



**KAROON ENERGY LTD**  
**(ACN 107 001 338)**  
(the "Company" or "Karoon")

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

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Date of Meeting: 23 May 2024

Time of Meeting: 10:00 am AEST

Place of Meeting: Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria, 3000 and via <https://meetnow.global/M7ZR76W> ***This Notice of Meeting and Explanatory Memorandum should be read in its 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.***

## KAROON ENERGY LTD ACN 107 001 338

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2024 Annual General Meeting ("**AGM**" or the "**Meeting**") of Shareholders of the Company will be held at 10:00am (AEST) on Thursday, 23 May 2024 as a hybrid meeting at the Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria and virtually via the Computershare online meeting platform.

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

Karoon will be holding its 2024 AGM as a hybrid meeting. Shareholders are invited to attend the Meeting in-person at the Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000 or virtually using the Computershare online meeting platform at <https://meetnow.global/M7ZR76W>.

The Computershare online meeting platform enables Shareholders to:

- a) see the Meeting presentation materials and listen to the Meeting live;
- b) vote online during the Meeting; and
- c) ask questions and / or 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 online at [www.investorvote.com.au](http://www.investorvote.com.au) by no later than **10am (AEST) on Tuesday, 21 May 2024**.

## AGENDA

### ORDINARY BUSINESS

#### 1. ELECTION OF MS MELISSA HOLZBERGER AS A DIRECTOR

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

*"That Ms Melissa Holzberger, who was appointed by the Board of Directors of the Company on 19 April 2024 pursuant to paragraph 11.11 of the Constitution and who retires in accordance with paragraph 11.12 of the Constitution, is eligible, offers herself for election, be elected as a Director of the Company with immediate effect."*

The Board (excluding Ms Holzberger) unanimously supports the election of Ms Melissa Holzberger as a Director.

#### 2. ELECTION OF MS JOANNE PALMER AS A DIRECTOR

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

*"That Ms Joanne Palmer, who was appointed by the Board of Directors of the Company on 19 April 2024 pursuant to paragraph 11.11 of the Constitution and who retires in accordance with paragraph 11.12 of the Constitution, is eligible, offers herself for election, be elected as a Director of the Company with immediate effect."*

The Board (excluding Ms Palmer) unanimously supports the election of Ms Joanne Palmer as a Director.

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

#### 4. RE-ELECTION OF MR CARLOS TADEU DA COSTA 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 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 Fraga has served the Company as an independent Non-Executive Director since 26 August 2022. The Board (excluding Mr Fraga) unanimously supports the re-election of Mr Fraga as a Director.

#### 5. 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 transitional financial year ended 31 December 2023, in accordance with the *Corporations Act 2001* (Cth) (the "**Corporations Act**").

#### 6. ADOPTION OF REMUNERATION REPORT

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the transitional financial year ended 31 December 2023, as contained within the Directors' Report, be adopted."*

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

## SPECIAL BUSINESS

### 7. INCREASE TO AGGREGATE FEE POOL FOR NON-EXECUTIVE DIRECTORS

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

*"That for the purposes of ASX Listing Rule 10.17, paragraph 11.15 of the Constitution and for all other purposes, the aggregate amount of fees that may be paid to Non-Executive Directors as a whole be increased from A\$1,200,000 to A\$ 1,500,000 per annum (an increase of A\$ 300,000), effective from 1 January 2024."*

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

### 8. ISSUE OF 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:*

- a) 121,594 Short-term Incentive (**Deferred TY23**) Performance Rights, which will only vest subject to completion of a one-year employment retention period ending 1 January 2025; and*
- b) 506,475 Long-term Incentive (**CY24 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 January 2024 to 31 December 2026 be satisfied, under and in accordance with the Performance Rights Plan 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 8 in the Explanatory Memorandum.

### 9. REFRESH OF PLACEMENT CAPACITY

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

*"That the issue of 188,420,971 ordinary shares on 27 November 2023 and 45,922,434 ordinary shares on 12 December 2023, being a total of 234,343,405 fully paid ordinary shares issued by the Company, as detailed in the Explanatory Notes, is approved under and for the purposes of Listing Rule 7.4."*

This resolution is subject to voting exclusions as set out at section 9 in the Explanatory Memorandum.

