



JUNE 2022 QUARTERLY ACTIVITIES REPORT & APPENDIX 5B*

Issued 28 July 2022

Highlights:

- Oil production in the 2022 June quarter from the Baúna Field in the Santos Basin, Brazil was 1.08 million barrels (MMbbl), produced at an average rate of 11,878 barrels of oil per day (bopd), taking production for FY2022 to 4.64 MMbbl, slightly above the 4.4 – 4.6 MMbbl guidance range.
- Oil sales for the quarter were 0.98 MMbbl, with two cargoes lifted during the period. The average net realised oil price was US\$107.43/bbl, 13% higher than in the March quarter.
- Revenue from the cargoes lifted was US\$105.4 million, while cash receipts from oil sales were US\$104.1 million, with a further US\$55.9 million cash payment received in early July. FY2022 oil revenue and cash receipts were US\$385.1 million and US\$363.0 million, respectively.
- The four-well Baúna workover campaign using the Maersk Developer drilling rig commenced during the quarter, with the first well, PRA-2, being entered in late May to replace the downhole Electric Submersible Pump. PRA-2 was brought back onstream successfully in late June, with a boost to production in line with expectations.
- Two Lost Time Incidents (LTIs) were recorded in the quarter while a resurgence of COVID-19 in Brazil led to a number of cases onboard both the FPSO Cidade de Itajaí and the Maersk Developer drilling rig, but with no disruptions to operations. There were no significant environmental incidents.
- Cash and cash equivalents at 30 June 2022 were US\$157.7 million. Undrawn and available debt, including a US\$50 million Accordion Facility established in April, was US\$180.0 million, taking total liquidity at the end of June to US\$337.7 million.
- Work progressed on planning for a drilling campaign on the Neon oil discovery offshore Brazil, with a commitment in April to drill one, and possibly two, control wells in CY2023 following the Patola drilling (subject to the receipt of required environmental approvals).
- In May, Karoon terminated its Exclusivity Agreement with Enauta Energia S.A. and withdrew its conditional, non-binding and incomplete offer for the potential acquisition of a 50% non-operated interest in the Atlanta oil field, Santos Basin, offshore Brazil.
- Karoon's results for the financial year to 30 June 2022 are expected to be released to the market on 25 August 2022. Revised guidance for FY2022 is shown on page 6. Key changes in guidance include a reduction in anticipated Unit Operating Costs due to higher than expected production, and lower than anticipated capital expenditure due to timing of spend. In addition, a further increase in the fair value of the total contingent consideration payable to Petrobras is expected to be recognised, based on the Company's oil price outlook at the end of the 2022 financial year. Guidance for FY2023 will be provided when Karoon's FY2022 financial results are announced on 25 August 2022.

* While Karoon is now an oil producer, it remains an "oil and gas exploration entity" for the purposes of the ASX Listing Rules and, as such, will continue to report as one until it becomes an "oil and gas producing entity" for the purposes of the ASX Listing Rules.

Comments from Chief Executive Officer/Managing Director, Dr Julian Fowles:

“Oil production in the June 2022 quarter was 3% higher than in the March 2022 quarter, reflecting excellent facilities availability of 99% combined with strong reservoir and well performance. The final quarter performance took total production for FY2022 to 4.64 MMbbl, slightly above the top end of the guidance range.

Two cargoes were lifted during the quarter, with a total volume of just under one million barrels of oil. The average oil price realised, of US\$107.43/bbl net of marketing expenses, was a quarterly record for Karoon, resulting in a 13% increase in sales revenue, compared to the March 2022 quarter. Unfortunately, two LTIs were recorded and despite our stringent COVID-19 safety protocols, we had a number of COVID-19 cases in our offshore operations, the majority on the Maersk Developer rig, but with no impact on the efficiency of our operations.

Our four well Baúna interventions campaign commenced during the quarter, within the predicted program window. A new Electric Submersible Pump was successfully installed in the first well (PRA-2) and the well brought back onstream in late June. Production steadily increased to more than 3,000 bopd in early July as the pump was brought up to normal operating conditions, compared to 1,900 bopd prior to the intervention. The rig has now commenced the second intervention, on well SPS-56, where gas lift is to be installed. Overall, the rig schedule is slightly behind target. As we have emphasised previously, diesel fuel costs have been significantly higher than budgeted, due to strong crude prices. As a result, the intervention programme costs are tracking towards the upper end of our US\$110 - \$130 million guidance range, with risk of going higher should current fuel costs be sustained.

