

2025 FIRST QUARTER REPORT

For the period ending 31 March 2025

16 April 2025 | ASX: KAR



HIGHLIGHTS

- 2025 first quarter (1Q25) production on a Net Revenue Interest (NRI) basis was 2.36 MMboe, 9% lower than the fourth quarter of 2024 (4Q24), largely due to a planned 20 day shutdown in March for maintenance at the Baúna Project. 71% of production (1.67 MMbbl) originated from the Baúna Project and 29% (0.69 MMboe on an NRI basis) was from Who Dat.
- Baúna FPSO efficiency excluding the shutdown was 97.3%, compared to 84.6% in the prior quarter.
- 1Q25 sales volumes of 2.15 MMboe were 32% lower than 4Q24, reflecting lower production and timing of Baúna shipments. This translated to 1Q25 sales revenue of US\$148.6 million.
- No recordable safety incidents (Medical Treatment or Lost Time) were reported during the quarter.
- A 60 day flotel-supported maintenance campaign at Baúna was completed on 6 April 2025 Brasilia Time (BRT).
- The SPS-88 well resumed production on 28 March 2025 BRT, following a successful intervention.
- Concept Select work on the Neon Foundation Project was completed and shortly after the end of the quarter, Neon progressed to the first stage of the Define phase.
- The acquisition of the Baúna FPSO remains on track to close at the end of April 2025, and a tender for a new contractor to operate and maintain the FPSO is underway, to be selected by mid-2025.
- Karoon's second US\$25 million share buyback was completed during the quarter and the 2024 final dividend of A\$0.05 cents per share was paid to shareholders on 31 March 2025.
- 2025 investment expenditure guidance has increased to US\$105 - 125 million, reflecting the addition of the first stage of Neon Define costs of US\$7 – 10 million. All other 2025 production and cost guidance provided on 27 February 2025 remains unchanged (see page 6 for details).

Karooon share	Dec 24	Three months ended ¹			Year to date		
		Mar 25	% Change	Mar 24	Jan-Mar 2025	Jan-Mar 2024	% Change
NWI Production (MMboe) ²	2.76	2.53	-8	3.11	2.53	3.11	-19
NRI Production (MMboe) ³	2.59	2.36	-9	2.94	2.36	2.94	-20
Sales Volume (MMboe) ³	3.14	2.15	-32	2.73	2.15	2.73	-21
Sales Revenue (US\$m) ³	222.2	148.6	-33	196.6	148.6	196.6	-24
Capital Expenditure (US\$m)	36.1	52.3	+45	21.3	52.3	21.3	+146
Net Cash/(Debt) (US\$m)	(8.8)	(159.2)	NA	(129.5)	(159.2)	(129.5)	-23
TRI Rate ⁴	0.77	0	NA	0	0	0	NA
Number of Tier 1 & 2 Process Safety Events	0	0	NA	0	0	0	NA

1. Numbers are unaudited and may not reconcile due to rounding.

2. Includes Baúna Project and Who Dat assets based on Karoon's Net Working Interest.

3. Includes Baúna Project and Who Dat assets, with Who Dat production/sales volumes/sales revenue based on Karoon's Net Revenue Interest (after government and overriding royalties).

4. 12 month rolling average per 200,000 hours

Karoon's CEO and MD, Dr Julian Fowles, said:

"Baúna Project production was 13% lower than the prior quarter due to a planned 20 day shutdown of the Baúna FPSO for annual maintenance. However, uptime (after deducting the planned shutdown days) was materially better reflecting improved reliability. We used the shutdown as an opportunity to undertake in parallel an expanded, flotel-supported maintenance campaign on the FPSO, most of which took place while the facility was operating. The flotel program has made significant inroads into reducing the maintenance backlog on the FPSO and should lead to improved FPSO efficiency in 2025 compared to 2024. The remaining maintenance backlog work will take place over the balance of 2025 and 2026. The SPS-88 well intervention to replace a faulty gas valve was also completed during the quarter. The well resumed production earlier than anticipated due to an intervention vessel becoming available ahead of expectations and efficient, trouble-free operations. Pleasingly, despite high activity levels, there were no recordable safety incidents reported in the quarter. The Baúna Project, including SPS-88, is currently producing approximately 27,000 bopd.

