



**KAROON ENERGY LTD**  
**(ACN 107 001 338)**

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**NOTICE OF ANNUAL GENERAL MEETING**  
**and**  
**EXPLANATORY MEMORANDUM**

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Date of Meeting: 24 November 2022

Time of Meeting: 10:00 am AEDT

Place of Meeting: Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria, 3000 and via <https://meetnow.global/MUVLANU>

***This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.***

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an Annual General Meeting of Shareholders of the Company will be held at 10:00am (AEDT) on Thursday, 24 November 2022 as a hybrid meeting at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne Victoria or at <https://meetnow.global/MUVLANU>.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes in further detail the various matters to be considered at the Meeting. Shareholders should read the Explanatory Memorandum accompanying this Notice of Meeting before deciding how to vote.

## HOLDING A HYBRID ANNUAL GENERAL MEETING

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Karoon Energy Ltd ACN 107 001 338 (**Company or Karoon**) will be holding its 2022 Annual General Meeting (**Meeting**) as a hybrid meeting. Shareholders can either attend the Meeting at the Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000 in person or virtually using the Computershare online meeting platform at <https://meetnow.global/MUVLANU>.

The Computershare online meeting platform enables Shareholders to:

- see the Meeting presentation materials and listen to the Meeting live;
- vote online during the Meeting; and
- ask questions and make comments online during the Meeting.

Voting on all resolutions will be conducted by a poll.

Shareholders may also cast their votes at the Meeting by appointing a proxy (preferably the Chairman of the Meeting) online at [www.investorvote.com.au](http://www.investorvote.com.au) by no later than **10am (AEDT) on Tuesday, 22 November 2022**.

## FUTURE ALTERNATIVE ARRANGEMENTS

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Please be aware that we will be observing social distancing rules and any other government requirements that apply at that time. Due to the ongoing health and safety risks posed by COVID-19, restrictions and precautionary measures may also be imposed on attendance if necessary.

It may not be possible to admit all shareholders who wish to attend, depending on any restrictions that apply at the time. Even if you plan to attend physically or participate online, you are encouraged to submit a directed proxy before the Annual General Meeting so that your vote can still be counted if the physical meeting arrangements change or there is a technical difficulty.

In the lead up to the Meeting, Karoon will be closely monitoring the COVID-19 situation in Melbourne. If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the meeting to those set out in this Notice of Meeting, Shareholders will be given as much notice as possible. Information relating to alternative arrangements will be communicated to Shareholders by way of an announcement to the ASX and published at <https://www.karoonenergy.com.au/investors/#annual-reports>.

## AGENDA

### 1. RESOLUTION 1 – ELECTION OF MR CARLOS TADEU DA COSTA FRAGA AS A DIRECTOR

The Board conducted a comprehensive selection process and appointed Mr Carlos Tadeu da Costa Fraga as an Independent Non-Executive Director on 26 August 2022. The Board (excluding Mr Fraga) unanimously supports the election of Mr Fraga as a Director.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Carlos Tadeu da Costa Fraga, who was appointed by the Board as a Director of the Company on 26 August 2022 pursuant to paragraph 11.11 of the Constitution (allowing the appointment of Directors on an interim basis until the next annual general meeting) and who retires in accordance with Listing Rule 14.4 and paragraph 11.12 of the Constitution, is eligible for election as a Director of the Company at this Meeting and who, being eligible, offers himself for election as a Director of the Company, be elected as a Director of the Company with immediate effect."*

**2. RESOLUTION 2 – RE-ELECTION OF MR CLARK DAVEY AS A DIRECTOR**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Clark Davey, who retires for the purposes of Listing Rule 14.4 and paragraph 11.6 of the Constitution, and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect."*

Mr Clark Davey has served the Company as a Non-Executive Director since 1 October 2010. The Board (excluding Mr Davey) unanimously supports the re-election of Mr Davey as a Director.

**3. RESOLUTION 3 – RE-ELECTION OF MR PETER TURNBULL AM AS A DIRECTOR**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Peter Turnbull, who retires for the purposes of Listing Rule 14.4 and paragraph 11.6 of the Constitution, and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect."*

Mr Peter Turnbull AM has served the Company as a Non-Executive Director since 6 June 2014. The Board (excluding Mr Turnbull) unanimously supports the re-election of Mr Turnbull as a Director.

**4. RESOLUTION 4 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2022, as contained within the Directors' Report, be adopted."* This resolution is subject to voting exclusions as set out at section 5 in the Explanatory Memorandum to this Notice of Meeting.

**5. RESOLUTION 5 – APPROVAL OF ISSUE OF SECURITIES UNDER THE PERFORMANCE RIGHTS PLAN 2022**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That shareholders approve for all purposes, including Listing Rule 7.2 Exception 13, the Performance Rights Plan 2022 as described in the Explanatory Memorandum accompanying this Notice of Meeting and the issue of securities under the Performance Rights Plan 2022."*

This resolution is subject to voting exclusions as set out at section 6 in the Explanatory Memorandum to this Notice of Meeting.

**6. RESOLUTION 6 - APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DR JULIAN FOWLES**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That shareholders approve for all purposes, including Listing Rule 10.14, the issue to Dr Julian Fowles of:*

- *62,891 Short-term Incentive (STI) Performance Rights, which will only vest subject to completion of a one-year employment retention period ending 30 June 2023;*

- *432,577 Long-term Incentive (LTI) Performance Rights, which are "at risk" remuneration and will only vest should the LTI performance hurdles over the three-year performance period from 1 July 2022 to 30 June 2025 being satisfied, under and in accordance with the Performance Rights Plan 2022 and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

This resolution is subject to voting exclusions as set out at section 7 in the Explanatory Memorandum to this Notice of Meeting.

## **7. FINANCIAL REPORTS**

To receive and consider the Financial Report of the Company, together with the Directors' Report and the Independent Auditor's Report, for the financial year ended 30 June 2022, in accordance with the Corporations Act.

Further information is set out in the Explanatory Memorandum accompanying this Notice of Meeting.

DATED: 10 October 2022

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Andrew Metcalfe', with a long horizontal flourish extending to the right.

Andrew Metcalfe

Company Secretary

## Voting Information

### *Voting entitlements*

The Board of the Company has determined that persons holding fully paid ordinary shares in the Company as at 7.00 pm AEDT on Tuesday 22 November 2022 will be entitled to attend and vote at the Meeting.

Accordingly, share sale and purchase transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the meeting.

### *Appointing a proxy*

In accordance with section 249L(1)(d) of the Corporations Act, Shareholders are advised that:

- Each Shareholder who is entitled to attend and vote at the Meeting has a right to appoint a proxy;
- The proxy need not be a Shareholder of the Company;
- A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy;
- A Shareholder who is entitled to cast two or more votes at the Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one half of the votes (disregarding fractions); and
- Due to COVID-19, we strongly recommend you appoint the Chairman of the Meeting as your proxy.