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

DATED: 19 April 2024

**BY ORDER OF THE BOARD**

**Daniel Murnane**

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 (AEST) on Tuesday 21 May 2024 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; and
- 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).

The Meeting will be held as a hybrid meeting with Shareholders being able to attend the Meeting in person at the Club Pavilion, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria 3000 or online via the Computershare platform. Shareholders may also participate by lodging a proxy vote prior to the AGM. 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.

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 (subject to any applicable voting exclusions).

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

<b>Share Registrar</b>	Computershare Investor Services Pty Limited
<b>Physical Address</b>	Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, Australia
<b>Postal Address</b>	GPO Box 242, Melbourne VIC 3001, Australia
<b>Facsimile Number</b>	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
<b>For Intermediary Online subscribers only</b> (custodians)	<a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a>

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 10.00 am (AEST) on Tuesday, 21 May 2024.

## 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 no later than 10am (AEST) on Tuesday 21 May 2024.
2. Proxy Forms executed by a corporation must be executed 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 how to vote, place a cross in the appropriate box for each item, otherwise your proxy may vote as your proxy thinks fit (subject to any applicable voting exclusions) or abstain from voting.
4. If two or more proxies are appointed, you must 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 further information about the Proxy Form or Meeting attendance is required, please contact the Share Registrar - Computershare Investors Services Pty Limited on (within Australia) 1300 850 505 or (outside Australia) +61 3 9415 5000.

### **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 Chair) or any of the KMP's Closely Related Parties as your proxy, they will not be able to vote your proxy on Resolution 6 – Adoption of Remuneration Report, Resolution 7 – Increase To Aggregate Fee Pool For Non-Executive Directors or Resolution 8 - Issue of Performance Rights to Dr Julian Fowles, unless you have directed them how to vote.

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

If the Chair is appointed as proxy for any Shareholder, the Chair will vote the proxy in the manner specified by the Shareholder in the Proxy Form. The Chair of the Meeting intends to vote undirected proxies able to be voted **in favour** of each item of business contained in this document. In exceptional circumstances, the Chair of the Meeting may change the voting intention on any resolution, in which case an ASX announcement will be made. By appointing the Chair as proxy, you authorise him/her to vote any undirected proxy votes able to be voted on Resolutions 6, 7 and 8 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/M7ZR76W> .

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 can contact Computershare Investor Services on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

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 16 May 2024. 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 Chair 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, the Company will endeavour to post any remaining questions and answers on the Karoon 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 ways:

- a) physically at the Meeting;
- b) live and online during the Meeting using the Computershare platform (if you are participating on your computer); or
- c) in advance of the Meeting, by appointing a proxy online at [www.investorvote.com.au](http://www.investorvote.com.au) by no later than 10am (AEST) on Tuesday, 21 May 2024.

The Chair 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 Chair at the end of the Meeting.

**KAROON ENERGY LTD**  
**ACN 107 001 338**  
(the "Company" or "Karooon")

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders of Company in connection with the business to be transacted at the Annual General Meeting of the Company to be held as a hybrid meeting on 23 May 2024 at 10:00 am (AEST) ("**AGM**" or the "**Meeting**").

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

**ORDINARY BUSINESS**

**DIRECTOR ELECTIONS**

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 three years, whichever is longer. In addition, in accordance with paragraph 11.3 of the Company's Constitution, at each annual general meeting, 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.

As a result of these requirements and the transition of Karoon's financial reporting to a calendar year basis, two of the Company's incumbent directors, Mr Peter Turnbull and Mr Tadeu Fraga, are submitting themselves for re-election at the AGM notwithstanding that their existing three year terms have not yet expired.

**1. ELECTION OF MS MELISSA HOLZBERGER AS A DIRECTOR**

Ms Holzberger was appointed by the Board as an independent Non-Executive Director of the Company in April 2024 pursuant to the Constitution which allows the Board to appoint a Director to fill a casual vacancy or to appoint a Director as an additional Director to the Board. Melissa retires in accordance with the Constitution and, being eligible, offers herself for election as an Independent Non-Executive Director.

Ms Holzberger is an experienced independent Non-Executive Director and Commercial, Energy and Resources Lawyer with over 20 years' experience in the international energy and resources sector.