Completion of the Baúna FPSO acquisition from Altera&Ocyan (A&O) remains on track for the end of April. During the quarter, a tender process for a new Operations & Maintenance (O&M) contractor commenced. We have shortlisted a number of companies for this role, all of which are highly experienced, with a contract expected to be awarded by mid-year. The completion documentation includes a transition agreement with A&O, aimed at ensuring a safe and seamless transition of operations to the new O&M contractor.

Concept Select work on Neon was completed during the quarter, including a comprehensive reassessment of the field. Based on this work, there has been material improvement in Contingent Resources and confirmation that a development has the potential to be value accretive for shareholders, with returns well in excess of our post tax mid-teens IRR hurdle rate¹. In April, the Neon opportunity moved into the first stage of the Define phase. This will involve a capital commitment of US\$7 - 10 million, to be funded from cash, with further investment dependent on technical and commercial progress and supportive market conditions.

In the US, the 1Q25 Who Dat gross production rate was 31,862 boepd. This was 8% higher than the prior quarter (which was impacted by a planned shut-down and Hurricane Rafael), despite routine maintenance taking place on one of Who Dat's flash gas compressors over the period. Studies commenced on the potential to debottleneck and optimise production through the Who Dat OptiEx facility and on potential Who Dat East and South development options. Planning also took place for the sidetrack of an existing producing well, which is expected to commence drilling in 3Q25.

In 1Q25, Karoon completed its second US\$25m buyback, announced in October 2024, acquiring 13.3 million shares at an average price of A\$1.53/share (US\$12.9 million). These shares have now been cancelled, reducing the total number of shares on issue to 751.2 million as at 31 March 2025. The Board has approved the first phase of the additional US\$75 million buyback² of up to 20.8 million shares (or approximately US\$22 million), with shareholder approval to be sought at the 2025 AGM on 22 May 2025 to increase the Company's capacity to buy back the balance of US\$53 million.

We are monitoring the current global market turmoil and recent volatility in oil prices closely. Our key priorities continue to be safe and reliable operations, with strong financial discipline. We are reviewing our capital expenditure plans for opportunities to potentially reprioritise discretionary spend. The recent share price weakness makes the share buyback an even more compelling opportunity to add value to remaining shareholders, complemented by judicious investments in our long term value-accretive organic growth opportunities such as Who Dat infill drilling, Neon, Who Dat South and Who Dat East.

Karoon's operations in Brazil and the US Gulf are among the lowest cost per boe for small to mid-cap IOCs, with 2025 unit production costs forecast to be US\$12.5 – 17.5/boe on a net working interest basis, with further cost reductions expected to flow through in 2026 following the completion of the Baúna FPSO acquisition and O&M contractor transition. Our low operating costs, together with liquidity of US\$530.8 million at 31 March 2025 and limited committed expenditures apart from the FPSO purchase, mean we are well placed to weather a period of lower prices."

¹ Refer to ASX release dated 16.4.25 "Neon to proceed into FEED, on staged commitment".

² Refer to ASX release dated 30.1.25 "Additional US\$75m buyback".