Planning for the two well Patola development continued on schedule over the period. In April, we committed to drilling up to two control wells on the Neon oil discovery, aimed at reducing subsurface uncertainty, with drilling planned after completion of the Patola wells, subject to the receipt of the relevant approvals.

In April, we established a US\$50 million Accordion Facility, increasing our total debt facilities to US\$210 million. US\$180 million remains undrawn which, together with cash of US\$157.7 million, provided us with total liquidity of US\$337.7 million at 30 June 2022. Proceeds of US\$55.9 million from the June cargo were received in early July, boosting our cash balance further. The March - June 2022 hedges, required under the terms of the funding facility, expired during the period with settlements of approximately US\$10 million on the expiring sold calls.

We announced in May that work on the potential acquisition of a 50% interest in the Atlanta oil field, offshore Brazil, from Enauta Energia SA, had ceased, reflecting our disciplined approach to evaluating acquisition opportunities. A number of other growth opportunities remain under evaluation.

I look forward to updating the market on our financial results for FY2022, which are expected to be released on 25 August.”

For further information on this release, please contact:

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Production Summary

Baúna Field (BM-S-40, Santos Basin, Brazil - 100% Equity interest, Operator)

Key Data	June Quarter 2022	March Quarter 2022	% change	FY2022
Production rate ('000 bopd)	11.88	11.72	+1	12.70
Production volume (MMbbl)	1.08	1.05	+3	4.64
Sales volume (MMbbl)	0.98	0.98	-	4.54
Weighted average net realised price (US\$/bbl)	107.43	95.02	+13	84.74
Oil sales revenue (US\$ million)	105.4	93.2	+13	385.1
Oil sales cash proceeds (US\$ million) ¹	104.1	75.2	+38	363.0
Closing cash and cash equivalents (US\$ million)	157.7	200.4	-21	157.7
Closing debt (US\$ million)	30.0	30.0	-	30.0
Closing net cash and cash equivalents (US\$ million) ²	127.7	170.4	-25	127.7
Undrawn debt (US\$ million)	180.0	130.0	+38	180.0
Lost time injury rate (incidents/200,000 hours)	0.98	0.96	+2	0.77
Total recordable incident rate (Incidents/200,000 hours)	0.98	0.96	+2	0.77

¹ Includes proceeds from the cargo lifted in March 2022, which were received in April 2022, and excludes proceeds from the June 2022 cargo, which were received after the end of the quarter.

² Net of drawn debt.

Total oil production during the quarter was 1.08 mmbbl, produced at an average rate of 11,878 bopd. Despite three short unplanned shutdowns, FPSO uptime averaged 99% over the period and Baúna reservoir performance remained strong. In late May, the PRA-2 well was taken offline for intervention work, with production resuming just before the end of the quarter.

Two cargoes were lifted during the quarter, totalling 0.98 million barrels of oil, with one cargo sold to a buyer in Asia and the other to a buyer in North America. The average realised oil price, net of selling expenses, was US\$107.43/bbl, 13% higher than in the prior quarter, reflecting the continued strengthening in global oil prices. Oil revenue generated from the two cargoes shipped in the quarter was US\$105.4 million.

Oil receipts for the quarter of US\$104.1 million included proceeds from the March and April 2022 cargoes, but excluded the June cargo, with cash proceeds of US\$55.9 million received in early July.

There were two Lost Time Incidents (LTI) recorded in the June quarter. In April, a third-party contractor onboard a support vessel slipped and fractured a rib, and in June a worker twisted their ankle on the FPSO, which was subsequently identified as a fracture. Safety and safe outcomes continue to be emphasised as a priority in all our operations, and education regarding the importance of following procedures and keeping training up to date has been provided to staff and contractors. There has been a resurgence of the COVID pandemic in Brazil, reflected in new cases within Karoon's operations. During the quarter, 46 COVID cases were identified and treated, with six cases detected onboard the FPSO, 35 onboard the Maersk Developer rig and the remainder in hotel quarantine prior to embarkation. No cases required hospitalisation, and many were asymptomatic. To date, there has not been any interruption to production from COVID-19, reflecting the effective implementation of the Company's ongoing COVID safety protocols. Karoon has worked with Maersk Drilling on revising its COVID protocols, to ensure the health and safety of the rig operations and has further reinforced the application of its established COVID protocols for its FPSO workforce.