Ms Holzberger is currently a Non-Executive Director of Argo Investments Ltd (ASX: ARG), Paladin Energy Ltd (ASX: PDN), Intermodal Terminal Company owned by Aware Super (including as Chair of the Audit & Risk Committee), and a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation, Health and Safety Advisory Council. Her former directorships include Silex Systems Ltd (ASX: SLX) and Karting Australia.

She brings a deep understanding of energy operations and projects, having previously worked with BHP (including with BHP Petroleum assets), Rio Tinto and as a trusted adviser to multinational and Australian companies. Her substantial experience extends to highly regulated industries, legal, risk and compliance oversight together with a focus on sustainability, environmental, social and governance matters.

Ms Holzberger holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in Scotland; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier in France; a Bachelor of Laws and Bachelor of Arts from the University of Adelaide; and a Graduate Diploma in Legal Practice. She is a graduate of the University of Oxford's Leading Sustainable Corporations; a graduate member of the Australian



Institute of Company Directors; and a Fellow of the Governance Institute of Australia. Ms Holzberger was awarded the *SA Telstra Young Business Woman of the Year* in 2006 which recognised her leadership in the energy, resources and business community.

**Board Recommendation:** The Board (excluding Ms Holzberger) unanimously supports the election of Ms Melissa Holzberger.

## 2. ELECTION OF MS JOANNE PALMER AS A DIRECTOR

Ms Palmer was appointed by the Board as an independent Non-Executive Director of the Company in April 2024 pursuant to the Constitution which allows the Board to appoint a Director to fill a casual vacancy or to appoint a Director as an additional Director to the Board. Joanne retires in accordance with the Constitution and, being eligible, offers herself for election as an Independent Non-Executive Director.

Ms Palmer has over 27 years of professional experience providing audit and assurance services, with 19 years working at EY in various positions and ultimately holding the position of equity partner before becoming an Executive Director (Partner) at Pitcher Partners. Her international experience spans over 25 years as a former external auditor and advisor to UK and Australian companies operating in Africa, Europe, America and Australasia, during her time in the EY London and Perth offices.

During her executive career at EY, Ms Palmer worked primarily in the assurance practice and additionally led EY's Financial Accounting Advisory Services (CFO Advisory) Team in Perth prior to her departure. Mainly working in the resources sector, she assisted multinational companies, mid-caps and junior explorers by providing external audit services, technical accounting, regulatory advice and finance function support services with a focus on transactions and M&A.

Ms Palmer currently serves as a Non-Executive Director on the Boards of listed companies Paladin Energy (ASX: PDN), St Barbara (ASX: SBM), Sierra Rutile Holdings (ASX: SRX), and publicly unlisted NextOre, as the Chair of the Audit and Risk Committees of these companies, as well as various additional Committee memberships.

Ms Palmer previously served as a Non-Executive Director for the Perth Symphony Orchestra and Breast Cancer Care WA, and as a Member of the North Cottesloe Surf Lifesaving Club.

Ms Palmer holds a Bachelor of Science (Mathematics and Statistics) (Honours) from University of Birmingham and is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of Chartered Accountants Australia and New Zealand, a former Registered Company Auditor and a Graduate Member of the Australian Institute of Company Directors.

**Board Recommendation:** The Board (excluding Ms Palmer) unanimously supports the election of Ms Joanne Palmer.

## 3. RE-ELECTION OF MR PETER TURNBULL, AM, AS A DIRECTOR

Mr Turnbull is an experienced ASX 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 to build company value for shareholders both organically and through mergers, acquisitions and other corporate routes. He also has expertise in the commercialisation and scaling of new technologies.

In addition, Mr Turnbull has significant regulatory 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, he 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 issues. Peter 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 Southeast 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, Peter 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 (ASX: CXL), since its ASX listing on 20 July 2018.

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

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

#### 4. RE-ELECTION OF MR CARLOS TADEU DA COSTA FRAGA AS A DIRECTOR

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 development of pre-salt discoveries, being responsible for the implementation of several projects, 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 Chair 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 Radix Engenharia e Software, Vast Infraestrutura (formerly Açú Petróleo) and at the Brazilian Institute for Petroleum, Natural Gas and Biofuels (IBP). Mr Fraga is also an advisor to both Serviços de Petróleo Constellation and Prumo Logística.