OPERATIONAL & FINANCIAL SUMMARY¹

		Dec 24	Three months ended		Mar 24
			Mar 25	% Change	
Production					
Baúna					
Oil	MMbbl	1.92	1.67	-13	2.16
Who Dat^{2,5}					
Oil, condensate & NGLs (NWI ³)	MMbbl	0.59	0.64	+8	0.65
Natural gas (NWI ³)	Bcf	1.50	1.34	-11	1.74
Total Who Dat (NWI ³)	MMboe	0.84	0.86	+3	0.95
Total Who Dat (NRI ⁴)	MMboe	0.67	0.69	+4	0.78
Total (Baúna & Who Dat NWI)	MMboe	2.76	2.53	-8	3.11
Total (Baúna & Who Dat NRI)	MMboe	2.59	2.36	-9	2.94
Sales					
Baúna					
Oil	MMbbl	2.46	1.48	-40	1.99
Who Dat⁵					
Oil, condensate & NGLs (NRI ⁴)	MMbbl	0.50	0.50	0	0.53
Sales gas (NRI ⁴)	Bcf	1.07	1.00	-7	1.24
Total	MMboe	0.68	0.67	-1	0.74
Total sales	MMboe	3.14	2.15	-32	2.73
Revenue					
Baúna					
Oil	US\$m	184.5	108.9	-41	151.6
Who Dat					
Oil, condensate & NGLs (NRI ⁴)	US\$m	34.4	35.2	+2	41.1
Sales gas (NRI ⁴)	US\$m	3.3	4.5	+36	3.9
Total	US\$m	37.7	39.7	+5	45.0
Total revenue	US\$m	222.2	148.6	-33	196.6
Average realised prices					
Baúna oil	US\$/bbl	74.97	73.76	-2	76.13
Who Dat oil, condensate and NGLs	US\$/bbl	68.44	70.02	+2	77.55
Who Dat sales gas	US\$/mcf	3.07	4.47	+46	3.12

1. Numbers are unaudited and may not reconcile due to rounding.
2. Numbers pending final reconciliation.
3. NWI – Net working interest.
4. NRI – Net revenue interest (after deducting government and overriding royalties).
5. After fuel and flare at the facility.

BAÚNA PROJECT, SANTOS BASIN, BRAZIL

Equity interest: 100%. Operator: Karoon

Baúna Project (BM-S-40) production in 1Q25 was 1.67 MMbbl, 13% lower than 4Q24 primarily due to a planned 20 day full shutdown between 7 March and 27 March BRT. An extensive flotel-supported maintenance campaign on the Baúna FPSO, which commenced on 5 February, was completed on 6 April BRT. Apart from the 20 day shutdown period, the FPSO operated normally while the maintenance campaign took place.

1Q25 production averaged 18,548 bopd, down from 20,892 bopd in 4Q24, reflecting the planned maintenance shutdown in March. FPSO efficiency excluding the shutdown was 97.3%, compared to 84.6% in the prior quarter.

The SPS-88 well intervention was completed during 1Q25. The well recommenced production on 28 March BRT, with initial flow rates of approximately 2,000 bopd on a restricted choke.

Three cargoes were lifted during the period, totalling 1.48 MMbbl, with the cargoes sold to refineries in South America, Europe and Asia. Sales volumes during the quarter were lower than 4Q24 due to lower production and the timing of liftings. The average realised price for the cargoes, net of selling expenses, was US\$73.76/bbl, 2% lower than the average realised price in the prior quarter.

WHO DAT ASSETS, OFFSHORE GULF COAST, US

Equity interests: Who Dat and Dome Patrol – 30%, Abilene – 16%. Operator: LLOG

The gross Who Dat production rate in 1Q25 was 31,862 boepd, 8% higher than the prior quarter (29,576 boepd) which was impacted by a planned shut-down and Hurricane Rafael. During 1Q25, routine planned maintenance was completed on one of the two flash gas compressors on the OptiEx FPS. Production on an NRI basis, net to Karoon, was 0.69 MMboe, 4% higher than the prior quarter. The Who Dat Joint Venture continued to evaluate opportunities to debottleneck and optimise production through the asset.

The average realised price for Who Dat liquids (including oil, condensate and NGLs) was 2% higher than the previous quarter at US\$70.02/bbl, reflecting the timing of when liquids were sold during the quarter. The Who Dat average realised sales gas price was 45% higher than the previous quarter, at US\$4.47/mcf. The increase reflected higher Henry Hub gas prices due to cold weather in January, which increased demand for gas.

