTINUED

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Capitalised Exploration and Evaluation Expenditure

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

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

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

	NOTE	2025 US\$M	2024 US\$M
The reconciliation of exploration and evaluation expenditure carried forward is set out below:			
Balance at beginning of financial year		275.3	175.3
Transfer to oil and gas assets	12	(1.1)	-
Net increase in provision for restoration	15(b)	0.1	6.7
Additions during the year	2(c)	23.3	111.1
Costs of unsuccessful exploration wells	4(c)	-	(15.1)
Tax credits received		-	(2.7)
Carrying amount at end of financial year		297.6	275.3

NOTE 14. LEASES

The Group has lease contracts for property and other equipment used in its operations. Until 30 April 2025, the Group leased an FPSO vessel. On this date, the Group acquired the vessel for an amount of \$115m (refer Note 12), and the associated right-of-use asset and lease liability were derecognised.

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

Right-of-use assets

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

Lease liabilities

	2025 US\$M	2024 US\$M
Current	0.7	51.8
Non-current	0.4	125.9
Total lease liabilities	1.1	177.7
Reconciliation		
Balance at beginning of financial year	177.7	224.4
Additions during the year	0.6	0.6
Disposals during the year	(155.7)	-
Remeasurement of lease arrangements	(2.1)	(5.4)
Adjustment to fixed lease payments	-	(2.2)
Accretion of interest during the year	3.4	11.7
Payments made during the year	(22.9)	(51.1)
Net foreign currency differences	0.1	(0.3)
Total lease liabilities	1.1	177.7

NOTE 15. PROVISIONS

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

Restoration Costs

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

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS*Provision for Restoration*

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

In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, the estimated future level of inflation and appropriate discount rate. The ultimate costs of restoration are uncertain and cost estimates could be subject to revisions in subsequent years due to many factors including changes to the relevant legal and legislative requirements, the emergence of new restoration techniques or experience at other fields. Risks associated with climate change also continue to be monitored. Likewise, the appropriate future discount rates used in the calculation may be subject to change according to the risks inherent in the liability. The discount rate used to determine the restoration obligation at 31 December 2025 was based on applicable government bond rates with a tenure aligned to the tenure of the liability.

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

	2025 US\$M	2024 US\$M
Current		
Provision for long service leave	0.1	0.2
Provision for relocation	2.2	-
Total current provisions	2.3	0.2
Non-current		
Provision for long service leave	-	0.1
Provision for restoration (refer note (a) below)	278.4	214.2
Total non-current provisions	278.4	214.3

(a) Reconciliation of provision for restoration

	2025 US\$M	2024 US\$M
Balance at beginning of financial year	214.2	214.6
Additions during the year (refer note (i) below)	-	6.7
Discount unwinding on provision for restoration	10.5	9.0
Change in provision	53.7	(16.1)
Total provision for restoration	278.4	214.2

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

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

In June 2025, Karoon provided the ANP a surety bond totaling BRL\$843.8 million (US\$ 153.4 million equivalent at 31 December 2025) in respect of existing decommissioning obligations relating to the Baúna field. A parent company guarantee totaling BRL \$117.7 million (US\$21.4 million equivalent at 31 December 2025) was provided previously.

NOTE 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent Liabilities

As at reporting date, the Group believes that the recognition of a provision is not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required.

- (i) As part of the acquisition of Pacific Exploration and Production Corp's equity interest of Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 during the 2017 financial year, the Group agreed to pay Pacific Exploration and Production Corp. a deferred contingent consideration of \$5.0 million payable on first production reaching a minimum of 1 million barrels of oil equivalent from the Blocks. The deferred contingent obligation has not been provided for as at 31 December 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 31 December 2025 (31 December 2024: \$Nil).

SECTION E: CAPITAL FUNDING AND RISK MANAGEMENT

NOTE 17. BORROWINGS

	2025 US\$M	2024 US\$M
Non-current		
Long term bonds issued	350.0	350.0
Syndicated loan facility – secured	-	-
Less: transaction costs ⁽ⁱ⁾	(12.3)	(16.5)
Total non-current borrowings	337.7	333.5
Total borrowings	337.7	333.5

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

As at 31 December 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 facility ("Facility") with commitments totalling US\$340 million. The 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 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 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 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 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 Facility with the balance retained as cash.

Brent Oil Price Hedging

In accordance with the terms of the 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 year, Karoon's remaining 1,569,000 bought put options and 1,569,000 sold call options expired out of the money. At 31 December 2025, Karoon has no hedges in place.

Covenants

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

NOTE 18. OTHER FINANCIAL ASSETS AND LIABILITIES

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

Derivatives designated as hedging instruments

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

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

Cash flow hedges

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

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

	2025 US\$M	2024 US\$M
Assets		
Current		
Derivative financial instruments – cash flow hedges ⁽ⁱ⁾	-	0.6
Total assets	-	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⁾	6.8	55.4
Total non-current other financial liabilities	6.8	55.4
Total other financial liabilities	34.2	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 was to protect operating cash flows from a portion of crude oil sales against the risk of lower oil prices while retaining significant exposure to oil price upside. The hedges are also a requirement of the syndicated loan facility (refer Note 17).

The bought put and sold call options have been designated as cash flow hedges, and in the current period, changes in the fair value of the options and costs of hedging of \$1.6m pre-tax (\$1.2m net of tax) have been recognised in the hedging reserves within equity (refer Note 19). An amount of \$2.2m pre-tax has been reclassified to profit or loss. No losses were recognised in profit or loss for hedge ineffectiveness during the financial year.

At 31 December 2025, as the syndicated loan facility was currently undrawn, the Group had no outstanding hedges.

(ii) Reconciliation of contingent consideration payable

	2025 US\$M	2024 US\$M
Balance at beginning of financial year	143.0	222.5
Payments	(87.6)	(86.0)
Unrealised fair value changes recognised in profit or loss during the year	(21.2)	6.5
Total contingent consideration payable at fair value	34.2	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.

NOTE 18. OTHER FINANCIAL ASSETS AND LIABILITIES CONTINUED

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

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

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

At 31 December 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 \$21.2m to \$34.2m. \$27.4m, the amount payable in respect of the 2025 calendar year, was paid in January 2026.

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

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

A discount rate of 3.48% and interest per annum of 2% has been applied in the calculation of the present value at 31 December 2025.

NOTE 19. CONTRIBUTED EQUITY AND RESERVES WITHIN EQUITY

Ordinary shares are classified as equity

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

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

(a) Contributed Equity

	2025 NUMBER	2024 NUMBER	2025 US\$M	2024 US\$M
Ordinary shares, fully paid	722,097,286	764,369,698	1,129.5	1,174.6
Total contributed equity	722,097,286	764,369,698	1,129.5	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	NOTE	NUMBER OF ORDINARY SHARES	US\$M
1 January 2024	Opening balance in previous financial year		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	24(a)	2,125,537	-
31 December 2024	Balance at end of financial year		764,369,698	1,174.6
	Ordinary shares bought back (on-market) and cancelled		(43,530,890)	(45.1)
	Performance rights conversion	24(a)	1,258,478	-
31 December 2025	Balance at end of financial year		722,097,286	1,129.5

(c) Capital Management

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

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

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

NOTE 19. CONTRIBUTED EQUITY AND RESERVES WITHIN EQUITY CONTINUED**(d) Reserves Within Equity***(i) Share-based Payments Reserve*

The share-based payments reserve is used to recognise the grant date fair value of equity-settled share-based payments to Executive Directors, other key management personnel and employees as part of their remuneration, as described in the policy under Note 24 'Share based payments'.

(ii) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of financial statements into the presentation currency as described in Note 1(c). The relevant amounts included in the foreign currency translation reserve will be recognised in the consolidated statement of profit or loss and other comprehensive income when each relevant investment in the entity is disposed.

(iii) Hedging Reserves

The Group has previously entered into Brent oil price derivative hedges. Refer to Note 18(i) for more details.