The Meeting will be held as a hybrid meeting with Shareholders being able to attend the Meeting in person at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000 or online via the Computershare platform. You may also participate by lodging a proxy vote prior to the Meeting. Instructions on how to appoint a proxy are on the online voting website, [www.investorvote.com.au](http://www.investorvote.com.au).

Shareholders should register the appointment of proxies online at [www.investorvote.com.au](http://www.investorvote.com.au). To use this facility, you will need your six-digit "control number" and your Securityholder Reference Number (SRN) or Holder Identification Number (HIN). This information is located on the front of your Shareholder letter, which is your Personal Identification Number (PIN) to verify the transmission. You will be deemed to have signed your proxy form if you lodge it in accordance with the instructions on the website.

Alternatively, you can lodge your completed and signed proxy form (**Proxy Form**) with Computershare Investor Services (lodgement details are found below).

A Shareholder who appoints a proxy may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at their discretion.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purpose of receipt of proxy appointments:

Share Registrar:	Computershare Investor Services Pty Limited
Physical Address:	Yarra Falls, 452 Johnston Street, Abbotsford, Vic 3067, Australia
Postal Address:	GPO Box 242, Melbourne, Vic 3001, Australia
Facsimile Number:	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)

For Intermediary Online subscribers only (custodians): [www.intermediaryonline.com](http://www.intermediaryonline.com).

Your proxy must be lodged online or the completed Proxy Form must be received by the Company at the address specified above by no later than 10am (AEDT) on Tuesday, 22 November 2022.

## Notes:

1. If a Proxy Form is signed or authenticated by an appointer's attorney, the power of attorney or a certified copy thereof (if any) under which it is signed must accompany the Proxy Form and be received by the Share Registrar – Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Vic 3067, not later than 10am (AEDT) on Tuesday 22 November 2022.
2. Proxy Forms executed by a corporation must be in accordance with the requirements of the Corporations Act or under the hand of its attorney. In the case of a sole director/secretary company, please indicate "sole director" in the space provided.
3. Should you desire to direct your proxy on how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit or abstain from voting.
4. If two or more proxies are appointed, you may delete "all" and insert the relevant number or proportion of shares in respect of which each such appointment is made. A separate Proxy Form must be completed for each proxy.
5. If you need any further information about this form or attendance at the Meeting, please contact the Share Registrar - Computershare Investors Services Pty Limited on (within Australia) 1300 850 505 or (outside Australia) +61 3 9415 4000.

### *Voting restrictions that may affect your proxy*

Due to the voting exclusions that apply to certain items of business, if you appoint a member of the Key Management Personnel (**KMP**) of the Company (other than the Chairman) or any of the KMP's Closely Related Parties as your proxy, they will not be able to vote your proxy on resolution 4 (Adoption of Remuneration Report), resolution 5 (Approval of Issue of Securities under the Performance Rights Plan 2022) or resolution 6 (Approval to Issue Performance Rights to Dr Julian Fowles) unless you have directed them how to vote. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### *How the Chairman of the Meeting will vote proxies*

If the Chairman is appointed as proxy for any Shareholder, the Chairman will vote the proxy in the manner specified by the Shareholder in that proxy. If the Shareholder does not specify how the Chairman is to vote on any resolution, the Chairman as proxy will vote **in favour** of all resolutions. By appointing the Chairman as proxy, you authorise him/her to vote any undirected proxy votes on resolutions 4, 5 and 6 even though they are connected to remuneration of the KMP.

### *Participating at the Meeting*

You will be able to participate in the Meeting by attending physically or online using your computer or mobile device. You can participate in the Meeting virtually by entering this link in your browser: <https://meetnow.global/MUVLANU> or, by following the link that will be made available on the Company's website at: **[www.karoonenergy.com.au/investors/#annual-meetings](http://www.karoonenergy.com.au/investors/#annual-meetings)**.

Appointed proxies will need to contact Computershare on +61 3 9415 4024 not earlier than one hour before the Meeting to obtain a username and password to vote online.

Further information about how to log in to the Computershare online platform, to register for the Meeting, and to participate in the Meeting virtually as a Shareholder is available in the Virtual AGM Online Guide, which you can access online at: [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

### *Asking Questions – Before and at the Meeting*

You can submit a question or comment prior to the Meeting at [www.investorvote.com.au](http://www.investorvote.com.au), or by completing the shareholder question form and returning it with your Proxy Form. The shareholder question form can be downloaded from: [www.karoonenergy.com.au/investors/#annual-meetings](http://www.karoonenergy.com.au/investors/#annual-meetings). Written questions (including questions to the Auditor)

should be submitted no later than the fifth business day before the Meeting, being Thursday, 17 November 2022. Written questions to the Auditor should relate to the content of the Auditor's Report and the conduct of the Audit.

You may also submit your questions and comments and ask questions in real time online during the Meeting via the Computershare platform. Further details can be found in the Virtual AGM Online Guide, which you can access online at: [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

The Chairman of the Meeting will endeavour to address as many of the more frequently raised relevant questions and comments as possible during the course of the Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions and comments raised. If so, we will endeavour to post the remaining questions and answers on the Company's website.

The Auditor will also be in attendance at the Meeting.

#### *Voting at the Meeting*

Voting on all items of business will be conducted on a poll. You may vote at the Meeting in one of the following two ways:

- physically at the meeting;
- live and online during the Meeting using the Computershare platform (if you are participating on your computer); or
- in advance of the Meeting, by appointing a proxy (preferably the Chairman of the Meeting) online at [www.investorvote.com.au](http://www.investorvote.com.au) by no later than 10am (AEDT) on Tuesday, 22 November 2022.

The Chairman of the Meeting will open the poll shortly after the beginning of the Meeting and the poll will remain open until voting is declared closed by the Chairman at the end of the Meeting

**KAROON ENERGY LTD**

**ACN 107 001 338**

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**1. INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders of Karoon Energy Ltd (**Company** or **Karoon**) in connection with the business to be transacted at the Annual General Meeting of the Company to be held as a hybrid meeting on 24 November 2022 at 10:00 am AEDT (**Meeting**).

This Explanatory Memorandum, the Notice of Meeting and all attachments are important documents and should be read carefully and in their entirety.

**2. RESOLUTION 1 - ELECTION OF MR CARLOS TADEU DA COSTA FRAGA AS A DIRECTOR**

Resolution 1 relates to the election of Mr Carlos Tadeu da Costa Fraga as a Director of the Company.

In accordance with Listing Rule 14.4 and paragraphs 11.11 and 11.12 of the Constitution of the Company, the Company may appoint a Director who holds office until the next annual general meeting of the Company and is then eligible for election.