COMMERCIAL AND CORPORATE

CAPITAL EXPENDITURE¹

US\$m	Dec 24	Three months ended		Mar 24
		Mar 25	% Change	
Exploration and appraisal	31.4	1.9	-94	0.6
Development, plant and equipment	4.7	50.4	>100	20.7
Total	36.1	52.3	+45	21.3

1. Numbers are unaudited and may not reconcile due to rounding.

Total capital expenditure (on an accruals basis) for 1Q25 was US\$52.3 million, of which US\$50.4 million was spent on development, plant and equipment. This included a US\$30.0 million deposit for the acquisition of the Baúna FPSO and US\$21.3 million spent on the SPS-88 well intervention. Exploration and appraisal capex of US\$1.9 million was related to studies on Neon, Who Dat East and Who Dat South. Costs incurred on the unsuccessful Who Dat West exploration well in the quarter were US\$17.4 million, which have been expensed and therefore excluded from the capital expenditure table above.

CASH, LIQUIDITY AND CASH FLOWS

US\$m	Dec 24	Three months ended		Mar 24
		Mar 25	% Change	
Cash	341.2	190.8	-44	119.5
Drawn debt	(350.0)	(350.0)	0	249.0
Net Cash/ (Debt)	(8.8)	(159.2)	NA	(129.5)
Undrawn available facilities	340.0	340.0	0	0
Total liquidity	681.2	530.8	-22	119.5

At 31 March 2025, Karoon's net debt position was US\$159.2 million, comprising US\$190.8 million in cash and cash equivalents and US\$350.0 million of drawn debt.

Cash inflows during the quarter consisted of proceeds from the sale of hydrocarbons of US\$159.3 million, which included receipts from revenue recognised in the previous quarter. In addition to operating costs and royalty payments, the first quarter included a contingent consideration payment to Petrobras of US\$87.6 million, a true-up payment of Brazilian income tax for the 2024 year of US\$31.8 million and a US\$30.0 million deposit paid into escrow related to the sale and purchase agreement signed in February 2025 to acquire the Baúna FPSO. Cash outflows also included capital returns of US\$36.7 million (US\$23.8 million for the 2024 final dividend payment and US\$12.9 million spent on share buybacks).

HEDGING

495,500 bought put options and 495,500 sold call options expired out of the money during the quarter.

Given Karoon's RBL commodity hedging requirement is linked to amounts drawn on the RBL, and the RBL is currently undrawn, no additional hedges were put in place over the quarter. The Company's current hedging position is detailed in the table below:

Period	Bought Put Options Volume (MMbbl)	Put Option Strikes (US\$/bbl)	Sold Call Options Volume (MMbbl)	Call Option Strikes (US\$/bbl)
2025 (Apr-Dec)	1.074	58	1.074	92

EXPLORATION, APPRAISAL AND POTENTIAL DEVELOPMENT UPDATE

SANTOS BASIN, S-M-1037, S-M-1101

Equity interest: 100%. Operator: Karoon

Over the quarter, the Neon project team completed Concept Select work on the Neon development opportunity. This included:

- Integration of reprocessed seismic and revision of the reservoir models, which resulted in a significant increase in Neon Contingent Resources and the booking for the first time of Neon Prospective Resources.
- Evaluation of different development options, with a standalone development using a redeployed FPSO assessed to be the optimal development concept.
- Identification and assessment of potential production facilities.
- Studies on opportunities to enhance project economics, to ensure any future development is robust to a low side resource outcome and on higher cost and lower oil price scenarios.
- Further studies on upside opportunities to enhance the Neon hub resource base.

In April, Neon passed Decision Gate 2, 'Concept Select', and has now entered the first stage of a three stage Define process. Activities in the first stage will include FPSO and surface facility FEED activities, optimising the phasing of development drilling, and undertaking various surveys. Karoon is also preparing a data room to commence a farm-down process, as introducing a partner is a prerequisite to a Final Investment Decision. Progression into subsequent Define stages is dependent on technical and commercial progress and market conditions.³

SANTOS BASIN, S-M-1537

Equity interest: 100%. Operator: Karoon

No work took place on Block S-M-1537 during the quarter.