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

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

Mr Fraga is currently a Member of the Sustainability and Operational Risk Committee.

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

## 5. FINANCIAL REPORTS

Section 317 of the Corporations Act requires the Company's Financial Reports, Directors' Report and Independent Auditor's Report for the transitional financial year ended 31 December 2023 to be laid before the Meeting. The Financial Report, the Directors' Report and the Independent Auditor's Report are contained in the Company's transitional year 2023 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 at the Meeting. In accordance with the Corporations Act, Shareholders will be given an opportunity to ask questions about and make comments on the reports.

## 6. 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 32 to 53 in the Company's transitional year 2023 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.

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

- **Prioritising 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, specifically the STI.
- **Generating shareholder value is paramount:**
  - » remuneration outcomes (particularly incentive-based outcomes) are designed to take account of share price movements across the performance period and therefore, the value delivered to Shareholders;
  - » a close alignment is created between operational performance, delivery of corporate objectives, rewards and sustained growth in Shareholder value; and
  - » as Karoon has now transitioned from explorer to producer, it is recognised that capital management initiatives should also now be considered.
- **Attracting and retaining the best people:**
  - » our remuneration structures are designed to attract, motivate and retain the best people while remunerating them reasonably and competitively;
  - » 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. Minimum shareholding policies apply to our executives and Directors; and
  - » remuneration and people issues are considered by the People and Culture Committee of the Board and environmental and social issues by the Sustainability and Operational Risk Committee of the Board. Nonetheless, all relevant decision-making and associated discussions remain the responsibility of the Board.
- **Linking Environment, Social and Governance (ESG) measures to remuneration:** ESG considerations are integrated into our remuneration structures via our TY23 Corporate Scorecard.
- **Ensuring transparency:** remuneration measures, outcomes and reporting are as simple and transparent as possible for our Shareholders and other stakeholders.

In respect of the 2023 transitional year, Karoon's remuneration settings aim to reward high performance outcomes in a responsible manner. In this regard, it is noted that:

- Fixed remuneration - Fixed remuneration increases of circa 2.0 – 3.1% were provided to KMP to ensure that Karoon’s remuneration levels remain competitive with the markets in which we operate, given we compete for talent globally.
- Short Term Incentive (STI) – The Board assessed performance for the six months based on the 12 month scorecard set at the start of the period, commencing 1 July 2023. Due to Karoon’s strong performance over some of the measures, the Board exercised discretion to award the full year outcome for some targets which were achieved in full within TY23. The Board has determined that 49% of the 12 month Corporate Scorecard component of the STI was achieved in TY23.
- Long Term Incentive (LTI) – No LTI awards were due for testing in TY23. The next LTI awards are due to be tested on 30 June 2024.

## 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 TY23 by rewarding the achievement of significant operational and strategic goals.

In determining the remuneration outcomes for employees (including executives), the Karoon Board has considered the overall performance of Karoon and individual executives having regard to the specific goals and objectives set at the beginning of TY23. A key aspect of the overall remuneration approach has been assessment against the measurable objectives set out in the Corporate Scorecard, which is disclosed within the Remuneration Report.

## Voting exclusion statement with regards to Resolution 6

Votes may not be cast, and the Company will disregard any votes cast, on Resolution 6:

- 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 Chair 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.

**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.

## SPECIAL BUSINESS

### 7. INCREASE TO AGGREGATE FEE POOL FOR NON-EXECUTIVE DIRECTORS

It is proposed that the fee pool for Non-Executive Directors be increased from A\$1,200,000 to A\$1,500,000 per annum (an increase of A\$300,000), effective from 1 January 2024. The fee pool is inclusive of statutory entitlements (including superannuation). In accordance with the Listing Rules and the Constitution, the Company must not increase the aggregate fee pool for Non-Executive Directors’ remuneration without the approval of Shareholders.