The Group designates only the change in fair value of the spot element of the derivative transaction contracts (the intrinsic value of the option) as the hedging instrument in cash flow hedging relationships. The change in fair value of the value of the option contract in relation to time value of money is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

The following is a reconciliation of the movement of the hedging reserves:

	COST OF HEDGING RESERVE US\$M	INTRINSIC VALUE OF OPTIONS US\$M	TOTAL HEDGING RESERVES US\$M
Balance at beginning of financial year	(1.2)	-	(1.2)
Change in fair value of cash flow hedges and cost of hedging recognised in OCI	(0.6)	-	(0.6)
Reclassified from OCI to profit or loss – included in other expenses	2.2	-	2.2
Deferred tax	(0.4)	-	(0.4)
Balance at end of financial year	-	-	-

(iv) Distribution Reserve

The distribution reserve is used to record distributable profits generated by the Parent entity, Karoon Energy Ltd.

NOTE 20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), commodity price risk, credit risk and liquidity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of financial risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rates and commodity prices.

The overall financial risk management strategy of the Group is governed by the Board of Directors through the Audit, Risk and Governance Committee and is primarily focused on ensuring that the Group is able to finance its business plans, while minimising potential adverse effects on financial performance. The Board of Directors provides written principles for overall financial risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate, commodity price and credit risks, use of derivative financial instruments and investment of excess cash. Financial risk management is carried out by the Company's finance function under policies approved by the Board of Directors. The finance function identifies, evaluates and if necessary, hedges financial risks in close co-operation with the Chief Executive Officer and Managing Director. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities.

The Group's financial instruments consist of cash and cash equivalents, receivables, security deposits, trade and other payables, lease liabilities, borrowings, derivative financial instruments designated as cash flow hedges, and embedded derivatives.

The totals for each category of financial instruments in the consolidated statement of financial position are as follows:

	NOTE	2025 US\$M	2024 US\$M
Financial assets			
Cash and cash equivalents	8	206.1	341.2
Receivables	9	48.9	61.8
Other financial assets	18	-	0.6
Total financial assets		255.0	403.6
Financial liabilities			
Trade and other payables (refer note (i) below)		73.3	57.1
Borrowings (refer note (ii) below)	17	350.0	350.0
Other financial liabilities (refer note (iii) below)	18	34.2	143.0
Lease liabilities	14	1.1	177.7
Total financial liabilities		458.6	727.8

(i) Trade and other payables above exclude amounts relating to annual leave liabilities, which are not considered a financial instrument.

(ii) Borrowings above exclude transaction costs.

(iii) Other financial liabilities relate to the contingent consideration payable to Petrobras as part of the acquisition of Baúna (refer Note 18).

(a) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Company's functional currency.

The Group's revenue, significant operating expenditure and a large component of capital obligations are predominantly denominated in US\$.

The Group's remaining foreign exchange risk exposures relate to administrative and business development expenditures incurred at the corporate level in A\$, and operating, tax and capital expenditures incurred by the Group in relation to operating the Baúna production asset in Brazil in Brazilian REAL. These items are translated to US\$ equivalents at each period end, and the associated gain or loss is taken to the consolidated statement of profit and loss and other comprehensive income.

The Group manages foreign exchange risk at the corporate level by monitoring forecast cash flows in currencies other than US\$ and ensuring that adequate Brazilian REAL and A\$ cash balances are maintained. Foreign currencies are bought on the spot market in excess of immediate requirements. Where currencies are purchased in advance of requirements, these balances do not usually exceed 3 months' requirements. The appropriateness of A\$ and Brazilian REAL holdings are reviewed regularly against future commitments and current A\$ and Brazil REAL market expectations.

Periodically, sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used. Foreign currency hedging transactions were not entered into during the financial year or previous financial periods.

The Group is not exposed to material translation exposures at the end of the current financial year as the majority of its financial assets and liabilities are denominated in US\$ and as such, no foreign currency sensitivity analysis has been disclosed.

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of financial assets and financial liabilities will fluctuate because of changes in market interest rates. Interest rate risk is managed on a Group basis at the corporate level. This risk is managed through the use of cash flow forecasts supplemented by sensitivity analysis.

As at 31 December 2025 and 31 December 2024, there was no interest rate hedging in place.

The Group's interest rate risk arises from any borrowings at floating rates and cash and cash equivalents and security deposits which earn interest at floating rates. As long-term borrowings and the majority of cash and cash equivalents are held in US\$, the primary exposure is to US\$ interest rates.

An analysis of the Group's exposure to interest rate risk for financial assets and financial liabilities at the end of the financial year is set out below:

	FLOATING INTEREST RATE US\$M	FIXED INTEREST RATE US\$M	NON- INTEREST BEARING US\$M	FAIR VALUE US\$M	CARRYING AMOUNT US\$M
31 DECEMBER 2025					
Financial assets					
Cash and cash equivalents	164.4	41.7	–	206.1	206.1
Receivables	–	–	48.9	48.9	48.9
Total financial assets	164.4	41.7	48.9	255.0	255.0
Financial liabilities					
Trade and other payables	–	–	73.3	73.3	73.3
Borrowings	–	350.0	–	350.0	350.0
Other financial liabilities	–	34.2	–	34.2	34.2
Lease liabilities	–	–	1.1	1.1	1.1
Total financial liabilities	–	384.2	74.4	458.6	458.6
31 DECEMBER 2024					
Financial assets					
Cash and cash equivalents	207.4	133.5	0.3	341.2	341.2
Receivables	–	–	61.8	61.8	61.8
Other financial assets	–	–	0.6	0.6	0.6
Total financial assets	207.4	133.5	62.7	403.6	403.6
Financial liabilities					
Trade and other payables	–	–	57.1	57.1	57.1
Borrowings	–	350.0	–	350.0	350.0
Other financial liabilities	–	143.0	–	143.0	143.0
Lease liabilities	–	–	177.7	177.7	177.7
Total financial liabilities	–	493.0	234.8	727.8	727.8

Interest Rate Sensitivity Analysis

The following table details the Group's sensitivity to a 1% p.a. increase or decrease in interest rates, with all other variables held constant. The sensitivity analysis is based on the balance of floating interest rate amounts held at the end of the financial year.

The sensitivity analysis is not fully representative of the inherent interest rate risk, as the financial year end exposure does not necessarily reflect the exposure during the course of a financial year. These sensitivities should not be used to forecast the future effect of movements in interest rates on future cash flows.

	2025 US\$M	2024 US\$M
Change in profit(loss) before income tax		
– Increase of interest rate by 1% p.a.	1.6	2.1
– Decrease of interest rate by 1% p.a.	(1.6)	(2.1)
Change in financial instruments		
– Increase of interest rate by 1% p.a.	1.6	2.1
– Decrease of interest rate by 1% p.a.	(1.6)	(2.1)

(b) Commodity Price Risk

The Group is exposed to commodity price fluctuations associated with the production and sale of oil. Commodity price risk is managed on a Group basis at the corporate level. To mitigate commodity price risk, in prior periods, the Group entered into Brent oil price cash flow hedges. No additional hedges were entered into during the year ended 31 December 2025. In a prior period, the Group entered into Brent oil price cash flow hedges via a collar structure consisting of bought put and sold call options covering the period from March 2024 to December 2025. During the financial year, approximately 14% of actual production volume was hedged. At reporting date, the Group did not have any hedges in place (refer Note 18). At 31 December 2025, a 10% increase or decrease in the Brent oil price would have no material impact on the hedge related balances within the financial statements.

Commodity Price Sensitivity Analysis – Contingent Consideration

As part of the acquisition of Baúna, the Group agreed to pay Petrobras contingent consideration of up to \$285 million plus interest of 2% per annum accruing from 1 January 2019. The fair value of the contingent consideration has been accounted for as an embedded derivative and estimated by calculating the present value of the future expected cash outflows. The estimates are based on the Group's internal assessment of future oil prices. A discount rate of 3.48% and inflation factor of 2% have also been applied. Refer to Note 18 for more details.

The following table details the Group's sensitivity to a 10% increase or decrease in its internal assessment of future oil prices on the contingent consideration payable to Petrobras.