Mr Fraga's extensive oil and gas experience in the Americas, in particular his deep knowledge of Brazil's oil & gas sector and the country's political and economic environment, further complements and expands the depth of experience on the Karoon Energy Board.

The Board conducted a comprehensive search and selection process and, as a result of that process, Mr Fraga was appointed by the Company as an Independent Non-Executive Director of the Company with effect on and from 26 August October 2022.

Mr Fraga has 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 implementation of pre-salt developments, 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, 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 Petróleo) and at the Brazilian Institute for Petroleum, Natural Gas and Biofuels (IBP).

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



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

Current directorships of other listed companies: Nil.

**Board recommendation:** The Board (excluding Mr Fraga) unanimously supports the election of Mr Fraga.

### 3. **RESOLUTION 2 – APPROVAL OF RE-ELECTION OF MR CLARK DAVEY AS A DIRECTOR**

In accordance with Listing Rule 14.4, and paragraph 11.6 of the Constitution of the Company, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer. In addition, in accordance with paragraph 11.3 of the Company's Constitution, at the annual general meeting in every year, one-third of the Directors for the time being, and any other Director not in such one third who has held office for three years or more (except the Managing Director) must retire from office. Pursuant to paragraph 11.4 of the Constitution, a retiring Director is eligible for re-election.

Mr Davey is an independent Director with substantial experience in the natural resources industry as a taxation and strategy advisor. Mr Davey was a partner at Price Waterhouse and PricewaterhouseCoopers for a number of years with an oil and gas and natural resources specialty holding industry leadership roles in both firms. Mr Davey is a member of the Australian Institute of Company Directors.

The wealth of taxation and business advisory experience Mr Davey brings to Karoon includes input on international company tax, Australian and overseas resource and indirect taxation and oversight of accounting, governance and capital management procedures. Mr Davey has advised many companies with both tax and management of joint venture interests as well as merger and acquisition transactions. Mr Davey has also assisted both listed and unlisted companies expand their resource industry interests internationally.

Current directorships of other listed companies: Nil.

Mr Davey is Chair of the Audit and Risk Committee and a member of the People, Culture and Governance Committee.

The Board considers that, if re-elected, Mr Davey will continue to make a significant contribution to the Board and the Company.

**Board recommendation:** The Board (excluding Mr Davey) unanimously supports the re-election of Mr Davey.

### 4. **RESOLUTION 3 – APPROVAL OF RE-ELECTION OF MR PETER TURNBULL AM AS A DIRECTOR**

In accordance with Listing Rule 14.4, and paragraph 11.6 of the Constitution of the Company, a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer. In addition, in accordance with paragraph 11.3 of the Company's Constitution, at the Annual General Meeting in every year, one-third of the Directors for the time being, and any other Director not in such one third who has held office for three years or more (except the Managing Director) must retire from office. Pursuant to paragraph 11.4 of the Constitution, a retiring Director is eligible for re-election.

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

Mr Turnbull brings to the board significant commercial, legal and governance experience gained from working with boards and management teams to structure, fund and complete organic and inorganic growth strategies for the benefit of shareholders and stakeholder groups.

Mr Turnbull also has significant regulatory, ESG 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, Mr Turnbull has 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 and ESG related issues. Mr Turnbull is a former President and current Life Member of the Governance Institute of Australia and is the Immediate Past President of the global Chartered Governance Institute.

Mr Turnbull's senior executive roles over 30 years involved significant experience in very large publicly listed organisations with global operations, particularly South East Asia, Europe and the USA. 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, Mr Turnbull was made a member of the Order of Australia for services to business and corporate governance institutes.

Current directorships of other listed companies include: Chair, Calix Limited since its ASX listing on 20 July 2018.

Mr Turnbull is Chair of the People, Culture and Governance Committee and a member of the Audit and Risk and the Sustainability and Operational Risk Committees.

The Board considers that, if re-elected, Mr Turnbull will continue to make a significant contribution to the Board and the Company.

**Board recommendation:** The Board (excluding Mr Turnbull) unanimously supports the re-election of Mr Turnbull.

## 5. RESOLUTION 4 - ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to propose a resolution that the Remuneration Report be adopted. The Remuneration Report may be found within the Directors' Report on pages 48 to 68 in the Company's 2022 Annual Report.

A vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into direct consideration when reviewing the remuneration practices and policies of the Company in the future.

The Company's overriding aim is to ensure that executive performance outcomes are aligned with building the Company's enterprise value and securing long-term cash flow in order to support share price growth for Shareholders and to ensure sustainability in the long term.

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

- **Safety, culture and ethics:** ensuring that clear vesting gateways exist based on appropriate safety and ethical outcomes. If outcomes do not meet the relevant standards, these gateways will block "at-risk" remuneration payments,
- **Shareholder value is paramount:**
  - » remuneration outcomes (particularly incentive-based outcomes) are designed to take account of share price movements across the reporting period and therefore, the value delivered to shareholders;
  - » a close alignment is created between operational performance, reward and sustained growth in shareholder value; and
  - » as Karoon has now transitioned from explorer to producer, it is recognised that shorter term shareholder returns, such as dividend payments, will also now be considered.

- **People:**
  - » remuneration and people issues are considered by the People, Culture and Governance Committee of the Board and environmental and social issues by the Sustainability and Operational Risk Committee of the Board. Nonetheless, all relevant decisions and associated discussion remains the responsibility of the Board;
  - » our remuneration structures are designed to attract, motivate and retain the best people whilst remunerating them reasonably and competitively; and
  - » 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. In relation to this, during 2022, a new management shareholding policy has been introduced under which KMP are now required to maintain a shareholding in the Company equal to 50% of their first year, base salary (after-tax) within the later of three years after their initial appointment as an executive and 30 June 2024.
- **Transparency:** remuneration measures, outcomes and reporting are as simple and transparent as possible for shareholders and other stakeholders.
- **Longer term focus:** we aim to ensure that key decision making is always appropriately longer term in its nature and focus (including by having STI hurdles linked to Karoon's longer term environment, social and governance (ESG) strategy).

In respect of FY22, Karoon's remuneration settings aim to reward high performance outcomes in a responsible manner. In this regard, it is noted that:

- Short Term Incentive ("STI") - based on the significant progress detailed above and achieving Karoon's strategic targets set at the beginning of the 2022 financial year (associated with production, opex, capex, Neon strategy, the Baúna intervention campaign, the Patola development and ESG), 67.5% of the possible STI outcome was achieved. This STI is to be paid 50% in cash and 50% in performance rights with such performance rights to be issued after the release of the Company's FY22 full year financial results and subject to the satisfaction of a 12-month employment retention period. For KMP other than the CEO and Managing Director, a component of their STI was granted based on the satisfaction of role-specific objectives.
- Long Term Incentive ("LTI") - a 100% LTI outcome was earned due to an absolute total shareholder return ("TSR") of 32.1% per annum (in excess of the required threshold of 14% per annum), and the Company's relative shareholder return positioning Karoon at the 100<sup>th</sup> percentile (as compared to a group of peer companies), over the prior 3-year period.
- Base Board and committee fees remained unchanged for FY22.