The fee pool has not been reviewed since the 2015 annual general meeting. The proposed increase to the Non-Executive Director fee pool is sought:

- to provide sufficient scope for Board expansion, succession planning and ongoing flexibility;
- to allow for the Board to set fees considering the future workload of Non-Executive Directors; and
- to provide flexibility for the Board to align fees to reflect the geographic areas and skills to support Karoon’s ongoing operations, including expansion into new geographic areas.

No shares have been issued to any Non-Executive Directors under Listing Rules 10.11 or 10.14 with approval at any time in the last three years.

If resolution 7 is not approved by Shareholders, the fee pool will remain at A\$1,200,000. This will mean that the Board will not have the flexibility as described above, including limiting the capacity of the Company to attract and recruit appropriate Non-Executive Directors in the future.

#### **Voting exclusion statement with regards to Resolution 7**

For the purposes of section 250BD(1) of the Corporations Act:

1. a vote must not be cast on Resolution 7 by a KMP or a Closely Related Party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 7. However, this voting exclusion does not apply if the KMP is the Chair of the AGM acting as proxy and their appointment expressly authorises the Chair to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP; and
2. if a Shareholder appoints the Chair of the AGM as proxy and the Shareholder does not direct the proxy how to vote on Resolution 7 on the Proxy Form, the Shareholder expressly authorises the Chair to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chair of the AGM.

For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- a director of the Company excluded from voting; or
- an associate of a director of the Company.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney 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
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- 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 of a person excluded from voting, on Resolution 7; and
  - the holder votes on Resolution 7 in accordance with directions given by the beneficiary to the holder to vote in that way.

**Board recommendation:** Noting that each Non-Executive Director has a personal interest in their own remuneration from the Company, the Board unanimously recommends that Shareholders vote in favour of this resolution.

## **8. ISSUE OF PERFORMANCE RIGHTS TO DR JULIAN FOWLES**

Resolution 8 seeks Shareholder approval for the Company to grant to Dr Julian Fowles:

- a) 121,594 Short-term Incentive (**Deferred TY23**) Performance Rights, which will only vest subject to completion of a one year employment retention period ending 1 January 2025; and
- b) 506,475 Long-term Incentive (**CY24 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 January 2024 to 31 December 2026 be satisfied, under and in accordance with the Performance Rights Plan and otherwise on the terms and conditions set out in this Explanatory Memorandum.

## 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 Chief Executive Officer and Managing Director (**CEO/MD**) of the Company.

## Rationale for the granting of LTI Performance Rights

The Company uses an LTI plan to align the interests of its CEO/MD with Shareholders' interests. The vesting of the LTI Performance Rights that will be granted, if Resolution 8 is approved, is linked to the performance of the Company, as described below.

## Vesting conditions

Specifically, vesting conditions are split as follows, noting that each hurdle is assessed independently of the other:

- 50% Relative TSR performance as assessed against a list of 19 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% per annum resulting in a vesting of performance rights when Absolute TSR falls between 10% per annum and 18% per annum or higher, as set out in Table 3.

The vesting conditions above apply to the CY24 LTI Performance Rights.

Table 1 (CY24 LTI 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 Energy 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>• Capricorn 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>• Pharos Energy plc</li><li>• Tullow Oil plc</li><li>• Prio S.A.</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.

Table 2 (Relative TSR Vesting Schedule)

Vesting of the relative TSR performance CY24 LTI Performance Rights will occur in accordance with Table 2 below.

<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%
At 100% percentile	100%

In the event of delisting, merger or acquisition of any of the above peer companies, the Board retains the discretion to vary the Peer Group including but not limited to assessing 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.

**Table 3 (Absolute TSR Vesting Schedule)**

Vesting of the Absolute TSR performance CY24 performance rights will occur in accordance with 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 of this Explanatory Memorandum. A summary of the PRP is included in Annexure A of this Explanatory Memorandum.

The number of CY24 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.

Dr Fowles total current maximum remuneration package is comprised of A\$999,529 as total fixed remuneration (**TFR**) and variable remuneration comprising both a short-term incentive (equal to a maximum amount of 100% of TFR or A\$999,529) and a long-term incentive (equal to a maximum amount of 100% of TFR or A\$999,529). Further details of Dr Fowles remuneration package are set out in the Remuneration Report on pages – 32-53 of the transitional year 2023 Annual Report.