Production data relating to Baúna can be found in monthly newsletters produced (in Portuguese) by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP: the Brazilian oil and gas regulator) and on the ANP's dynamic panel of oil and gas production, both of which can be accessed via the ANP's website at <http://www.anp.gov.br>.

Well Interventions Campaign and Development Activities

The Maersk Developer rig arrived in Brazilian waters in April and after minor repairs and the receipt of regulatory approvals, was mobilised to Baúna in early May. The first intervention, on PRA-2, commenced in late May. Following the installation of a new Electric Submersible Pump, the well was brought back online successfully in late June, with production steadily increasing to more than 3,000 bopd in early July as the pump was brought up to full operating capacity. The second intervention in the program, to install gas lift on the SPS-56 well, commenced in July.

Preparations for the Patola development continued. During the quarter, Technip FMC nominated the pipelaying vessel and approval was received from the Brazilian authorities for the connection of the two Patola wells (to be constructed as part of the Patola development) to the FPSO.

Corporate and Commercial Summary

Liquidity

At 30 June 2022, Karoon's total liquidity was US\$337.7 million, comprising US\$157.7 million in cash and cash equivalents and US\$180 million in undrawn available debt capacity.

Cash flows from operating activities included receipts from oil sales of US\$104.1 million. This excluded the June 2022 cargo, with US\$55.9 million proceeds received in early July. US\$52.7 million of net cash was generated from operating activities during the quarter, or US\$43.4 million when adjusted for the principal elements of lease payments included in financing activities. The deferred firm consideration payment of US\$43.6m was made to Petrobras, as per the Sales and Purchase Agreement (SPA), for the Baúna acquisition, and US\$38.8 million was used for continued activities related to the Baúna intervention campaign and Patola development.

Significant cash flows

The June 2022 quarter included the following key financial items:

- US\$104.1 million in proceeds from oil sales.
- US\$43.6 million paid to Petrobras for the deferred consideration under the terms of the SPA.
- US\$40.8 million related to payments for property, plant and equipment, including US\$32.0 million of intervention campaign CAPEX, US\$6.8 million paid for long lead items and other planning activities required for the development of the Patola field and US\$2.0 million for tools.
- US\$28.9 million in payments related to Baúna production costs, including US\$11.5 million in royalty payments.
- US\$13.2 million spent on FPSO lease charter payments, which are included in lease payments and finance costs in the Appendix 5B.
- US\$8.1 million of Brazilian income tax instalments.
- US\$6.0 million paid for out of the money oil hedges.
- US\$1.1 million paid for costs associated with the establishment of a US\$50 million Accordion Facility.
- US\$0.8 million of exploration and evaluation costs, predominantly related to ongoing subsurface and engineering studies on the Neon discovery and minor costs related to WA-482-P in Australia.
- US\$0.3 million related to director and committee fees paid to non-executive directors and salary paid to the Chief Executive Officer and Managing Director in accordance with his employment contract.

Debt facility

During the quarter, Karoon established a US\$50 million Accordion Facility, increasing the total amount of the Company's debt facility to US\$210 million. The additional funding will provide extra liquidity for Karoon during the Neon control well drilling program, which was approved in April and is scheduled to take place after the conclusion of the Patola development campaign, subject to the receipt of required environmental approvals.

As at 30 June 2022, the total drawn amount was US\$30 million, unchanged from the previous quarter. Total undrawn and available debt at the end of the quarter was US\$180 million.

Hedging

During the quarter, 426,000 bought Asian put options and 426,000 sold Asian call options expired. Karoon settled US\$10.3 million on the expiring sold calls, which will be expensed through the profit and loss statement this quarter. Over the quarter, 61% of production was unhedged and no incremental hedges were established.

Sustainability

During the quarter, Karoon Petr leo & G s Ltda., a wholly owned subsidiary of Karoon Energy Ltd, made its first purchase under an agreement with Shell Western Supply and Trading Limited, acquiring more than 29,000 verified emission reductions (VERs), which, together with a previous purchase of VERs in November 2021, has offset all Scope 1 and 2 Ba na FY2021 emissions. This is a significant achievement, making Karoon a carbon neutral operator for Scope 1 and 2 Ba na FY2021 emissions and demonstrating our commitment to managing our carbon footprint and our recognition of the importance of facing the global challenges of climate change.