Looking to the 2023 financial year, the remuneration structure for Australian and Brazilian staff members will be reviewed for reasonableness and competitiveness.

The base Board and Committee fees paid to the Non-Executive Chairman and Non-Executive Directors will be increased by 5%, while the fees paid to the Chairs of Board committees will be increased by A\$5,000 per annum. The increase in respect of Non-Executive Director base fees is the first increase in over 10 years and, in respect of the Non-Executive Chairman's base fee, is the first increase in 7 years. Notwithstanding the increase in base fees, the maximum fees payable to directors in aggregate, as approved by shareholders at the 2016 AGM, will not be exceeded.

### Summary

Karoon's strategy and remuneration structure is designed to link remuneration outcomes to shareholder value which the Karoon Board believes it has done for the financial year ending 30 June 2022 by rewarding the achievement of significant operational and strategic goals and through achieving relative share price out-performance compared to Karoon's peer group.

#### **Voting exclusion statement with regards to resolution 4**

Votes may not be cast, and the Company will disregard any votes cast, on resolution 4:

- by or on behalf of any member of the KMP whose remuneration details are included in the Remuneration Report, or any Closely Related Parties of those persons, regardless of the capacity in which the votes are cast; or
- as a proxy by any person who is a member of the KMP as at the time the resolution is voted on at the Meeting or any Closely Related Parties of those persons,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the Annual General Meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member.

**Board recommendation:** Noting that each Director has a personal interest in their own remuneration from the Company (as described in the Remuneration Report), the Board unanimously recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

#### **6. RESOLUTION 5 – APPROVAL OF ISSUE OF SECURITIES UNDER THE PERFORMANCE RIGHTS PLAN 2022**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities in any 12-month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

Listing Rule 7.2 contains a number of exceptions to Listing Rule 7.1. Exception 13 in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within three years before the date of issue, shareholders have approved the issue as an exception to Listing Rule 7.1.

The Company's previous performance rights plan, the Performance Rights Plan 2019 (**2019 PRP**), was approved by Shareholders at the 2019 Annual General Meeting and the approval expires on 29 November 2022. The Company has considered the value of short-term as well as long-term incentives being issued to the eligible employees. In accordance with Exception 13 of Listing Rule 7.2, the Company now submits a new Performance Rights Plan (**2022 PRP**) to Shareholders of the Company to approve its operation and the issue of securities from time to time under the 2022 PRP, as an exception to Listing Rule 7.1. The 2022 PRP will provide flexibility to the Company's remuneration arrangements and create a mutual interdependence between eligible employees and the Company for the long-term benefit of both parties. The Directors have prepared the 2022 PRP taking into account the current operations, changes to government legislation, industry market practice and size of the Company.

Under the 2022 PRP eligible employees may be awarded Performance Rights to be issued and allotted fully paid ordinary shares for nil consideration, provided that certain performance conditions have been met either over a short or long-term. Each Performance Right can be converted into one fully paid ordinary share of the Company, subject to any adjustment in accordance with the 2022 PRP. The Board will be responsible for assessing whether the performance measures have been achieved.

The grant of Performance Rights as part of the STI program is conditional on the achievement of specified performance measures over a one-year performance period, and conditional on the employee remaining employed by the Company for an additional year past the performance period. The STI is 'At Risk' subject to reliable performance hurdles that are measured and tested properly.

The grant of Performance Rights as part of the LTI program is conditional on long-term relative performance and superior absolute Shareholder returns. Under the LTI, Performance Rights will only be issued and vest if the predetermined performance conditions are achieved and the individual remains employed by the

Company for the duration of the performance period. Again, the LTI is 'At Risk' remuneration subject to reliable performance hurdles that are measured and tested properly.

The quantum of Performance Rights to be given to eligible employees will be based on a pre-determined percentage of total fixed remuneration that is allocated to the STI or LTI amount, divided by the Company's VWAP in the period post the release of the Company's full year financial results. The portion of total fixed remuneration to be allocated to the STIs or LTIs will be determined at the commencement of the performance period.

#### **Summary of the terms of the 2022 PRP**

A summary of the main terms and conditions of the 2022 PRP is set out in Annexure "A". A copy of the 2022 PRP is also available on Karoon's website [www.karoonenergy.com](http://www.karoonenergy.com) under the Governance tab.

#### **Number of securities previously issued under the scheme**

No Performance Rights have been previously issued under the 2022 PRP, however, as at the date of approval of this Notice of Meeting there were 8,406,880 Performance Rights which have been issued but have either not yet vested or have not yet been exercised as part of the 2019 PRP.

#### **Maximum number of securities to be issued under the scheme**

The maximum number of Performance Rights which will be granted under the 2022 PRP will not exceed 5% of the total issued share capital of the Company at the time of the grant of the Performance Rights (assuming all Performance Rights are exercised and when aggregated with any shares issued in the last three years under any other employee incentive scheme operated by the Company, including the 2019 PRP).

#### **Voting exclusion statement with regard to resolution 5**

Votes may not be cast, and the Company will disregard any votes cast:

- in favour of resolution 5 by or on behalf of a person who is eligible to participate in the 2022 PRP in respect of which approval is sought or any of their associates; or
- in favour of or against resolution 5 by any associates of those persons eligible to participate in the 2022 PRP, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate or a person excluded from voting on resolution 5; and
  - the holder votes on resolution 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Board recommendation**

The Non-Executive Directors of the Company (who are not eligible to participate in the 2022 PRP) unanimously support the resolution. The Managing Director makes no recommendation in relation to resolution 5 on the basis that the 2022 PRP allows for Performance Rights to be granted to the Managing Director and consequently the resolution relates to the Managing Director's remuneration.

## 7. RESOLUTION 6 - APPROVAL TO ISSUE PERFORMANCE RIGHTS TO DR JULIAN FOWLES

Resolution 6 seeks Shareholder approval for the Company to grant to Dr Julian Fowles:

- a) 62,891 Short Term Incentive (STI) Performance Rights (FY22 STI Performance Rights), based on the extent to which the relevant performance hurdles in FY22 were satisfied, which will only vest upon completion of a one-year employment retention period ending 30 June 2023; and
- b) 432,577 Long-term Incentive (LTI) Performance Rights (FY23 LTI Performance Rights), which are at risk remuneration and will only vest should the LTI performance hurdles over the three-year performance period from 1 July 2022 to 30 June 2025 be satisfied,

on the terms and conditions set out in this Explanatory Memorandum and otherwise pursuant to the 2022 PRP.