	2025 US\$M	2024 US\$M
Change in profit/(loss) before income tax		
– Increase of oil price by 10%	(3.0)	–
– Decrease of oil price by 10%	8.2	13.1
Change in financial liabilities		
– Increase of oil price by 10%	3.0	–
– Decrease of oil price by 10%	(8.2)	(13.1)

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED**(c) Credit Risk**

The maximum exposure to credit risk at the end of the financial year is the carrying amount of the financial assets as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents and security deposits held with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and refundable tax credits.

Credit risk is managed on a Group basis at the corporate level. To minimise credit risk, the Group has adopted a policy of only dealing with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result being the Group's exposure to bad debts is minimised. The Group does not currently hold collateral, nor does it securitise its receivables.

The Group has policies in place to ensure that services are made to customers with an appropriate credit history.

Cash and cash equivalents and security deposit counterparties are limited to credit quality banks and financial institutions. For banks and financial institutions in Australia, only independently rated counterparties with a minimum rating of A2 are accepted. For banks and financial institutions in Brazil, only independently rated counterparties with a minimum rating of Baa2 are accepted. For banks and financial institutions in Brazil, with independently rated counterparty ratings below Baa1, exposure cannot exceed the short-term country specific cash requirements unless they are associated banks of an International Bank with a higher credit rating. Cash and cash equivalents are held offshore by the Group's Brazilian subsidiary out of London with an International Bank with a rating of Baa2. The Group's credit exposure and external credit ratings of its counterparties are monitored on a periodic basis. Where commercially practical, the Group seeks to limit the amount of credit exposure to any one bank or financial institution.

(i) Impairment of Financial Assets

The Group has two types of financial assets that are subject to AASB 9 'Financial Instruments' 'expected credit loss' model: receivables and security deposits. The Group has applied the AASB 9 general model approach to measure expected credit losses for all receivables and security deposits.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was considered not significant given the counterparties and/or the short maturity.

Expected Credit Loss

When required, the carrying amount of the relevant financial asset is reduced through the use of a loss allowance account and the amount of any loss is recognised in the consolidated statement of profit or loss and other comprehensive income. When measuring expected credit losses, balances are reviewed based on available external credit ratings, historical loss rates and the days past due.

Receivables

The Group's receivables are considered to have low credit risk on the basis that there is a very low risk of default and the debtors have a strong (robust) capacity to meet their obligations in the short-term. The average DPO is 30 to 45 days and debtors have a healthy credit risk rating. Accordingly, for receivables management has assessed an impairment test using a 12-month expected credit loss model measure and determined that there are no expected credit losses.

As at 31 December 2025, there were \$Nil (31 December 2024: \$Nil) receivables past due and the loss allowance for receivables recognised during the financial year was \$Nil (31 December 2024: \$Nil).

(ii) Impairment of Assets (Other than Oil and gas assets and Capitalised Exploration and Evaluation Expenditure)

At the end of each reporting period, the Group conducts an internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by ensuring that there are sufficient funds available to meet financial obligations on a day-to-day basis and to meet unexpected liquidity needs in the normal course of business. Emphasis is placed on ensuring there is sufficient funding in place to meet the ongoing operational requirements of the Group's production activities, exploration, evaluation and development expenditure, and other corporate initiatives.

The following mechanisms are utilised to manage liquidity risk:

- preparing and maintaining rolling forecast cash flows in relation to operational, investing and financing activities;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets;
- managing credit risk related to financial assets;
- when necessary, utilising short-term and long-term loan facilities;
- investing surplus cash only in credit quality banks and financial institutions; and
- maintaining a reputable credit profile.

At the end of the financial year, the Group held cash and cash equivalents at call of \$206.1m (31 December 2024: \$341.2m) that are expected to readily generate cash inflows for managing liquidity risk. The Group had external borrowings of \$350.0m (31 December 2024: \$350.0m).

The Group had access to the following undrawn borrowing facilities at the end of the financial year:

	2025 US\$M	2024 US\$M
Floating rate		
– Expiring beyond one year (syndicated loan facility)	340.0	340.0

An analysis of the Group's financial liabilities contractual maturities at the end of the financial year is set out in the tables below. The amounts disclosed in the table are the contractual undiscounted cash flows comprising principal and interest repayments.

31 DECEMBER 2025	LESS THAN 6 MONTHS US\$M	6-12 MONTHS US\$M	1-3 YEARS US\$M	3-5 YEARS US\$M	OVER 5 YEARS US\$M	TOTAL US\$M
Financial liabilities						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	67.8	–	7.8	–	–	75.6
Borrowings	18.4	18.4	73.5	368.4	–	478.7
Lease liabilities	0.4	0.4	0.4	0.1	–	1.3
<i>Derivative financial liabilities</i>						
Contingent consideration – embedded derivative	27.4	–	6.8	–	–	34.2
Total financial liabilities	114.0	18.8	88.5	368.5	–	589.8

NOTE 20. FINANCIAL RISK MANAGEMENT CONTINUED

31 DECEMBER 2024	LESS THAN 6 MONTHS US\$M	6-12 MONTHS US\$M	1-3 YEARS US\$M	3-5 YEARS US\$M	OVER 5 YEARS US\$M	TOTAL US\$M
Financial liabilities						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	52.2	–	4.9	–	–	57.1
Borrowings	18.4	18.4	73.5	405.1	–	515.4
Lease liabilities	30.1	30.6	120.5	13.7	–	194.9
<i>Derivative financial liabilities</i>						
Derivative financial instruments – cash flow hedges	0.1	0.5	–	–	–	0.6
Contingent consideration – embedded derivative	87.6	–	39.4	16.0	–	143.0
Total financial liabilities	188.4	49.5	238.3	434.8	–	911.0

(e) Fair Value Estimation

For disclosure purposes only, the fair values of financial assets and financial liabilities as at 31 December 2025 and 31 December 2024 are presented in the table under Note 20(a)(ii) and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values estimated for disclosure purposes are based on information that is subject to judgement, where changes in assumptions may have a material impact on the amounts estimated.

The following summarises the significant methods and assumptions used in estimating fair values of financial assets and financial liabilities for disclosure purposes:

Cash and Cash Equivalents

The carrying amount is fair value due to the liquid nature of these assets.

Receivables

The carrying amounts of current receivables are assumed to approximate their fair values due to their short-term nature.

Trade and Other Payables

Due to the nature of these financial liabilities, their carrying amounts are a reasonable approximation of their fair values.

Lease Liabilities

Fair value is calculated based on the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's estimated incremental borrowing rate.

Derivative Financial Instruments – Cash Flow Hedges

The fair value of derivative financial instruments designated as cash flow hedges are obtained from third party valuations. The fair value is determined using valuation techniques which maximise the use of observable market data.

Other Financial Liabilities – Embedded Derivative

The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash outflows. The estimates are based on the Group's internal assessment of future oil prices, which considers industry consensus and observable oil price forecasts. A discount rate of 3.48% and 2% inflation factor has also been applied.

Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique in accordance with AASB 13 '*Fair Value Measurement*':

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments were valued using the Level 2 valuation technique. There has been no change in levels since the prior year.

**SECTION F:
GROUP STRUCTURE**

NOTE 21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described throughout the notes.