Karoon's greenhouse gas (GHG) emissions (Scope 1 and 2) increased during the quarter, due to the arrival of the Maersk Developer rig and the commencement of activities on the Ba na intervention campaign. These activities have temporarily raised the GHG emissions intensity of Karoon's Ba na operations, which will decrease once the workover campaign and Patola development are completed. Partially offsetting the increase, a project focused on scheduling vessel movements, aimed at optimising fuel efficiency and reducing diesel use and GHG emissions, commenced during the quarter.

Karoon committed to three new voluntary social-environmental projects over the period. The projects are all located in the state of Santa Catarina in southern Brazil. The projects seek to provide a range of positive social and environmental outcomes, including the provision of employment for vulnerable individuals, providing access to recycling facilities to reduce landfill waste, increasing awareness and knowledge of traditional culture, and protection of endangered species.

Exploration, Appraisal and Potential Development Update

Brazil

Santos Basin, Blocks S-M-1037, S-M-1101

100% Equity Interest, Operator

Following the completion of pre-development geotechnical and engineering work on the Neon discovery during the March quarter, in early April, Karoon committed to drilling a Neon control well and, depending on the results of that well, a second control well, with the specific goal of reducing subsurface uncertainty.

During the quarter, detailed planning and engineering studies for the drilling program progressed. The primary objectives of the control wells are to confirm the reservoir quality, continuity and extent, and the depth of field oil:water contacts. To achieve this, Karoon plans to drill the first control well, Echidna-2, approximately 2 kilometres south of the Echidna-1 discovery well. If successful, a second control well, Echidna-3, will then be drilled approximately 2 kilometres to the north of Echidna-1, where additional target reservoirs have been identified. The control wells are designed to provide sufficient constraint of the stratigraphic and lateral limit of the oil pools to allow a revised development plan to be formulated. In addition, the results are aimed at bringing

a greater degree of calibration and confidence in the resource estimates, allowing the resource range to be better constrained, helping steer further evaluation and any subsequent investment decisions associated with the discovery.

Subject to the receipt of required regulatory licences, the control wells are planned to be drilled with the Maersk Developer rig after the completion of the two Patola development wells. If drilling results are positive, they should enable Karoon to optimise the field development plan and assess the feasibility of moving forward with Concept Definition and Front-End Engineering and Design, and a potential Final Investment Decision.

In parallel with control well drilling planning and subsurface evaluation, a range of development engineering studies were defined during the quarter, which will be undertaken prior to the drilling campaign. The studies are aimed at bringing better definition to identified development concepts. This initiative is anticipated to expedite development project timelines, in line with Karoon's stated strategy of targeting near term production opportunities.

Santos Basin, Block S-M-1537

100% Equity Interest, Operator

Desktop geological and geophysical studies on the Clorita prospect in S-M-1537 continued during the quarter.

Australia

Northern Carnarvon Basin, Permit WA-482-P

50% Equity Interest, Non-Operator

An application for consent to surrender Petroleum Exploration Permit WA-482-P was submitted to the National Offshore Petroleum Titles Administrator (NOPTA) on 8 April 2022. As of 30 June 2022, the application had been screened, assessed and was with the Joint Authority for a decision.

Schedule of Interests in Petroleum Tenements

Held by Karoon Energy Ltd Group at 30 June 2022

Exploration Permit/ Block	Basin	Operator	% equity interest held
Concession BM-S-40	Santos, Brazil	Karoon	100
Block S-M-1037	Santos, Brazil	Karoon	100
Block S-M-1101	Santos, Brazil	Karoon	100
Block S-M-1537	Santos, Brazil	Karoon	100
WA-482-P	Northern Carnarvon, Australia	Santos	50 ¹

⁽¹⁾ Liberty Petroleum Corporation is entitled to certain milestone cash bonuses and an overriding royalty in the event of production. Phoenix Oil and Gas Limited is entitled to an overriding royalty in the event of production.