### ***Why is Shareholder approval being sought?***

Listing Rule 10.14 requires Shareholder approval in order for a Director to be issued equity securities in the Company under an employee incentive scheme, subject to certain exceptions. Dr Julian Fowles is the Managing Director of the Company.

Listing Rule 10.16 states that Listing Rule 10.14 does not apply to a grant of Performance Rights to Dr Fowles where the securities to be acquired on vesting of the rights (i.e. Shares) permit those securities to be purchased on-market. This exception applies to Dr Fowles' participation in the 2022 PRP.

Despite this exception, the Board considers it appropriate from a governance perspective to ask Shareholders to approve the grant of Performance Rights to Dr Fowles, on the terms and conditions set out below.

### ***Rationale for the granting of LTI Performance Rights***

The Company uses a LTI plan to align the interests of its Managing Director with Shareholders' interests. The vesting of the LTI Performance Rights that will be granted, if resolution 6 is approved, is linked to the performance of the Company, as described below.

The LTI Performance Rights will only vest if the pre-agreed performance hurdles are achieved over the three year period commencing on 1 July 2022. Specifically, vesting conditions are split as follows, noting that each hurdle is assessed independently of the other:

- 50% Relative TSR performance (based on compound annual growth rate) as assessed against a list of closely comparable and representative industry peer group of companies, whose business models and/or regions of operations are similar to those of Karoon, as set out in Table 1; and
- 50% Absolute TSR performance (based on compound annual growth rate), with Absolute TSR being in excess of 10% resulting in a vesting of performance rights between 10% and 18% (as set out below).

Table 1 (FY23-24 Relative TSR Peers)

<b><i>Australian Market Peers</i></b>	<b><i>Global Peers</i></b>
<ul style="list-style-type: none"> <li>• Australis Oil &amp; Gas Limited</li> <li>• Beach Energy Limited</li> <li>• Carnarvon Petroleum Limited</li> <li>• Horizon Oil Limited</li> <li>• Santos Limited</li> <li>• Woodside Petroleum Limited</li> <li>• Strike Energy Limited</li> <li>• Central Petroleum Limited</li> <li>• Cooper Energy Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Cairn Energy plc</li> <li>• GeoPark Limited</li> <li>• Gran Tierra Energy Inc</li> <li>• Kosmos Energy Ltd</li> <li>• New Zealand Oil &amp; Gas Ltd</li> <li>• Enauta Participações S.A.</li> <li>• SOCO International plc</li> <li>• Tullow Oil plc</li> <li>• Petro Rio</li> <li>• Jadestone Energy Inc.</li> </ul>

This group has been carefully selected by the Board to include those companies which have similar business models, geological footprints and operations to the Company, as well as companies that Shareholders may consider when looking to invest in the energy sector.

Vesting of the relative TSR performance LTI Performance Rights will occur in accordance with Table 2:

Table 2:

<b>Relative TSR performance against the selected industry peer group</b>	<b>Proportion of target LTI to vest</b>
Less than 50 <sup>th</sup> percentile	0%
At 50 <sup>th</sup> percentile	50%
Between 50 <sup>th</sup> and 75 <sup>th</sup> percentile	50% plus 2% for each additional percentile ranking above 50 <sup>th</sup> percentile
At or above 75 <sup>th</sup> percentile	100%

In the event of delisting, merger or acquisition of any of the above peer companies, the Board will apply its discretion to assess the relative performance of that entity:

- by normalising its performance over the testing period in the case of delisting; or
- substituting the performance of the new entity from the day of acquisition in the case of merger or acquisition.

Vesting of the absolute TSR performance LTI performance rights will occur in accordance with Table 3:

Table 3:

<b>Absolute TSR</b>	<b>Proportion of Performance Rights Vesting</b>
Less than 10%	Nil %
At 10%	50%
Between 10.01% and 17.99%	50% plus 6.25% for each additional percentage point above the 10% threshold
At or above 18.00%	100%

The terms of the Performance Rights to be issued to Dr Fowles are summarised in Annexure “B” in this Explanatory Memorandum.

The number of LTI Performance Rights to be issued to Dr Fowles is considered reasonable by the Board having regard to his respective responsibilities and achievements to date. The Board considers it appropriate that performance measures relate to the overall market performance of the Company both in terms of its Absolute TSR, and Relative TSR performance against the select group of local and global exploration and production companies, which may be of investment interest.

The actual FY22 remuneration package for Dr Fowles as Managing Director, includes the following components:

Table 4: FY22 Remuneration Package

Remuneration (in respect of financial year period 1 July 2021 to 30 June 2022)	Fixed (40%)	STI (20%)	LTI (40%)
	\$773,250*	\$386,625**	\$773,250

\*excluding superannuation of \$73,459

\*\*50% paid subject to satisfaction of one year employment retention period

Dr Fowles remuneration is similar in structure to other employees and senior management and is comprised of base salary and a combination of short and long-term “at risk” incentives.

Effective from 1 July 2022, Dr Fowles STI (50% of fixed remuneration) and LTI (100% of fixed remuneration) entitlements are calculated as a percentage of base salary plus superannuation

Further details of the Company's executive remuneration policy can be found in the Remuneration Report section of the Company's 2022 Annual Report. Details of any securities issued under the PRP will be published in the annual report for the Company relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Under the LTI, Dr Fowles will receive his LTI as Performance Rights in accordance with the following table:

Table 5 – FY23 LTI Performance Rights:

Remuneration Package	FY23 LTI Performance Rights *
% of LTI	100%
Per security value	\$2.0748 per right
Target LTI Remuneration**	\$897,511
Total Securities 'At Risk'	<b>432,577</b>

**\*Based on Remuneration Package effective 1 July 2022**

**\*\*Target LTI remuneration is 100% of Total Fixed Remuneration (Base plus superannuation)**

#### **Calculation of LTI Performance Right fair value**

The fair value of FY23 Performance Rights to be issued to Dr Fowles is equivalent to the VWAP of the Company's shares traded on the ASX in the 20 trading days following the release of the Company's 2022 full year financial results.

Over the 12 months prior to 30 September 2022, the lowest recorded price of Shares traded on ASX was \$1.43 on 7 July 2022 and the highest was \$2.335 on 9 April 2022.

#### **Grant and vesting of FY22 STI Performance Rights**

The FY22 STI Performance Rights are to be granted to Dr Fowles given the satisfaction of 67.5% of performance hurdles set at the beginning of the financial year ending 30 June 2022. The FY22 STI Performance Rights will be subject to a retention period and become exercisable from 1 July 2023.

In respect of the financial year ending 30 June 2022, the STI component of remuneration relating to the issue of performance rights for Dr Fowles was \$130,486 which equates to 50% of the total STI component of total remuneration.