NAME	COUNTRY OF INCORPORATION OR REGISTRATION	BUSINESS ACTIVITIES CARRIED ON IN	PERCENTAGE OF EQUITY AND VOTING INTERESTS HELD BY THE GROUP	
			2025 %	2024 %
Parent Company:				
Karoon Energy Ltd	Australia	Australia		
Unlisted subsidiaries of Karoon Energy Ltd:				
Karoon Energy International Pty Ltd	Australia	Australia	100	100
Karoon Gas Browse Basin Pty Ltd	Australia	Australia	100	100
Karoon Gas (FPSO) Pty Ltd	Australia	Australia	100	100
Unlisted subsidiaries of Karoon Energy International Pty Ltd:				
KEI (Brazil Santos) Pty Ltd	Australia	Australia	100	100
Karoon Peru Pty Ltd	Australia	Australia	100	100
KEI (Peru Z38) Pty Ltd	Australia	Australia	100	100
Karoon Energy North America Holdings Pty Ltd (formerly known as A.C.N. 672 679 793 Pty Ltd)	Australia	Australia	100	100
Unlisted subsidiaries of KEI (Brazil Santos) Pty Ltd:				
KEI Finance 1 Pty Ltd	Australia	Australia	100	100
Karoon Petróleo & Gás Ltda	Brazil	Brazil	100	100
Branch of KEI (Peru Z38) Pty Ltd:				
KEI (Peru Z38) Pty Ltd, Sucursal del Peru	Peru	Peru	-	100
Unlisted subsidiary of Karoon Energy North America Holdings Pty Ltd (formerly known as A.C.N. 672 679 793 Pty Ltd)				
Karoon Energy North America Group Inc.	USA	USA	100	-
Unlisted subsidiaries of Karoon Energy North America Group Inc.				
KUSA Inc.	USA	USA	100	100
Karoon USA Finance Inc	USA	USA	100	100
Karoon Energy Management, Inc.	USA	USA	100	-

NOTE 22. PARENT COMPANY FINANCIAL INFORMATION

The financial information for the Parent Company, Karoon Energy Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of Karoon Energy Ltd. They are held for strategic and not trading purposes. Dividends received from subsidiaries are recognised in the profit or loss.

Share-based Payments

The grant by the Company of equity-settled performance rights over its ordinary shares to the employees of subsidiary companies in the Group is treated as a capital contribution to that subsidiary company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

(a) Summary Financial Information

The individual financial statements for the Parent Company show the following aggregate amounts:

	2025 US\$M	2024 US\$M
Statement of financial position		
Current assets	83.1	111.4
Non-current assets	679.3	655.3
Total assets	762.4	766.7
Current liabilities	18.2	4.8
Non-current liabilities	-	2.9
Total liabilities	18.2	7.7
Net assets	744.2	759.0
Contributed equity	1,129.5	1,174.6
Accumulated losses	(636.0)	(644.9)
Distribution reserve	332.6	367.8
Share-based payments reserve	62.9	60.1
Foreign currency translation reserve	(144.8)	(198.6)
Total equity	744.2	759.0
Profit/(loss) for financial year	8.9	367.8
Total comprehensive income/(loss) for financial year	(56.8)	49.3

(b) Contingent Liabilities of Parent Company

- | | | |
|--|-----|-----|
| (i) Bank guarantees were provided in respect of property lease rental agreements. These guarantees may give rise to liabilities in the Parent Company if obligations are not met under these guarantees. The bank guarantees given to lessors are fully funded by way of payment of security deposits. | 0.2 | 0.2 |
| (ii) The Company's present intention is to provide the necessary financial support for all Australian incorporated subsidiaries, whilst they remain wholly owned subsidiaries, as is necessary for each company to pay all debts as and when they become due. | | |

(c) Guarantees Entered into by Parent Company

- A parent company guarantee totalling BRL \$117.7 million (US\$21.4 million equivalent at 31 December 2025) was provided to the ANP in respect of existing decommissioning obligations relating to the Baúna field. A surety bond has been issued to the ANP to replace this guarantee. Management is actively working to have the Parent Company guarantee released.
- Parent Company guarantees have been provided to the ANP guaranteeing a subsidiary's obligations under Concession Agreements covering Santos Basin Blocks BM-S-61, BM-S-68, S-M-1102 and S-M-1537 in Brazil.

**SECTION G:
OTHER INFORMATION**

NOTE 23. COMMITMENTS

	2025 US\$M	2024 US\$M
(a) Capital and Service Expenditure Commitments		
Contracts for capital and service expenditure in relation to assets not provided for in the consolidated financial statements and payable.		
Capital commitments		
Not later than one year	0.7	24.9
Later than one year but not later than five years	-	-
Total capital commitments	0.7	24.9
Service commitments		
Service commitments predominantly relating to logistics and services contracts for the Baúna FPSO		
Not later than one year	30.8	27.4
Later than one year but not later than five years	9.6	21.8
Total service commitments	40.4	49.2
Total capital and service expenditure commitments	41.1	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 SM1537, S-M-1356 and S-M-1482) not provided for in the consolidated financial statements and payable.		
Not later than one year	8.9	-
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	19.8	5.2

Note, the figures above do not include any commitments in relation to Exploration Blocks BM-S-61 and BM-S-68 relating to the Neon and Goiás light oil discoveries. In accordance with Brazilian regulatory requirements, during January 2019 Karoon submitted both a Final Discovery Evaluation Report and Declaration of Commerciality for the discoveries. This transitioned the Blocks for Brazilian regulatory requirements, from the exploration phase to the development phase. However, it does not mean that Karoon has reached, nor is compelled to reach, a final investment decision ('FID') to proceed into a Development of the discoveries.

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

NOTE 24. SHARE-BASED PAYMENTS

Share-based remuneration benefits are provided to the Chief Executive Officer and Managing Director and employees via the Company's PRP. The Group issues equity-settled share-based payments to certain employees.

The fair value of performance rights granted is recognised as a share-based payments expense in the consolidated statement of profit or loss and other comprehensive income. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions, but excludes the impact of any service and non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of performance rights that are expected to vest.

The fair value is measured at grant date. For equity-settled share-based payments the corresponding credit is recognised directly in the share-based payments reserve in equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of performance rights that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income.

The fair value of performance rights, granted for \$nil consideration, at grant date is based on the Company's closing share price at that date, with the exception of long-term performance rights granted during the current financial period.

Long term performance rights granted during the current financial period, which are subject to market-based performance conditions, have been valued using a Monte Carlo simulation approach.

The share-based payment plans are described below. There has been no cancellation to a plan during the financial period.

KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Share-based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the performance right, volatility and dividend yield and making assumptions about them at grant date. The fair value of long term performance rights issued during the current financial year are valued using a Monte Carlo simulation approach taking into account the terms and conditions on which the performance rights were granted.

The cumulative share-based payments expense recognised reflects the extent, in the opinion of management, to which the vesting period has expired and the number of and performance rights granted that will ultimately vest. At the end of each reporting period, the unvested performance rights are adjusted by the number forfeited during the reporting period to reflect the actual number of performance rights outstanding.

(a) Performance Rights Plan ('PRP')

The Company currently has two PRPs in place, the 2022 PRP and 2025 PRP. The 2025 PRP was approved by shareholders at the 2025 Annual General Meeting.

Under the PRP, eligible employees are offered performance rights, which subject to performance conditions, can on exercise be converted to fully paid ordinary shares in the Company, or equivalent cash value, for no consideration provided certain conditions have been met. Vesting of STI performance rights is conditional on the achievement of performance measures, over a one-year performance period, and provided the employee remains employed by the Company for an additional year. Vesting of LTI performance rights is conditional on the achievement of performance measures over a three-year performance period. In each case, the Board of Directors, on advice from the People and Culture Committee, will be responsible for assessing whether the performance measures have been achieved. When vested, each performance right is, subject to exercise, convertible into one ordinary share of the Company.

Performance rights granted carry no dividend or voting rights.

If there is a change of control of the Company, for all unexercised performance rights issued pursuant to the Company's PRP, a percentage amount of unvested performance rights may vest on the basis of the pro-rata achievement of pre-determined performance conditions.

NOTE 24. SHARE-BASED PAYMENTS CONTINUED

During the financial year, no performance rights were granted to the Chief Executive Officer and Managing Director, Ms Carri Lockhart, who was appointed on 3 November 2025. The Group granted 656,583 performance rights (31 December 2024: 628,069) over unissued ordinary shares in the Company to the former Chief Executive Officer and Managing Director, Dr Julian Fowles. The performance rights provided to the former Chief Executive Officer and Managing Director were subject to approval by shareholders at the 2025 Annual General Meeting. Performance rights issued to Directors are approved on a case-by-case basis by shareholders at relevant general meetings.

