

DIRECTOR AND SENIOR EXECUTIVE REMUNERATION POLICY

1. Commitment to good practice

Karooon Energy Limited (**Karooon** or **Company**) is committed to remunerating its non-executive directors, executive directors and other senior executives in a manner that is market competitive, consistent with best practice and in the best interests of shareholders. Karoon aims to align the interests of executive directors and other Senior Executives (together **Senior Executives**) with those of shareholders by remunerating Senior Executives through performance short-term and long-term incentive plans in addition to their fixed remuneration.

Consequently, Senior Executives' remuneration consists of the following elements:

- (a) fixed salary;
- (b) short-term incentive bonus based on performance;
- (c) long-term incentive equity scheme; and
- (d) other benefits including superannuation.

Karooon's non-executive directors are paid a base fee plus committee fees from a capped total non-executive director remuneration pool approved in advance by shareholders.

2. Fixed remuneration

The fixed remuneration of Senior Executives is determined from a review of the market and reflects core performance requirements and expectations. In addition, Karoon considers the following with regard to Senior Executives:

- (a) the scope of the individual's role;
- (b) the length of service of the individual with Karoon;
- (c) the individual's level of skill and experience;
- (d) Karoon's legal and industrial obligations;
- (e) labour market conditions; and
- (f) the size and complexity of Karoon's business.

3. Short term incentive (STI) remuneration

The purpose of the STI remuneration is to reward the achievement of clearly defined performance targets which are aligned to Karoon's performance objectives and are appropriate to its circumstances, goals and risk appetite. Performance-based remuneration is paid where a clear contribution to successful outcomes for Karoon is demonstrated against pre-agreed key performance indicators during a performance cycle.

Non-executive directors do not receive performance-based remuneration, however Karoon requires all non-executive directors to have interests aligned with the performance of the Company through the Karoon Director Minimum Shareholding Policy.

4. Long term incentive (LTI) remuneration

Karoon's LTI remuneration for Senior Executives takes the form of equity based performance rights so that the performance of Senior Executives is aligned with the performance of the Company and therefore the shareholders.

5. Other Benefits

All Senior Executives are entitled to statutory superannuation, car allowances and mobile telephone allowances. Executive Directors and Officers are also entitled to have their indemnity insurance paid by Karoon.

6. Expenses

All reasonable out of pocket expenses incurred in connection with the performance of duties on behalf of Karoon will be reimbursed.

7. Termination

Termination payments, if any, for Senior Executives including executive directors, will be agreed by the People, Culture and Governance Committee, or in the case of the Managing Director by the Board, in advance of employment and will be disclosed in the relevant employment contracts. There will be no termination payment where there is removal for misconduct.

Karoon's non-executive directors are not provided with retirement benefits other than statutory superannuation.



Bruce Phillips
Chairman



Julian Fowles
CEO & Managing Director

Approved by the Board. Effective 22 January 2021