The number of Performance Rights to be issued to Dr Fowles was calculated by dividing that amount by the value weighted average price of Karoon ordinary fully paid shares in the 20 trading days after the release of the Company's full year financial results on 25 August 2022.

The following schedule of performance conditions outlines the performance hurdles against which it was determined that 67.5% of such performance hurdles had been satisfied.

<b>Criteria</b>	<b>Summary of Hurdle</b>
Safety (0% - gateway)	TRIR of < 2 required for any award to proceed.
<b>Financial and Operational Objectives (40%)</b>	
Operational Performance and Budgeting	Achieve the challenging Baúna approved budget operational targets.
<b>Project Objectives (30%)</b>	
Neon Strategy	Progress the Company's strategy in respect of the development of the Neon/Goia project.
Baúna interventions	Commence and progress the Baúna intervention campaign within approved budget and programme window.
Patola development	Commence and progress the Patola development within approved budget and programme window.
	Reach financial close under the US\$160M Syndicated Facility Agreement.
<b>Strategic (30%)</b>	
M&A Strategy	Progress M&A strategy.
ESG	Develop and implement ESG strategy.
Anti-bribery and Corruption / No Fatality (0% - clawback)	Negative discretion will be applied, if necessary, by the Board of Directors should any fatality occur in the Company's workforce (including its Contractors) or any material event occurs which constitutes a breach of Karoon's Anti-bribery and Corruption Policy.

Linking STI outcomes to financial and operational performance, achievement of project objectives and strategic objectives develops an essential alignment between the Company's year-to-year inherent value growth and the reward provided to those who establish that value. The Board annually agrees performance metrics that, taking into account safety and Antibribery and Corruption Policy compliance, demonstrate a clear pathway toward value creation. In setting objectives for the performance period, the Board assesses the operational, financial, project and strategic goals for the performance period and upcoming key value drivers within the Company's business, allowing for transparent measurement of performance against these objectives. The Board recognises the risks associated with offshore operations and projects and considers safety paramount. Safety will continue to be used as a gateway for vesting conditions. The FY22 STI Performance Rights will have a retention period ending 30 June 2023 before they become exercisable and convertible into fully paid ordinary shares. The Performance Rights will expire after a further 12 months if not exercised before. The terms of the Performance Rights are set out in the 2022 PRP and are summarised in Annexure "B" in this Explanatory Memorandum.

#### **Other details**

Listing Rule 10.15 requires the following further information to be disclosed in relation to Performance Rights to be granted to Dr Fowles under the 2022 PRP:

- approval is being sought for the grant of the following number of Performance Rights to Dr Fowles:
  - 62,891 STI Performance Rights, which will only vest upon completion of a one-year employment retention period ending 30 June 2023; and
  - 432,577 LTI Performance Rights, which are at risk remuneration and will only vest should the LTI performance hurdles over the three-year performance period from 1 July 2022 to 30 June 2025 be satisfied;
- Dr Fowles, as Managing Director, is an eligible employee for the purposes of the PRP and therefore is eligible to participate in the PRP;
- Dr Fowles falls under Listing Rule 10.14.1 as the Managing Director of the Company;
- Dr Fowles' FY22 Remuneration package is set out in Table 4;
- 1,080,041 Performance Rights have previously been granted to Dr Fowles under the 2019 PRP. Dr Fowles has not paid any consideration for the grant of such Performance Rights;
- the terms of the Performance Rights to be issued to Dr Fowles are summarised in Annexure "B" in this Explanatory Memorandum;
- the Performance Rights will be granted to Dr Fowles following the Meeting and in any case within 12 months of the Meeting;
- the Performance Rights will be issued for nil consideration;
- there is no loan applicable in relation to the acquisition of Performance Rights or the Shares underlying them because Dr Fowles is not required to make any payment for the Performance Rights or the Shares underlying them;
- details of any securities issued under the 2022 PRP will be published in the annual report for the Company relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the 2022 PRP after this resolution is approved and who were not named in the Notice of Meeting will not participate in the 2022 PRP until approval is obtained under that Listing Rule.

#### ***Dr Fowles' interest in Shares***

Dr Fowles has previously been granted 1,080,041 Performance Rights under the 2019 PRP.

As at the date of this Notice of Meeting, Dr Fowles had an interest in 107,659 Shares and 1,080,041 Performance Rights. That represents 0.21% of the total Shares in the Company (as of 14 October 2022). If Shareholders approve resolution 6, and all the Performance Rights are granted as contemplated by this Notice of Meeting, Dr Fowles will have the following interest in Shares and Performance Rights:

Shares	Performance Rights – 2019 PRP	Performance Rights – 2022 PRP
107,659	1,080,041	495,468

If all of the Performance Rights proposed to be granted under resolution 6 vest and are paid in Shares, Dr Fowles would acquire an additional 495,468 Shares. If these were newly issued Shares, Dr Fowles would have an interest in 0.3% of the total issued Shares in the Company (based on the total number of issued Shares in the Company as of 10 October 2022).

#### **Voting exclusion statement with regards to resolution 6**

Votes may not be cast, and the Company will disregard any votes cast:

- in favour of resolution 6 by or on behalf of Dr Fowles or any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any of their associates; or

- in favour of or against resolution 6 by a member of the KMP as at the time the resolution is voted on at the Meeting or any Closely Related Parties of those persons, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the resolution:

- in accordance with a direction in the proxy appointment;
- by the Chairman of the Meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if the resolution is connected directly or indirectly with the remuneration of a KMP member; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate or a person excluded from voting on resolution 6; and
  - the holder votes on resolution 6 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Board recommendation**

The Non-Executive Directors of the Company unanimously support the resolution. The Managing Director of the Company makes no recommendation in relation to resolution 6 on the basis that the resolution relates to the Managing Director's remuneration.

#### **8. AGENDA ITEM 7 - FINANCIAL REPORTS**

Section 317 of the Corporations Act requires the Company's Financial Reports, Directors' Report and Independent Auditor's Report for the financial year ended 30 June 2022 to be laid before the Meeting. The Financial Report, the Directors' Report and the Independent Auditor's Report are contained in the Company's 2022 Annual Report, a copy of which has been made available to Shareholders with this Explanatory Memorandum and the accompanying Notice of Meeting, and it is also available on request to the Company.

While no resolution is required to be put to Shareholders in relation to this item, Shareholders should consider these documents and raise any matters of interest with the Directors of the Company when this item is being considered. In accordance with the Corporations Act, Shareholders will be given an opportunity to ask questions about and make comments on the reports.