The following summary reconciles the outstanding performance rights over unissued ordinary shares in the Company at the beginning and end of the financial year:

	2025 NUMBER	2024 NUMBER
Balance at beginning of financial year	6,572,766	5,708,599
Granted during financial year	5,114,505	3,560,384
Vested and converted during financial year	(1,258,478)	(2,125,537)
Forfeited during financial year	(1,487,117)	(570,680)
Balance at end of financial year	8,941,676	6,572,766
Vested and exercisable at end of financial year	188,096	64,748

(i) The weighted average fair value of performance rights granted during the financial year was A\$1.03 (31 December 2024: A\$0.94). Fair values of STI performance rights were based on the Company's closing share price at grant date whereas LTI performance rights were based on a Monte Carlo simulation valuation at grant date. Refer to details at Note 24(b) below.

(ii) The weighted average exercise price of performance rights converted during the financial year was A\$Nil (2024: A\$Nil).

Performance rights issued during the financial year were issued under the 2025 PRP.

Performance rights outstanding as at 31 December 2025 had a weighted average remaining contractual life of 875 days (31 December 2024: 845 days). Details of performance rights outstanding at the end of the financial year are:

GRANT DATE	DATE OF EXPIRY	NUMBER
16 December 2022	30 June 2026	143,263
31 March 2023	30 June 2026	39,484
23 November 2023	30 June 2027	871,595
23 May 2024	31 December 2027	2,567,866
1 October 2024	23 June 2027	99,174
1 October 2024	31 December 2027	446,554
23 May 2024	31 December 2025	5,349
22 May 2025	31 December 2026	114,557
22 May 2025	31 December 2028	4,375,704
22 August 2025	30 June 2027	100,904
22 August 2025	30 June 2028	100,904
17 October 2025	31 December 2028	76,322
Total performance rights		8,941,676

(b) Fair Value of Performance Rights

The fair value of each LTI performance right issued during the financial year was estimated on grant date using the Monte Carlo valuation methodology. The Monte Carlo valuation methodology takes into account the exercise price, the term of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right. The fair value of STI performance rights issued during the current or previous financial periods were based on the Company's closing share price at grant date.

The Group applied the following assumptions and inputs in estimating the weighted average fair value for LTI performance rights:

	2025	2024
Weighted average exercise price	\$A Nil	\$A Nil
Weighted average life of performance rights	1,317 days	1,289 days
Weighted average share price	A\$1.57	A\$1.78
Expected share price volatility	40.31%	42.89%
Risk free interest rate	3.36%	4.01%
Dividend yield	3.92%	3.95%
Weighted average performance rights value	A\$0.97	A\$0.84

Historical volatility was the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

(c) Share-based Payments Expense

Total expenses arising from share-based payment transactions recognised during the financial year, included as part of other expenses in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2025 US\$M	2024 US\$M
Share-based payments expense (non-cash)	2.8	2.4
Total share-based payments expense	2.8	2.4

NOTE 25. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

(a) Subsidiaries

Interests in subsidiaries are set out in Note 21.

During the financial year, the Parent Company provided accounting, administrative and technical services to subsidiaries at cost or at cost plus a mark-up where required under relevant tax transfer pricing legislation. These allocations were based on costs recharged on a relevant time allocation of employees and consultants and associated office charges.

Other transactions that occurred were provision of funding by the Parent Company to its overseas subsidiaries via an increase in contributed equity and intercompany loans to the Australian subsidiaries. The intercompany loans provided are at a Nil% interest rate (2024: Nil%) and no fixed term for repayment and therefore will not be repaid within 12 months. Loans are unsecured and are repayable in cash.

The Parent Company also received dividends from its Australian subsidiaries during the prior year.

Where equity-settled performance rights are issued to employees of subsidiaries within the Group, the transaction is recognised as an investment in the subsidiary by the Parent Company and in the subsidiary, a share-based payments expense and an equity contribution by the Parent Company.

The above transactions are eliminated on consolidation.

(b) Remuneration of Key Management Personnel

Directors and other key management personnel remuneration is summarised as follows:

	2025 US\$000	2024 US\$000
Short-term employee benefits	2,806	2,163
Post-employment benefits	218	177
Long-term employee benefits (non-cash)	50	128
Termination benefits	284	-
Share-based payments expense	862	892
Total key management personnel remuneration	4,220	3,360

Detailed remuneration disclosures for the Directors and other key management personnel are provided in Section 10 of the audited Remuneration Report on pages 69 to 76. Termination of the Executive Director's and other key management personnell's employment is subject to a minimum notice period as disclosed on page 67 of the audited Remuneration Report.

Apart from the details disclosed in this note, no Director or other key management personnel has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' or other key management personnel interests subsisting as at 31 December 2025.

(c) Other Transactions with Directors and Other KMP

During 2025, the Group paid US\$820,218 to Radix Engenharia e Software (Radix), an entity of which Mr Tadeu Fraga, a Non-Executive Director, is a Board member. Radix provided engineering consulting services to the Group at market prices.

During 2025, Ms Fraga, a family member of Mr Tadeu Fraga, a Non-Executive Director, remained employed by the Group as P&C Co-ordinator in Brazil. The total value of her remuneration (including share-based payments expense) during the financial year was US\$124,271. Ms Fraga's employment with the Karoon Group commenced prior to the appointment of Mr Fraga.

Ms Lockhart, Executive Director, is currently a non-executive director of Williams Companies (NYSE: WMB) (Williams). The Group utilises Williams group companies for ongoing gas transportation and processing services at market prices. The Group paid \$368,374 to Transco and Williams Field Services from Ms Lockhart's appointment on 3 November 2025 to 31 December 2025. These contracts were assigned to the Group at the time of the Who Dat asset acquisition (in Q4 of 2023) and Ms Lockhart was not an employee or director of Karoon at the time of the assignment. In addition, we note that Karoon has limited optionality of offtake from the Who Dat facility and Ms Lockhart is not currently involved in the day-to-day management of the contracts.

NOTE 26. REMUNERATION OF EXTERNAL AUDITORS

	2025 US\$'000	2024 US\$'000
The auditor of Karoon Energy Ltd is PricewaterhouseCoopers.		
Remuneration received or due and receivable by the external auditors of the Company for:		
– Audit and review of financial statements of Karoon Energy Ltd Group (PricewaterhouseCoopers Australia)	302	314
– Audit and review of financial statements of controlled entities (Related Practices of PricewaterhouseCoopers Australia)	149	150
Sub-total	451	464
Other assurance services	101	77
Other services		
Other audit-related services ⁽ⁱ⁾	-	383
Total remuneration of external auditors	552	924

(i) Other audit-related services relate to comfort letter procedures performed by the auditor pursuant to the long term bond issuance (refer Note 17).

NOTE 27. SUBSEQUENT EVENTS

On 25 February 2026, the Board of Directors of Karoon Energy Ltd declared a final dividend of 3.1 Australian cents per share in respect of the 2025 financial year. Consequently, the financial effect of the dividend has not been brought to account in the 2025 financial statements and will be recognised in subsequent financial reports.

Other than the matters described above, there have been no material events which have arisen since 31 December 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 31 DECEMBER 2025

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

ENTITY	ENTITY TYPE	BODY CORPORATE COUNTRY OF INCORPORATION	BODY CORPORATE % OF SHARE CAPITAL HELD	COUNTRY OF TAX RESIDENCE
Karoon Energy Ltd	Body corporate	Australia	100	Australia
Karoon Energy International Pty Ltd	Body corporate	Australia	100	Australia
Karoon Gas Browse Basin Pty Ltd	Body corporate	Australia	100	Australia
Karoon Gas (FPSO) Pty Ltd	Body corporate	Australia	100	Australia
KEI (Brazil Santos) Pty Ltd	Body corporate	Australia	100	Australia
Karoon Peru Pty Ltd	Body corporate	Australia	100	Australia
KEI (Peru Z38) Pty Ltd	Body corporate	Australia	100	Australia
KEI Finance 1 Pty Ltd	Body corporate	Australia	100	Australia
Karoon Energy North America Holdings Pty Ltd (formerly known as A.C.N. 672 679 793 Pty Ltd)	Body corporate	Australia	100	Australia
Karoon Petróleo & Gás Ltda	Body corporate	Brazil	100	Australia and Brazil
KUSA Inc.	Body corporate	US	100	US
Karoon USA Finance Inc.	Body corporate	US	100	US
Karoon Energy North America Group Inc	Body corporate	US	100	US
Karoon Energy Management Inc	Body corporate	US	100	US

DIRECTORS' DECLARATION

The Directors' declare that:

- (a) in the Directors' opinion, the consolidated financial statements and notes, set out on pages 79 to 127 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with relevant Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial 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; and
- c) in the Directors' opinion the consolidated entity disclosure statement is true and correct.

