

Letter from the Chair

Dear Shareholder

On behalf of the Board of Karoon Energy, it is a pleasure to invite you to attend our 2025 Annual General Meeting (AGM), scheduled for:

Date: **22 May 2025**

Time: **10:00 AM (AEST)**

Location: The Langham Hotel, 1 Southgate Avenue, Southbank, Victoria, 3006

The AGM is a key opportunity for the Board to engage with shareholders, discuss the company's performance, and address matters of governance and strategy.

Julian Fowles, CEO & Managing Director, and I will deliver a brief presentation at the AGM before moving on to the formal items of business as set out in the Notice of Meeting (NOM). We will address the most frequently asked shareholder questions either during these presentations or ahead of the relevant resolutions. Our aim is to cover as many relevant questions as possible during the meeting.

Overview of 2024

Karoon experienced both progress and challenges in 2024. The company achieved record production and made two material discoveries at Who Dat. However, production fell approximately 20% below expectations due to operational issues, which negatively impacted the share price. A comprehensive strategy to address these issues, improving safety performance, restoring operational predictability and delivery of long term additional value, is now progressively being delivered. The acquisition of the Baúna FPSO was a significant event, providing greater control over safety and reliability outcomes, whilst providing the opportunity to reduce cost and extend field life. Meanwhile at Who Dat, the Operator (LLOG) is undertaking a detailed debottlenecking and optimisation study of the FPS in order to understand how we can get the best out of the facility longer term.

Karoon's 2024 Underlying NPAT was 3% higher than 2023 at US\$214.0 million. This was largely supported by a full year of Who Dat production which offset lower output from the Baúna Project, higher finance costs, and increased depreciation.

In 2024 the Board formalised a capital returns policy as Karoon recognises that many shareholders place great importance on the payment of dividends and capital returns. It also promotes a disciplined approach to capital allocation. Karoon, under the capital returns policy, aims to return 20-40% of underlying NPAT via cash dividends and/or buybacks, subject to market conditions and Board approval. The framework also includes the potential for additional capital returns during periods of elevated oil prices or where alternate, value accretive uses of excess cash are not identified. In 2024 Karoon returned \$85.7 million by way of dividends and buybacks. By the end of 2024, 39.0 million shares (5% of issued capital) had been bought back and subsequently cancelled. The progressive extension of the share buy back programme highlighted the Board's confidence that the present share price does not appropriately reflect the core value of our assets.

Karoon ended 2024 with a robust balance sheet with net debt falling to US\$8.8 million compared to US\$103.7 million at the end of 2023 as capital expenditure and shareholder returns in 2024 were funded through operating cash flows.

While 2024 presented both achievements and setbacks, we remain focused on delivering operational excellence and predictability in production whilst positioning Karoon for long-term value creation.

Remuneration Report and Strike Outcome

At the 2024 AGM, Karoon received a first strike against its TY23 Remuneration Report, with 26.4% of votes cast against it. A "strike" occurs under the *Corporations Act 2001* Cwlth (Corporations Act) when 25% or more of the valid votes are cast against the remuneration report resolution. Since then, the Board and management have held many meetings with shareholders as your opinions are very important to us. This engagement has led the Board directly to undertake a review of our remuneration policies and award structures with a view to seeing where improvements could be

made and shareholder concerns addressed. This review has been assisted by external experts and relevant benchmarking data.

Karoon's primary focus in 2024 was on delivering value from the Baúna Project and Who Dat. Reflecting this, 77.5% of management's Short-Term Incentive Scorecard was weighted towards production, cost targets, and operational performance. While production targets were not met and revenue was below expectations, financial discipline remained a priority. The Board has taken these insights seriously and has implemented several changes to our executive remuneration framework to align with shareholder expectations and experience.

Participation in the Meeting

The AGM will include:

- Adoption of the financial report for the 2024 financial year.
- Consideration of the re-election of Ms Luciana Rachid and myself as directors of the Company.
- Consideration of three remuneration matters, including (a) the adoption of the 2024 Remuneration Report, (b) approval of the issuance of performance rights to Dr Fowles, the CEO/MD associated with long term incentives and (c) approval of a new Employee Performance Rights plan.
- Seeking approval to refresh the buyback capacity of the Company pursuant to section 275C of the Corporations Act. If approved this would allow for the purchase of up to 10% of the issued capital over the 12 months post the AGM.

I encourage all shareholders to participate in the AGM, either in person or online. If you are unable to attend, I strongly encourage you to lodge your proxy vote in advance and submit any questions. Please note that your proxy must be received by our share registry provider, Computershare, no later than 10.00am (AEST) on Tuesday 20 May 2025, to be valid for the AGM.

On behalf of the Karoon Board and leadership team, I thank you for your continued support and engagement.

Sincerely

A handwritten signature in black ink, appearing to read "Peter Botten".

Peter Botten AC, CBE
Chair
Karoon Energy Limited

17 April 2025