#### **9. GLOSSARY**

The following terms and abbreviations used in this Explanatory Memorandum have the following meaning:

<b>AEDT:</b>	Australian Eastern Daylight Time, being the time in Melbourne, Victoria.
<b>Annual General Meeting or Meeting:</b>	means the annual general meeting of the Company's Shareholders to be held virtually at 10am (AEDT) on Thursday, 24 November 2022.
<b>Audit and Risk Committee:</b>	The Audit and Risk Committee of the Company.
<b>ASX:</b>	ASX Limited (ACN 008 624 691).
<b>Board:</b>	The Board of Directors of the Company.
<b>Closely Related Party:</b>	Includes a KMP's spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.
<b>Company or Karoon:</b>	Karoon Energy Ltd ACN 107 001 338).
<b>Constitution:</b>	The constitution of the Company.

<b>Corporations Act:</b>	<i>Corporations Act 2001 (Cth).</i>
<b>Director:</b>	A director of the Company.
<b>FY22 STI Performance Rights:</b>	The 62,891 STI Performance Rights proposed to be issued to Dr Fowles under the 2022 PRP, subject to Shareholders approving resolution 6 and on the terms and conditions set out in the Explanatory Memorandum.
<b>FY23 LTI Performance Rights:</b>	The 432,577 LTI Performance Rights proposed to be issued to Dr Fowles under the 2022 PRP, subject to Shareholders approving resolution 6 and on the terms and conditions set out in the Explanatory Memorandum.
<b>Key Management Personnel or KMP:</b>	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
<b>Computershare online meeting platform:</b>	The online facility Shareholders can use to participate in the Meeting using their computer.
<b>Listing Rules:</b>	The official listing rules of the ASX, as amended from time to time.
<b>LTI:</b>	Long-term Incentive.
<b>Notice of Meeting:</b>	The notice convening the Meeting which accompanies this Explanatory Memorandum.
<b>People, Culture and Governance Committee:</b>	The People, Culture and Governance Committee of the Company.
<b>Performance Rights:</b>	Performance rights issued under the Performance Rights Plan 2019 or to be issued under the Performance Rights Plan 2022 (as applicable), including LTIs and STIs.
<b>Performance Rights Plan 2019 or 2019 PRP:</b>	The Performance Rights Plan initiated in 2019 which expires on 29 November 2022.
<b>Performance Rights Plan 2022 or 2022 PRP:</b>	The Performance Rights Plan initiated in 2022.
<b>Remuneration Report:</b>	The Remuneration Report for the financial year ended 30 June 2022 as contained within the Directors' Report and forming part of the Company's 2022 Annual Report.
<b>Shareholders:</b>	Holders of Shares.
<b>Shares:</b>	Fully paid ordinary shares in the capital of the Company.
<b>STI:</b>	Short-term Incentive.
<b>Sustainability and Operational Risk Committee:</b>	The Sustainability and Operational Risk Committee of the Company.
<b>TSR:</b>	A measure of the entire return a Shareholder would obtain from holding an entity's securities over a period, taking into account factors such as changes in the market value of the securities and dividends paid over the period.
<b>VWAP:</b>	Volume weighted average price.

## ANNEXURE "A"

### SUMMARY OF THE TERMS OF THE 2022 PRP PROPOSED UNDER RESOLUTION 5

#### Offers

- A. The Company may from time to time during the operation of the 2022 PRP make an offer in writing to any Eligible Employee specifying:
- the number of Performance Rights for which the Eligible Employee may subscribe;
  - the period during which the offer may be accepted;
  - any conditions that will apply;
  - the period (if any) that an Eligible Employee must wait before any ordinary shares acquired on the exercise of any Right may be disposed of;
  - the date on which the Eligible Employee's right to subscribe for and be issued or transferred ordinary shares will lapse;
  - circumstances in which the Eligible Employee's right to subscribe for and be issued or transferred ordinary shares will lapse; and
  - any other matters required to be specified by the Corporations Act or the Listing Rules.

#### Eligible employees

- B. Any full-time or part-time employee or any executive director of the Company or any subsidiary.

#### Grant of Performance Rights

- C. Performance Rights offered to an Eligible Employee will entitle the Eligible Employee to subscribe for and be issued or transferred the relevant number of fully paid ordinary shares.

#### Exercise price

- D. Subject to the Board's discretion to requirement payment of nominal consideration for the grant of a Performance Right, there will be no exercise price required to be paid on exercise of the Right.

#### Participant

- E. An Eligible Employee who has been granted Performance Rights will be a participant.

#### Vesting conditions

- F. Unless otherwise determined by the Board, Performance Rights granted under the 2022 PRP will vest on any date after the first anniversary of the grant date, subject to all other conditions being met.
- G. If a participant dies, becomes permanently disabled, is retrenched, reaches the age of retirement or is given a bona fide redundancy, or if the Company is in the process of winding-up, and at that time the participant holds Performance Rights which are subject to the satisfaction of any relevant vesting condition, the Board may resolve that all or a specified number of the participant's Performance Rights vest immediately.

#### Cessation of employment

- H. If a participant ceases to be an employee before or after he or she has satisfied the vesting conditions attaching to an offer of Performance Rights, then all rights in respect of those Performance Rights lapse, unless the participant ceases to be an employee by reason of death, permanent disability, retrenchment, retirement or redundancy.

### **Death, permanent disability, retirement, retrenchment or redundancy**

- I. If a participant dies, becomes permanently disabled, is retrenched, reaches the age of retirement or is given a bona fide redundancy, and at that time the participant holds a right to subscribe for ordinary shares (whether or not subject to satisfaction of any relevant vesting condition), the participant, or in the event of death or legal incapacity, the participant's legal personal representative, retains the Performance Rights subject to lapsing for any other reason under the 2022 PRP.

### **Adjustments and reorganisations**

- J. A participant has no right to any variation in the offer price or the number of securities to be granted in an offer of shares upon the occurrence of a new issue of shares or other securities to holders of shares, unless the participant has validly exercised their Performance Rights in accordance with the 2022 PRP prior to the record date for the new issue.
- K. In respect of a participant who has accepted an offer of Performance Rights, if there is a bonus issue to the Company's Shareholders prior to the time at which the Right has been exercised, that participant will be entitled, upon later issue of the relevant ordinary shares, to receive an issue of so many additional shares as would have been issued to a Shareholder who, on the record date for determining entitlements under the bonus issue, held ordinary shares equal in number to the shares comprised in the offer of Performance Rights.
- L. In the event of any reorganisation of the issued capital of the Company other than a bonus issue, then the number of Performance Rights which each Participant is entitled will be adjusted in a manner determined by the Board (in accordance with the Listing Rules), in order to minimise or eliminate any material advantage or disadvantage to a participant.

### **Takeover**

- M. If the Board determines that there has been a change of control of the Company, the replacement of a majority of the Board is imminent or that a bidder who did not have a relevant interest in more than 50% of the Company's issued shares has acquired (or become entitled to acquire) a relevant interest in more than 50% of the Company's issued shares, then the Board may resolve that the Company notify each participant in writing that some or all of the participant's unvested Performance Rights have vested on the basis of a pro-rated achievement of any vesting conditions applying to those unvested Performance Rights.