Note 1(a) confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Managing Director, and Executive Vice President and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors:



Mr Peter Botten
Independent Non-Executive Chairman



Ms Carri Lockhart
Chief Executive Officer and Managing Director

26 February 2026

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the members of Karoon Energy Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Karoon Energy Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended;
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 31 December 2025;
- the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether



sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit, Risk and Governance Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Assessing the carrying value of oil and gas assets (Refer to note 12)</p> <p>As at 31 December 2025, the Group's consolidated statement of financial position includes oil and gas assets amounting to US\$1,114.8 million.</p> <p>The Group's policy is to assess for indicators of impairment annually or more frequently if indicators of impairment exist. During the year, the Group identified an indicator of impairment and completed an impairment assessment for the Baúna and Who Dat cash generating units (CGUs).</p> <p>The recoverable amounts of the CGUs were estimated under the fair value less costs of disposal method.</p> <p>The impairment assessment required the Group to make significant estimates and forward looking assumptions, as described in Note 12.</p> <p>This was a key audit matter due to the significance of the carrying value of oil and gas assets to the consolidated statement of financial position and the judgements and assumptions involved in estimating the recoverable amounts of the CGUs.</p>	<p>We performed the following procedures, amongst others, in relation to this key audit matter:</p> <ul style="list-style-type: none"> • Evaluated the Group's assessment of whether there were any indicators of impairment, which included a comparison of the net assets of the Group at year end to its market capitalisation as at 31 December 2025. • Assessed whether the composition of each CGU was consistent with our knowledge of the Group's operations. • Evaluated whether the valuation methodology applied by the Group was consistent with the requirements of Australian Accounting Standards. • Considered whether the forecast cash flows used in the impairment models were reasonable by comparing, amongst other procedures: <ul style="list-style-type: none"> ○ The Brent oil price and Henry Hub gas price assumptions to current market forecasts, assisted by PwC valuation experts, and ○ The estimated oil and gas production levels to the Group's most recent Hydrocarbon Reserves and Resource statement. • Assessed whether the discount rates applied appropriately reflected the risks of the CGUs, assisted by PwC valuation experts. • Assessed whether the carrying value of each CGU appropriately included directly attributable assets and liabilities. • Evaluated the reasonableness of the disclosures made in the Group's consolidated financial report against the requirements of Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report and a separate review conclusion on the specified sustainability disclosures within the sustainability report, in accordance with the scope of Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*. We have also issued a separate limited assurance conclusion on other selected sustainability information included in the sustainability report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes



our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2025.

In our opinion, the remuneration report of Karoon Energy Ltd for the year ended 31 December 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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

PricewaterhouseCoopers

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

Graeme McKenna
Partner

Melbourne
26 February 2026

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in the Annual Report is set out below.

The information was applicable for the Company as at 29 January 2026.

DISTRIBUTION OF SHAREHOLDING

The number of shareholders ranked by size of holding is set out below:

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF ORDINARY SHARES ON ISSUE
Less than 1,000	3,685	1,808,247
1,001 to 5,000	4,689	12,784,540
5,001 to 10,000	2,136	16,350,932
10,001 to 100,000	2,954	82,938,045
More than 100,000	293	607,102,554
Total	13,757	720,984,318

There were 1,068 shareholders holding less than a marketable parcel of ordinary shares to the value of A\$500.

SUBSTANTIAL SHAREHOLDERS

The number of ordinary shares held by substantial shareholders and their associates (who held 5% or more of total fully paid ordinary shares on issue), as disclosed in substantial holder notices given to the Company, is set out below:

SHAREHOLDER	FULLY PAID ORDINARY SHARES	
	NUMBER HELD	% OF ISSUED ORDINARY SHARES
Australian Retirement Trust	51,119,766	7.08
First Sentier Investor Holdings Ptd Limited	56,962,815	7.89
Vanguard Group	46,411,633	6.43
State Street Corporation and Subsidiaries	70,844,600	9.81
Total	225,338,814	31.21

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the Company's ordinary shares are listed below:

SHAREHOLDER	FULLY PAID ORDINARY SHARES	
	NUMBER HELD	% OF ISSUED ORDINARY SHARES
1 HSBC Custody Nominees (Australia) Limited	184,485,999	25.59
2 J P Morgan Nominees Australia Pty Limited	130,844,369	18.15
3 Citicorp Nominees Pty Limited	128,040,222	17.76
4 BNP Paribas Noms Pty Ltd	19,503,732	2.71
5 BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	9,068,294	1.26
6 BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	8,925,356	1.24
7 WHSP Holdings Pty Limited	7,825,000	1.09
8 Palm Beach Nominees Pty Limited	6,875,120	0.95
9 HSBC Custody Nominees (Australia) Limited – A/C 2	6,390,509	0.89
10 HSBC Custody Nominees (Australia) Limited-GSCO ECA	6,170,052	0.86
11 HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	5,289,106	0.73
12 BNP Paribas Nominees Pty Ltd <Clearstream>	2,689,224	0.37
13 Netwealth Investments Limited <Wrap Services A/C>	2,605,474	0.36
14 Greenhill Road Investments Pty Ltd	2,450,000	0.34
15 Pickard Capital Pty Ltd	2,350,000	0.33
16 Sandhurst Trustees Ltd <Collins St Value Fund A/C>	2,303,123	0.32
17 Mr Kenneth Joseph Hall <Hall Park A/C>	2,050,000	0.28
18 Moorgate Investments Pty Ltd	1,958,432	0.27
19 Dr Julian David Fowles	1,894,002	0.26
20 Invia Custodian Pty Limited <Ropat Nominees Pty Ltd A/C>	1,474,465	0.20
Total	533,192,479	73.96

UNLISTED EQUITY SECURITIES: PERFORMANCE RIGHTS

The following performance rights over unissued ordinary shares of the Company are not quoted:

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF UNLISTED PERFORMANCE RIGHTS ON ISSUE
Performance rights issued pursuant to Company's Performance Rights Plans	63	8,906,204
Total	63	8,906,204

VOTING RIGHTS

(a) Ordinary Shares, Fully Paid

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

(b) Unlisted Performance Rights

No voting rights.

OTHER INFORMATION

The Company was incorporated as a public company on 11 November 2003.

The Company was admitted to the ASX official list during June 2004 and quotation of its ordinary shares commenced on 8 June 2004.

On 30 November 2018, the Company changed its name from Karoon Gas Australia Ltd to Karoon Energy Ltd.

The register of securities is held at Computershare Investor Services Pty Limited, GPO Box 2975 Melbourne VIC 3001 Australia. Investor enquiries can be made via telephone on 1300 850 505 (within Australia).

SCHEDULE OF INTERESTS IN PETROLEUM TENEMENTS

FIELD	EXPLORATION PERMIT/BLOCK	BASIN	OPERATOR	% EQUITY INTEREST HELD
Baúna	Concession BM-S-40	Santos, Brazil	Karoon	100
Neon	Concession BM-S-61	Santos, Brazil	Karoon	100
Goiá	Concession BM-S-68	Santos, Brazil	Karoon	100
Piracucá	Block S-M-974	Santos, Brazil	Karoon	100
	Block S-M-1038	Santos, Brazil	Karoon	100
	Block S-M-1537	Santos, Brazil	Karoon	100
	Block S-M-1356	Santos, Brazil	Karoon	100
	Block S-M-1482	Santos, Brazil	Karoon	100
	Block S-M-1358	Santos, Brazil	Karoon	100
	Block S-M-1484	Santos, Brazil	Karoon	100
	Block S-M-1603	Santos, Brazil	Karoon	100
	Block S-M-1605	Santos, Brazil	Karoon	100
		Esmeralda ¹	Santos, Brazil	Karoon
Who Dat	MC 502	Mississippi Canyon, USA	LLOG	30
	MC 503	Mississippi Canyon, USA	LLOG	30
	MC E/2 546	Mississippi Canyon, USA	LLOG	30
	MC 547	Mississippi Canyon, USA	LLOG	30
Dome Patrol	MC 505	Mississippi Canyon, USA	LLOG	30
Abilene	MC W/2 546	Mississippi Canyon, USA	LLOG	~16
Who Dat South	MC 545	Mississippi Canyon, USA	LLOG	30
	MC 589	Mississippi Canyon, USA	LLOG	30
	MC 509	Mississippi Canyon, USA	LLOG	40
Who Dat East	MC 421	Mississippi Canyon, USA	LLOG	40
	MC 464	Mississippi Canyon, USA	LLOG	40
	MC 465	Mississippi Canyon, USA	LLOG	40
	MC 508	Mississippi Canyon, USA	LLOG	40

Notes: Block MC 629 (Who Dat West) was relinquished in October 2025 and the lease for Block MC 504 expired on 30 June 2024. The Company is also in the process of relinquishing Block S-M-1356 in Brazil. Formal award of the Esmeralda block is expected to occur in the first half of 2026 subject to meeting certain qualification conditions and provision of the signature bonus payment and work program guarantee.