FY2022 Full Year Guidance (See notes on page 7)

Karoon expects to release its FY2022 full year results on Thursday, 25 August 2022.¹

As reported, production in FY2022 was 4.64 MMbbl, which was slightly above the top end of the guidance range of 4.4 – 4.6 MMbbl.

Unit production cost guidance for FY2022 has been reduced to US\$24 – 26/bbl. This is largely a result of higher than anticipated production, as well as costs savings and lower than expected expenditure on the loading hose replacement and anchor line repairs. Guidance for Business development (New Ventures), share based payments & other costs has been cut to US\$11 – 13 million, predominantly due to a reduction in spend associated with the Enauta transaction, following the termination of the exclusivity agreement.

Investment expenditure guidance for both the Intervention & Patola Projects and Other Plant and Equipment has been reduced due to a slightly later start of the intervention campaign than anticipated and changes in the timing of spend for minor capex projects (largely caused by global supply chain delays, which are not expected to impact the Company’s operational campaigns).

The low end of the range for the revaluation of the Petrobras contingent consideration has increased to US\$200 million, with no change to the upper end of the range.

FY2022 Full Year Guidance ²	Previous Guidance	Updated Guidance
Production (MMbbl) (Actual)	4.4-4.6	4.64
Costs		
Unit Production Costs (US\$/bbl) ³	28-30	24-26
Other Operating Costs (US\$ million) ⁴	15-17	15-17
Business Development, share-based payments & other costs (US\$ million) ⁵	19-21	11-13
Finance costs and Interest (US\$ million)	6-7	6-7
Unit DD&A (US\$/bbl) ⁶	12-13	12-13
Revaluation of Petrobras contingent consideration ⁷	184-240	200-240
Investment Expenditure (US\$ million)		
Intervention and Patola Projects ⁸	100-125	85-100
Deferred Baúna acquisition firm consideration ⁹ (Actual)	43-44	43.6
Subsurface Evaluation ¹⁰	4-6	2-4
Other Plant and Equipment	9-11	6-9

Notes:

1. The results for the year ended 30 June 2022 are subject to the finalisation of Karoon’s accounts, Board approval, and the year-end audit.
2. Guidance is subject to various risks (including those “Key Risks” set out in Karoon’s 2021 Annual Report).
3. Unit Production Costs: based on daily operating costs associated with Baúna Production, excluding government royalties.
4. Other Operating costs: includes corporate and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses.
5. Other costs include subsurface evaluation and exploration expensed.
6. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of Unit Production Costs.
7. In compliance with AASB 9, Financial Instruments, in the half year results, Karoon recognised an increase in the fair value of the contingent consideration payable to Petrobras for Baúna of US\$183.8m (US\$121.3m after tax) due to higher future oil price expectations. Subject to Board approval, a further increase in fair value is expected to be recognised in the second half of FY2022, based on the Company’s oil price outlook at the end of the 2022 financial year (refer below for details on Petrobras contingent consideration calculation), taking the total contingent consideration recognised to the maximum potential liability.
8. The variance between low and high guidance is largely related to the timing of spend. This excludes any borrowing costs associated with the Patola development that may be capitalised.
9. Relates to deferred firm consideration payable to Petrobras 18 months after closing and is separate from the contingent consideration payable to Petrobras which is dependent on future oil prices.
10. Subsurface Evaluation is reflected here for information only. These costs are expensed and included in the total “Business Development, Share Based Payments & other costs” within cost guidance.

All guidance is subject to the statement below regarding “Forward-looking statements”.

Background to Petrobras contingent consideration

As part of the Baúna acquisition, Karoon agreed to pay Petrobras a contingent consideration of up to US\$285 million plus interest of 2% per annum, dependent on future oil prices over the period from CY2022 to CY2026. The calculation of the annual Petrobras payment is as per the table below, with any amounts payable by 31 January in the year after the completion of the relevant testing period (see *Note 22. Other financial liabilities* in Karoon's 2021 Annual Report for full details).

Average Brent Price (in US\$)	CY2022	CY2023	CY2024	CY2025	CY2026	Total
B < 50	-	-	-	-	-	-
50 <= B < 55	3	3	3	2	2	13
55 <= B < 60	17	17	17	8	4	63
60 <= B < 65	34	34	34	15	6	123
65 <= B < 70	53	53	53	24	10	193
B >= 70	78	78	78	36	15	285

Forward-looking statements

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

This announcement may contain certain "forward-looking statements" with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward-looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this announcement. Indications of, and guidance on, future earnings and financial position and performance, well drilling programs and drilling plans, estimates of reserves and contingent resources and information on future production are also forward-looking statements.