**CY24 LTI Performance Right Allocated**

The allocation price of CY24 LTI 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 TY23 financial results on 29 February 2024, which is A\$1.9735. This results in 506,475 granted under the CY24 LTI plan, rounded to the nearest whole number.

**Deferred TY23 STI Performance Rights Allocated**

The Deferred TY23 STI Performance Rights to be granted to Dr Fowles will be subject to a one year retention period and become exercisable from 1 January 2025. These rights relate to the assessed performance of the company and the CEO/MD for the financial year ended 31 December 2023.

The allocation price of Deferred TY23 STI 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 TY23 financial results on 29 February 2024, which is A\$1.9735. In respect of TY23, the number of Performance Rights granted under the TY23 STI outcome for Dr Fowles was 121,594, rounded to the nearest whole number, or A\$239,965, which equates to 50% of the total STI awarded in TY23.

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 Deferred TY23 STI Performance Rights will have a retention period ending 1 January 2025 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 PRP and are summarized in Annexure "A" 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 PRP:

- approval is being sought for the grant of the following number of Performance Rights to Dr Fowles:
  - » 121,594 Deferred TY23 STI Performance Rights, which will only vest upon completion of a one year employment retention period ending 1 January 2025;
  - » 506,475 CY24 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 January 2024 to 31 December 2026 be satisfied.
- Dr Fowles, as CEO/MD, 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' CY24 remuneration package is set out on page 15 above;
- Performance Rights previously granted to Dr Fowles under various previous PRPs are set out in Table 4 below. 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 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 PRP after this resolution is approved and who were not named in the Notice of Meeting will not participate in the PRP until approval is obtained under that Listing Rule.

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

Dr Fowles has previously been granted awards of Performance Rights under various PRPs in relation to the Long-Term Incentive and in respect of the deferred component of STI awards. The grants have been at no cost as part of his remuneration. The grant of 121,594 Performance Rights in respect of the Deferred TY23 STI is subject to Shareholder approval of Resolution 8, and represents a pro-rated issuance in line with the 6 month transition year period.

Table 4 – Rights allocation under performance rights plans

<b>Year</b>	<b>Rights granted under deferred STI</b>	<b>Rights vested under deferred STI</b>
TY23	121,594 <sup>1</sup>	Service period to January 2025
FY23	85,176	Service period to June 2024
FY22	62,891	62,891

<b>Year</b>	<b>Rights granted under LTI</b>	<b>Rights vested under LTI</b>
CY24	506,475 <sup>1</sup>	Performance period to December 2026
TY23	198,809	Performance period to June 2026
FY23	445,226	Performance period to June 2025
FY22	577,052	Performance period to June 2024
FY21	502,989	502,989

As at the date of this Notice of Meeting, Dr Fowles had an interest in 853,150 shares and 1,306,263 Performance Rights. That represents 0.27% of the total shares in the Company (as of 1 April 2024). If Shareholders approve Resolution 8, and all the Performance Rights are granted as contemplated by this Notice of Meeting, Dr Fowles will have an interest in 853,150 shares and 1,934,332 Performance Rights.

If all of the Performance Rights proposed to be granted under Resolution 8 vest and are satisfied in shares, Dr Fowles would acquire an additional 628,069 shares. If these were newly issued shares, Dr Fowles would have an additional interest in 0.08% of the total issued shares in the Company (based on the total number of issued shares in the Company as of 1 April 2024).

#### **Voting exclusion statement with regards to Resolution 8**

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

1. in favour of Resolution 8 by or on behalf of Dr Fowles in respect of which the approval is sought, or any of his associates; or
2. in favour of or against Resolution 8 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:
  - a) in accordance with a direction in the proxy appointment;

<sup>1</sup> Subject to Shareholder approval of Resolution 7.

- b) by the Chair 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
- c) 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:
  - i. 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 8; and
  - ii. the holder votes on Resolution 8 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 CEO/MD of the Company makes no recommendation in relation to Resolution 8 on the basis that the resolution relates to the CEO/MD's remuneration.