### **Termination or suspension**

- N. Subject to the Listing Rules, the 2022 PRP may be amended at any time by a resolution of the Board.

## ANNEXURE "B"

### THE PERFORMANCE RIGHTS PROPOSED TO BE GRANTED UNDER RESOLUTION 6

The Board may from time to time make offers to 'eligible employees' subject to any performance conditions and any additional conditions the Board determines.

Each Performance Right entitles the holder to subscribe for or acquire and be issued or transferred one fully paid ordinary share (**Share**) in the Company.

There is no amount payable for the grant of the Performance Rights.

The Performance Rights cannot be exercised until 1 July 2023 (in the case of FY22 STI Performance Rights) and 1 July 2025 (in the case of FY23 LTI Performance Rights) respectively (**Exercise Date**) except in the circumstances set out below.

There is no exercise price to be paid on exercise of the Performance Rights.

A Performance Right (which has not otherwise lapsed) will vest in a holder on any date after the first anniversary of the grant date provided that the performance conditions notified to the holder by the Board are satisfied or waived by the Board.

The Performance Rights will lapse at 5.00 pm (AEDT) 12 months after the relevant Exercise Date (**Expiry Date**). Any Performance Rights which have not been exercised on or before 5.00pm (Melbourne Time) on the Expiry Date lapse automatically.

The Performance Rights are not transferable and the Company will not seek official quotation of any Performance Rights. Once the Performance Rights are exercised, the Company will apply for official quotation of the Shares issued on exercise of those Performance Rights (except quotation of Shares is not guaranteed).

In the event of a takeover of the Company or a change of control, the Board may notify the holder that a percentage of his Performance Rights have vested.

Performance Rights may only be exercised after meeting the performance conditions and any other conditions by notice in writing (**Exercise Notice**) delivered to the registered office of the Company. The Exercise Notice must specify the number of Performance Rights being exercised and must be accompanied by the certificate for those Performance Rights, for cancellation by the Company.

A holder of Performance Rights has no entitlement to participate in a new issue of Shares or other securities in the Company unless those Performance Rights have vested and have been exercised in accordance with the PRP prior to the record date for the relevant new issue.

If the Company makes (whether before or after the Performance Rights have vested) a pro-rata or bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been acquired in respect of a Performance Right before the record date for determining entitlements to the bonus issue, then the number of Shares the subject of the Performance Right shall be:

- increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right prior to such record date; or
- adjusted in a manner determined by the Board and in accordance with the Listing Rules, in order to minimise or eliminate any material advantage or disadvantage to a holder.

In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, then the number of Performance Rights to which a holder is entitled will be adjusted in a manner determined by the Board and in accordance with the Listing Rules to minimise or eliminate any material advantage or disadvantage to the holder. Any further Performance Rights issued on such an adjustment will be subject to the same terms and conditions as the original Performance Rights.







KAR  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Need assistance?

 **Phone:**  
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 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 22 November 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Karoon Energy Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Karoon Energy Ltd to be held at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, VIC 3000 on Thursday, 24 November 2022 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4, 5 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Election of Mr Carlos Tadeu da Costa Fraga as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Clark Davey as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Peter Turnbull AM as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of issue of securities under the Performance Rights Plan 2022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval to issue Performance Rights to Dr Julian Fowles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically





Dear Shareholder

### **Karoon Energy Ltd – 2022 Annual General Meeting**

I am pleased to invite you to attend the 2022 Annual General Meeting of Karoon Energy Ltd (**Karoon**) which will be held at **10:00am (AEDT) on Thursday, 24 November 2022** as a hybrid meeting (**Meeting**).

#### 1. Meeting structure

Shareholders can attend the Meeting at Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000. This year we are also offering shareholders the ability to attend online at <https://meetnow.global/MUVLANU>.

Unless individual Shareholders have previously opted to receive hard-copy communications, the Notice of Meeting will not be mailed to Shareholders. Instead, it is available for you to view and download on the Karoon website at: [www.karoonenergy.com.au/investors/#annual-meetings](http://www.karoonenergy.com.au/investors/#annual-meetings).

#### 2. Meeting participation

Your participation in the Meeting is important to us. You can attend the meeting physically or online via the live webcast through the Computershare online meeting platform. If you attend online, you will be able to listen to the proceedings, view the presentations, ask questions of the Board and vote in real-time. You may attend the Meeting online using your computer or mobile device.

To attend the Meeting online enter the following link in your browser: <https://meetnow.global/MUVLANU>.

Further information on how to participate in the Meeting online is provided in the Notice of Meeting, and in the Virtual AGM Online Guide, which you can access online via [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

#### 3. Voting

If you will not be able to attend the Meeting physically or online at the scheduled time, you can participate by appointing a proxy to attend and vote live at the Meeting. If you intend to appoint a proxy, please lodge a directed proxy vote online at [www.investorvote.com.au](http://www.investorvote.com.au) to be received no later than **10am (AEDT) on Tuesday, 22 November 2022**. Alternatively, you can lodge your signed and directed proxy by mail or fax in accordance with the instructions contained in the Notice of Meeting. If you are planning to attend the Meeting physically or online, you are still encouraged to cast your vote by proxy and lodge questions prior to the meeting at [www.investorvote.com.au](http://www.investorvote.com.au). To use this facility, you will need your six-digit Control Number and Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which are located on your proxy form. Shareholders and proxy holders will also have the opportunity to ask questions in real time during the Meeting if they attend physically or via the Computershare online meeting platform.

The Chairman's and the Managing Director's addresses will be uploaded to the Karoon website at [www.karoonenergy.com.au/investors/#annual-meetings](http://www.karoonenergy.com.au/investors/#annual-meetings) and the ASX platform at <https://www.asx.com.au> prior to the Meeting. For a detailed overview of Karoon's performance and operations for the year ended 30 June 2022, I encourage you to read the 2022 Annual Report prior to the Meeting. The 2022 Annual Report can be found on the Karoon website at <https://www.karoonenergy.com.au/investors/#annual-reports>.

Please be aware that we will be observing social distancing rules and any other government requirements that apply at that time. Due to the ongoing health and safety risks posed by COVID-19, restrictions and

precautionary measures may also be imposed on attendance if necessary.

In the lead up to the Meeting, Karoon will be closely monitoring the COVID-19 situation in Melbourne. If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the Meeting to those set out in this Notice, Shareholders will be given as much notice as possible. Information relating to alternative arrangements will be communicated to Shareholders by way of an announcement to the ASX and published at <https://www.karoonenergy.com.au/investors/#annual-reports>.

I do hope you can join us.

Yours sincerely

**Bruce J Phillips**

Chairman



ABN 53 107 001 338

KARRM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SURBURB  
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Karoon Energy Ltd. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001  
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

**Karoon Energy Ltd**