SANTOS BASIN, S-M-1356, S-M-1482

Equity interest: 100%. Operator: Karoon

Studies are continuing to assess the potential prospectivity of these blocks. US GULF COAST, MC 508, MC 509, MC 421, MC 464, MC 465, MC 545, MC 589, MC 629

Equity interests: Various. Operator: LLOG

Who Dat East (KAR: 40%) & Who Dat South (KAR:30%)

Development studies for Who Dat East and Who Dat South commenced during the quarter, with the Who Dat JV targeting a Final Investment Decision on at least one of these discoveries by early 2026. The work underway includes assessing options to tie back one or both discoveries to the Who Dat OptiEx facility, dependent on the results of current debottlenecking and reliability studies, or to third party processing facilities. The debottlenecking and reliability studies are targeted to be completed by mid-2025.

³ Refer to ASX release dated 16.4.25, "Neon to proceed into FEED, on staged commitment basis".

Who Dat West (KAR: 35%)

The Who Dat West exploration well, MC 629-1, was spudded on 24 December 2025 and reached final Total Depth (TD) of 7,147 metres in January 2025. No significant hydrocarbon bearing intervals were interpreted within the drilled section and the well was plugged and abandoned.⁴

SUSTAINABILITY

During the quarter, Karoon received 100,000 VCUs (verified credit units) into its Verra account from Suzano SA in Brazil, in line with a five year agreement signed in December 2024 to purchase ARR credits from Suzano's Horizonte project. These, and other, carbon offsets are expected to be surrendered in the third quarter of 2025, offsetting 2024 Scope 1 and 2 emissions.

In addition, Karoon is supporting 21 social projects in 2025, nine of which commenced operating this quarter. These projects focus on enhancing the quality of life for both our people and the communities affected by our operations. The projects are aligned with UN Sustainable Development Goals (SDGs) and the Company's Community Investment Guidelines.

2025 GUIDANCE

Production and cost guidance for 2025 remains unchanged at this time but will be updated once Karoon assumes ownership of the FPSO, the new O&M contractor is selected and planning for the next phase of maintenance is completed.

Total investment expenditure has increased to US\$105 - 125 million, reflecting the inclusion of the first stage of Neon Define costs of US\$7 – 10 million, as well as US\$1 million spent on Concept Select to date in 2025. If Neon progresses through the next stages, total Neon capex in 2025 is expected to be US\$20 – 25 million.

Full year 2025 guidance		Prior guidance	Revised guidance
Investment expenditure			
Neon	US\$m	2 – 3	8 – 11
Other capex ¹	US\$m	39 – 47	39 – 47
Who Dat	US\$m	58 – 67	58 – 67
Total capex	US\$m	99 – 117	105 – 125

1. Includes capex for Baúna including costs for the SPS-88 well intervention.

This announcement was authorised by the Board of Karoon Energy Ltd.

⁴ Refer ASX released dated 20.1.25 "Who Dat West exploration well update".

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Abbreviations and conversion factors

Terms & abbreviations		Conversion factors	
Boe	Barrels of oil equivalent	Sales gas, 6,000 scf	1 boe
Boepd	Barrels of oil equivalent per day	Condensate, 1 barrel	1 boe
FPSO	Floating production, storage and off-loading facility	NGL, 1 barrel	1 boe
FPS	Floating production system		
FPSO efficiency	The proportion of actual and potential production.		
MMbbl	Millions of barrels		
MMboe	Millions of barrels of oil equivalent		
NRI	Net Revenue Interest		
NWI	Net Working Interest		

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.

Oil and gas Reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly due to new information or when new techniques become available. Additionally, by their nature, Reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further data becomes available through, for instance, production, the estimates are likely to change. This may result in alterations to production plans, which may in turn, impact the Company's operations. Reserves and resource estimates are by nature forward looking statements and are the subject of the same risks as other forward-looking statements.

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.

ABOUT KAROON ENERGY LTD

Karoon Energy Ltd. is an ASX listed international oil and gas exploration and production company with assets in Brazil, the United States of America and Australia.

Karoon's vision is to be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way. Karoon's purpose is to provide energy safely, reliably and responsibly, creating lasting benefits for all its stakeholders.