## 9. REFRESH OF PLACEMENT CAPACITY

On 27 November 2023 and 12 December 2023 (each an **Issue Date**), the Company issued a total of 234,343,405 fully paid ordinary shares (**Issue**) as a result of an equity raising by way of an Institutional Entitlement Offer and a Retail Entitlement Offer to fund the acquisition of a 30% interest in Who Dat and Dome Patrol oil and gas fields, associated infrastructure and adjacent exploration acreage, offshore Louisiana in the US Gulf of Mexico (**Equity Raising**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The Issue does not fit within any of these exceptions and, as it has not yet been approved by the Company's shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

To this end, resolution 9 seeks shareholder approval to the Issue under and for the purposes of Listing Rule 7.4. If resolution 9 is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If resolution 9 is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

### *Required disclosure for the purposes of Listing Rule 7.5*

For the purposes of Listing Rule 7.5:

- shares were issued to persons who elected to participate in the Equity Raising;
- the Company issued 188,420,971 ordinary shares on 27 November 2023 and 45,922,434 ordinary shares on 12 December 2023, being a total of 234,343,405 fully paid ordinary shares;
- the issue price was A\$2.05 per share;

- Citicorp Nominees Pty Limited ACN 000 809 030, as a participant in the Equity Raising, was issued 11,807,557 fully paid ordinary shares which was approximately 1.5% of the shares on issue at the time of the Equity Raising; and
- the funds received from the Issue were used to pay for the acquisition of assets as set out in the ASX Announcement released on 16 November 2023, which included:
  - » 30% interest in the Who Dat and Dome Patrol fields and associated infrastructure, including the Who Dat Floating Production System;
  - » 16% interest in the Abilene field from LLOG Exploration Offshore, LLC and LLOG Omega Holdings, LLC (collectively, LLOG); and
  - » various interests in adjacent acreage which contains the Who Dat East (40%), Who Dat West (35%) and Who Dat South (30%) exploration and appraisal opportunities.

**Voting exclusion statement with regards to Resolution 9**

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- a person who participated in the Issue; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney 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
- the Chair 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
- 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 of a person excluded from voting, on the resolution; and
  - » the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Board recommendation:**

The Board recommends that Shareholders vote in favour of Resolution 9.

## GLOSSARY

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

<b>AEST</b>	Australian Eastern Standard Time, being the time in Melbourne, Victoria.
<b>Annual General Meeting or Meeting</b>	The annual general meeting of the Company's Shareholders to be held as a hybrid meeting at 10am (AEST) on Thursday, 23 May 2024.
<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, dependent 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</i> (Cth).
<b>Director</b>	A director of the Company.
<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 and Culture Committee</b>	The People and Culture Committee of the Company.
<b>Performance Rights</b>	Performance rights issued under the Performance Rights Plan, including LTIs and STIs.
<b>Performance Rights Plan or PRP</b>	The Performance Rights Plan as approved by Shareholders at the 2022 Annual General Meeting on 24 November 2022, and as amended from time to time.
<b>Remuneration Report</b>	The Remuneration Report for the transitional financial year ended 31 December 2023 as contained within the Directors' Report and forming part of the Company's 2023 Transitional Year Report.
<b>Shareholders</b>	Holders of shares.
<b>Share(s)</b>	Fully paid ordinary share(s) 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>TY23</b>	Transitional year 2023.
<b>VWAP</b>	Volume weighted average share price.

## ANNEXURE A

### SUMMARY OF THE TERMS OF THE PRP

#### Offers

- A. The Company may from time to time during the operation of the PRP make an offer in writing to any Eligible Employee specifying:
- a) the number of Performance Rights for which the Eligible Employee may subscribe;
  - b) the period during which the offer may be accepted;
  - c) any conditions that will apply;
  - d) 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;
  - e) the date on which the Eligible Employee's right to subscribe for and be issued or transferred ordinary shares will lapse;
  - f) circumstances in which the Eligible Employee's right to subscribe for and be issued or transferred ordinary shares will lapse; and
  - g) 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 require 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 PRP will vest on the agreed vesting 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 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 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 PRP may be amended at any time by a resolution of the Board.

## ANNEXURE B

### THE PERFORMANCE RIGHTS PROPOSED TO BE GRANTED UNDER RESOLUTION 7

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 January 2025 (in the case of Deferred TY23 STI Performance Rights) and 1 January 2027 (in the case of CY24 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 (AEST) 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.