GLOSSARY OF TERMS

TERM	DEFINITION
1H26, 2H26	First half of 2026, second half of 2026.
3D seismic	Three-dimensional seismic.
A\$ or AUD	Australian Dollars.
AASB	Australian Accounting Standards Board.
Absolute Emissions	Climate related metric. Industry standard, measuring total mass of Greenhouse Gas Emissions created by working activities, expressed in carbon dioxide equivalent (tCO ₂ e).
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.
API	The American Petroleum Institute gravity, or API gravity, is a measure of how heavy or light a petroleum liquid is compared to water.
ARR	Afforestation, Reforestation and Revegetation. A nature-based solution that results in carbon sequestration i.e. a carbon removals offset.
ASRS	Australian Sustainability Reporting Standard. Closely aligned with IFRSS2, Australian mandatory reporting framework for Climate related disclosure, developed by the AASB
ASX	ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange.
ATO	Australian Taxation Office.
Barrel Or Bbl	Barrel of oil, inclusive of condensate. A quantity of 42 United States gallons; equivalent to approximately 159 litres.
Basin	A natural depression on the earth's surface in which sediments, eroded from higher surrounding ground levels, accumulated and were preserved.
Baúna	Concession BM-S-40 containing the producing Baúna, Piracaba and Patola light oil fields in Brazil.
BCF	Billion cubic feet.
Block	A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern.
Boe	Barrel of Oil Equivalent; equivalent to 1 bbl or approximately 159 litres; equivalent to 6000 cubic feet (Mcf) of natural gas.
bopd	Barrels of oil per day.
Carbon Neutral	Condition in which, during a specified period of time, the carbon footprint has been reduced through greenhouse gas (GHG) emission reductions or GHG removal enhancements and, if greater than zero, is then counterbalanced by offsetting.
CO₂e	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide.
Company or Parent Company	Karoon Energy Ltd.
Contingent Resources	<p>Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality).</p> <ul style="list-style-type: none"> • 1C – Denotes low estimate scenario of contingent resources. • 2C – Denotes best estimate scenario of contingent resources. • 3C – Denotes high estimate scenario of contingent resources.

TERM	DEFINITION
CY	Calendar year beginning 1 January to 31 December.
Director	A Director of Karoon Energy Ltd.
Discovery Well	The first successful well on a new prospect.
DPO	Days Payable Outstanding.
E&P	Exploration and production.
EBITDA	Earnings before Interest, tax, depreciation and amortisation .
EBITDAX	Earnings before Interest, tax, depreciation, amortisation, exploration expense and cost of unsuccessful wells.
Emissions intensity	Total Scope 1 and Scope 2 GHG emissions (kgCO ₂ e) divided by the total production (boe) over the equivalent period.
ESP	Electric submersible pump (downhole equipment).
ETS	Emissions Trading System. A system of credit trading designed to incentivise reductions in GHG emissions.
Exploration	The process of identifying, discovering and testing prospective hydrocarbon regions and structures, mainly by interpreting regional and specific geochemical, geological, geophysical survey data and drilling.
FID	Final Investment Decision.
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area although it may refer to both the surface and underground productive formation.
Flaring	The controlled burning of gas produced from oil and gas reservoirs.
FPS	Floating Production System.
FPSO	Floating production, storage and off-loading facility.
FY or financial year	Financial Year.
Gearing	Net debt/(net debt+ book value of equity).
GHG	Greenhouse gas. Inclusive of Carbon Dioxide, Methane, Nitrous Oxide hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3), expressed in terms of the global warming potential of one unit of carbon dioxide.
GHG Protocol	'A Corporate Accounting and Reporting Standard of the GHG Protocol', developed by the World Resources Institute (WRI) covering Scope 1,2 and 3 emissions. Global standard for classifying, calculating and tracking emissions.
GoM	Gulf of Mexico.
GreenPower	A Government accredited renewable energy product operated by NSW Government on behalf of NSW, Victoria and South Australia and offered through energy retailers.
GST	Goods and Services Tax in Australia.
GWP	Global Warming Potential.

TERM	DEFINITION
HPI or HiPo	High Potential Incident.
HSSE	Health, safety, security and environment.
IEA	International Energy Agency.
IFRS	International Financial Reporting Standards.
IFRS S1/S2	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB. Globally recognised reporting standards for disclosure of sustainability and climate related data.
IOGP	International Association of Oil and Gas Producers.
IPCC	Intergovernmental Panel on Climate Change.
IPIECA	International Petroleum Industry Environmental Conservation Association.
JV	Joint Venture.
Karoon or Group	Karoon Energy Ltd and its subsidiaries.
KcCO₂e per bbl	Kilograms of carbon dioxide equivalent per barrel of oil.
KMP	Key Management Personnel.
LLOG	LLOG Exploration Offshore, LLC and LLOG Omega Holdings.
Lost Time or Recordable Incident	A recordable incident is any incident that is required to be reported to parties external to Karoon, including Medical Treatment Injuries, Alternative Duties Injuries, Lost Time Injuries and Fatalities.
LTI	Lost Time Injury. A fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work cases, due to work-related injuries and according to IOGP definitions. This includes employees and contractors.
LTI	Long-term incentive.
LTIR	Lost time injury rate. (per 200,000 hours).
m	Million.
Market Capitalisation	The product of a company's share price multiplied by the total number of ordinary shares issued by the company.
MMbbl	Millions of barrels (1,000,000 barrels).
MMboe	Millions of barrels of oil equivalent.
MMscf/d	Million standard cubic feet per day.
MTC	Medical Treatment Case. An injury requiring prescribed medical treatment, which is beyond the scope of normal first aid.
NED	Non-Executive Director.
Net debt	Total borrowings (excluding transaction costs) less cash and cash equivalents.
Net Zero (Scopes 1 and 2)	Reduction of Scope 1 and 2 GHG emissions as far as possible with the residual balanced using carbon removals projects and if required carbon offsets.
NPAT	Net Profit After Tax.

TERM	DEFINITION
NRI	Net Revenue Interest.
NZE	IEA developed future scenario. 'A scenario which sets out a pathway for the global energy sector to achieve net zero CO2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. Universal access to electricity and clean cooking are achieved by 2030. The scenario was updated with the latest available data in 2024.'
OMS	Operating Management System.
OPEC	The Organisation of Petroleum Exporting Countries
Operator	One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants.
Performance Rights	Performance rights issued under the PRP.
Permit	A hydrocarbon tenement, lease, license, concession or block.
Petrobras	Petróleo Brasileiro SA.
Process Safety	Tier 1 Process Safety Events: A typical tier 1 process safety event is loss of containment of hydrocarbons greater than 500kg (in any one-hour period). Tier 2 Process Safety Events: A typical tier 2 process safety event is loss of containment of hydrocarbons greater than 50kg but less than 500kg (in any one-hour period).
Prospect	A geological or geophysical anomaly that has been surveyed and defined to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended.
Prospective Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. <ul style="list-style-type: none"> • 1U – Denotes the unrisks low estimate qualifying as Prospective Resources. • 2U – Denotes the unrisks best estimate qualifying as Prospective Resources. • 3U – Denotes the unrisks high estimate qualifying as Prospective Resources. Brazilian currency.
REAL, Reais or R\$	
REDD+	Reducing Emissions from Deforestation and forest Degradation, as well as forest conservation, sustainable management of forests, and enhancement of forest carbon stocks.
Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. 1P – Denotes low estimate of Reserves. 2P – Denotes best estimate of Reserves. 3P – Denotes high estimate of Reserves.
Reservoir	A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water.
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.

