

RISK MANAGEMENT POLICY

1. Objectives

As an oil and gas exploration and production company, Karoon Energy Ltd (**Karoon** or **Company**) recognises that effective management of risk is essential to successfully delivering on our ambitions for growth and increased shareholder value.

Karoon is committed to proactively identifying and managing risk throughout the Company.

The objective of Karoon's risk management system is to promote understanding and management of risk in decision making so as to provide greater certainty and confidence for our shareholders, employees and the communities in which we operate.

2. Principles

Karoon achieves this objective by:

- Identifying, assessing, monitoring and reporting risks to provide management, the Audit and Risk Committee, the Sustainability and Operational Risk Committee and the Board with the assurance that business and operational risks are being identified and managed;
- Developing and reviewing a company risk profile for presentation to the Audit and Risk Committee and the Board for acceptance and periodic review;
- The Audit and Risk Committee, with reference to the Sustainability and Operational Risk Committee, making recommendations to the Board in respect of Karoon's risk tolerance and particular risks and/ or risk management practices;
- Understanding and applying our tolerance for risk in light of Karoon's exposure in the areas of operations, finance, legal and compliance, reputation and people and culture; and
- Embedding risk management into business activities and processes.

3. Application

Management is responsible for implementing this risk management policy throughout Karoon Energy Ltd and its subsidiaries. Senior members of the management team will report to the Audit and Risk Committee at least annually on the effectiveness of the risk management policy and continue to update the company risk profile through the Risk Tolerance Statement and Corporate and Operational Risk Registers to reflect the activities of Karoon and its commitment to effective risk management.

The Sustainability and Operational Risk Committee will oversee operational risk management for the Company. An Operational Risk Register will be maintained by senior management and reviewed by the Committee to ensure Karoon upholds a zero risk tolerance with regard to safety in all its operations and is monitoring material exposure to environmental and social risks.

4. Policy review

A copy of this policy is available on Karoon's website. To ensure that it is operating effectively, the Audit and Risk Committee will review and if necessary, update this policy at least every 2 years.



Bruce Phillips
Chairman



Julian Fowles
CEO & Managing Director

Approved by the Board. Effective 22 January 2021