You are cautioned not to place undue reliance on forward-looking statements as actual outcomes may differ materially from forward-looking statements. Any forward-looking statements, opinions and estimates provided in this announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise (including, without limitation, in respect of imprecise reserve and resource estimates, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling, demand for oil, commercial negotiations and other technical and economic factors) many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements speak only as of the date of this announcement.

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



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Karoon Energy Ltd

ABN

53 107 001 338

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	104,063	362,926
1.2	Payments for		
	(a) exploration & evaluation	(798)	(3,524)
	(b) development	-	-
	(c) production (excludes FPSO charter lease payments and finance charges on right of use assets included in 1.5 and below)	(28,994)	(103,303)
	(d) staff costs (employee benefits expense-net)	(1,864)	(7,899)
	(e) administration and corporate costs	(1,087)	(5,789)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15	25
1.5	Interest and other costs of finance paid	(4,620)	(18,860)
1.6	Income taxes paid	(8,091)	(39,425)
1.7	Government grants and tax incentives	-	-
1.8	Other (GST refunds, hedge costs \$20.8m, legal settlement \$9.6m)	(5,969)	(29,909)
1.9	Net cash from / (used in) operating activities	52,655	154,242

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(43,588)	(43,588)
	(c) property, plant and equipment	(40,805)	(64,698)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets (security deposits)	(197)	(260)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	2	51
	(d) investments	-	-
	(e) other non-current assets	868	1,352
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	(651)	(5,807)
2.6	Net cash from / (used in) investing activities	(84,371)	(112,950)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	471	2,376
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	30,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1,127)	(3,320)
3.8	Dividends paid	-	-
3.9	Other (principal elements of lease payments)	(9,294)	(44,553)
3.10	Net cash from / (used in) financing activities	(9,950)	(15,497)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	200,360	133,209
4.2	Net cash from / (used in) operating activities (item 1.9 above)	52,655	154,242
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84,371)	(112,950)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,950)	(15,497)
4.5	Effect of movement in exchange rates on cash held	(1,011)	(1,321)
4.6	Cash and cash equivalents at end of period	157,683	157,683

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	157,683	200,360
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	157,683	200,360

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter
US\$'000

280

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments referred to in 6.1 relate to director and committee fees paid to non-executive directors and salary paid to the chief executive officer and managing director in accordance with his employment contract.

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$’000	Amount drawn at quarter end US\$’000
7.1	Loan facilities	210,000	30,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	210,000	30,000
7.5	Unused financing facilities available at quarter end		180,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Secured Term Loan Facility for Baúna			
During the quarter Karoon Petróleo e Gás Ltda, a wholly owned subsidiary of Karoon Energy Ltd, established a US\$50 million accordion facility as contemplated under its previously announced US\$160 million reserve-based, non-recourse, syndicated facility. The establishment of the accordion facility increases the total amount of the facility to US\$210 million. The secured term loan syndicated facility includes Deutsche Bank AG, Sydney Branch, ING Belgium SA/NV, Macquarie Bank Limited and Shell Western Supply and Trading Limited. Interest is charged at a 4.25% margin over SOFR equivalent per annum and a commitment fee is charged on undrawn but committed and available amounts at 1.7% per annum, and an additional 0.85% per annum on any committed but unavailable amounts (excluding amounts under the accordion facility). The facility has a final maturity date of the earlier of 31 March 2025 or the quarter where the remaining reserves are forecast to be ≤ 25% of the initial approved reserves. Semi-annual repayments of US\$40 million commence on 30 September 2023 to the final maturity date.			

8.	Estimated cash available for future operating activities	US\$’000
8.1	Net cash from / (used in) operating activities (Item 1.9)	52,655
8.2	Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2) ^	52,655
8.4	Cash and cash equivalents at quarter end (Item 4.6)	157,683
8.5	Unused finance facilities available at quarter end (Item 7.5)	180,000
8.6	Total available funding (Item 8.4 + Item 8.5)	337,683
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	N/A

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as “N/A”. Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2022

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.