TERM	DEFINITION
Scope 1 Emissions	Direct GHG emissions occurring from sources controlled or owned by the organisation. Indirect GHGs released from purchased energy.
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	<p>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.</p> <p>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.</p>
SOFR	Secured Overnight Financing Rate.
STEPS	IEA developed future scenario; 'A scenario which reflects current policy settings based on a sector- by-sector and country-by-country assessment of the energy-related policies that were in place by the end of August 2024, as well as those that are under development. The scenario also takes into account currently planned manufacturing capacities for clean energy technologies.'
STI	Short-term incentive.
TCFD	Task Force on Climate Related Financial Disclosures. For more information see www.fsb-tcfd.org/about
tCO₂e	Tonnes of carbon dioxide equivalent.
TRIR	Total Recordable Injury Rate. (per 200,000 hours)
TY23	Transitional Financial year beginning 1 July 2023 and ending on 31 December 2023.
US\$, USD	United States dollars.
US, USA	The United States of America.
VER	Verified Emission Reduction. A type of carbon offset certification traded in voluntary or over-the counter market for carbon credits.

THREE YEAR SUMMARY^{1,2}

6 MONTHS ENDED:		30 Jun 23	31 Dec 23	30 Jun 24	31 Dec 24	30 Jun 25	31 Dec 25
PRODUCTION AND SALES							
Brazil	MMboe	3.7	5.4	3.5	3.9	3.9	3.7
Who Dat (NRI)	MMboe	-	0.1	1.5	1.4	1.4	1.2
Total production	MMboe	3.7	5.5	5.1	5.3	5.3	5.0
Total sales volumes	MMboe	3.7	5.1	5.5	5.3	4.8	5.1
Weighted average realised Baúna oil price	US\$/bbl	73.06	81.51	79.33	75.33	68.30	64.99
Weighted average realised Who Dat oil, condensate and NGL price	US\$/bbl	-	NM	79.62	71.65	67.29	59.39
Weighted average realised Who Dat gas price	US\$/scf	-	NM	2.95	2.95	4.18	4.22
INCOME STATEMENT							
Sales revenue	US\$M	267.1	412.9	409.4	367.1	308.3	320.2
Other income	US\$M	0.1	0.1	0.1	0.0	0.1	0.1
Total Revenue	US\$M	267.2	413.0	409.5	367.1	308.4	320.3
Production costs (incl. FPSO Dep'n and fin costs)	US\$M	(62.5)	(70.4)	(71.3)	(83.9)	(73.2)	(70.8)
Transportation costs	US\$M	0.0	(7.8)	(12.1)	(11.2)	(10.2)	(11.4)
Royalties & levies	US\$M	(36.4)	(45.0)	(24.8)	(26.1)	(23.3)	(20.8)
Business development, share-based payments	US\$M	(3.1)	(2.2)	(3.4)	(3.3)	(1.7)	(3.8)
Corporate	US\$M	(11.5)	(14.0)	(14.2)	(17.7)	(16.7)	(18.1)
Change in inventories	US\$M	(5.5)	12.7	(16.9)	0.7	17.2	(7.1)
Underlying EBITDAX	US\$M	148.1	286.3	266.8	225.6	200.5	188.3
Exploration costs	US\$M	(2.2)	(3.3)	(1.4)	(3.4)	(4.7)	(4.1)
Underlying EBITDA	US\$M	145.9	283.0	265.4	222.2	196.9	184.2
D&A (ex FPSO right-of-use asset)	US\$M	(38.4)	(61.2)	(83.0)	(81.8)	(89.2)	(78.1)
Group EBIT	US\$M	107.5	221.8	182.4	140.4	107.7	107.6
Interest income	US\$M	2.9	2.5	4.3	7.3	4.2	3.2
Finance costs	US\$M	(6.3)	(9.1)	(24.5)	(33.2)	(33.4)	(44.1)
Net interest costs	US\$M	(3.4)	(6.6)	(20.2)	(25.9)	(32.5)	(41.0)
Group PBT	US\$M	104.1	215.2	162.3	114.5	77.4	66.3
Tax expense (underlying)	US\$M	(41.0)	(70.5)	(46.5)	(16.2)	(32.4)	(3.8)
Underlying NPAT	US\$M	63.1	144.7	115.8	98.2	45.0	62.5
Adjustments (post tax)	US\$M	22.3	(22.2)	(54.0)	(32.5)	26.0	(8.0)
Reported NPAT	US\$M	85.4	122.5	61.8	65.7	71.0	54.5
FLOW OF FUNDS							
Net cash flows provided by operating activities	US\$M	138.8	303.4	224.3	210.3	81.6	169.8
Net cashflows from investing activities (excl. M&A)	US\$M	(129.3)	(8.4)	(71.6)	(59.0)	(38.2)	(47.7)
Acquisitions/divestments	US\$M	(84.5)	(719.7)	(86.0)	(2.0)	(202.6)	-
BALANCE SHEET							
Total assets	US\$M	1,190.4	1,932.5	1,954.0	1,941.5	1,721.4	1,773.6
Total cash	US\$M	74.8	170.4	282.2	341.2	112.1	206.1
Total debt (ex lease liabilities and transaction costs)	US\$M	30.0	274.1	350.0	350.0	350.0	350.0
Net debt/(cash) ex lease liabilities and transaction costs	US\$M	(44.8)	103.7	67.8	8.8	237.9	143.9
Shareholders' equity	US\$M	473.6	914.0	977.4	976.4	996.1	1,032.5
HSSE METRICS							
Fatalities	#	-	-	-	-	-	-
High Potential Incidents	#	1	-	5	4	4	3
Lost Time Injuries (LTI)	#	-	-	1	1	-	-
Medical Treatment cases	#	-	-	1	1	-	-
Restricted Work Cases	#	-	-	-	-	1	-
Work Exposure Hours	# of hours	922,000	494,000	491,397	552,195	710,053	528,106
Total Recordable Injury Rate	# per 200,000 hours		0.00		0.77		0.16
Lost Time Injury Rate	# per 200,000 hours		0.00		0.38		0.00

1. The financial information for calendar year 2023 is not audited but derived from audited and reviewed financial information.

2. Numbers may not add due to rounding.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Peter Botten
Independent Non-Executive Chair

Ms Carri Lockhart
Chief Executive Officer and Managing Director

Mr Peter Turnbull
Independent Non-Executive Director

Ms Luciana Bastos De Freitas Rachid
Independent Non-Executive Director

Mr Carlos Tadeu da Costa Fraga
Independent Non-Executive Director

Ms Joanne Palmer
Independent Non-Executive Director

Ms Melissa Holzberger
Independent Non-Executive Director

COMPANY SECRETARY

Mr Daniel Murnane

AUDIT, RISK AND GOVERNANCE COMMITTEE MEMBERS

Ms Joanne Palmer
(Chair of Committee)

Mr Peter Turnbull

Mr Peter Botten

PEOPLE AND CULTURE COMMITTEE MEMBERS

Mr Peter Turnbull
(Chair of Committee)

Mr Peter Botten

Ms Melissa Holzberger

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE MEMBERS

Ms Luciana Bastos De Freitas Rachid
(Chair of Committee)

Mr Peter Turnbull Mr Peter Botten

Mr Carlos Tadeu da Costa Fraga

REGISTERED OFFICE

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EXTERNAL AUDITOR

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SHARE REGISTRAR

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Telephone 1300 555 159 (within Australia)
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SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the ASX.
The home exchange is Melbourne VIC.

ASX code: KAR

