



# SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT & APPENDIX 5B\*

27 October 2022 | ASX: KAR

## HIGHLIGHTS

- Oil production in the 2022 September quarter from the Baúna Field in the Santos Basin, Brazil was 1.29 million barrels (MMbbl), produced at an average rate of 13,997 barrels of oil per day (bopd). Production volumes were 19% higher than in the prior quarter, boosted by the initial contributions from the successful Baúna intervention campaign.
- Oil sales for the quarter were 1.46 MMbbl, up from 0.98 MMbbl in the June quarter, with three cargoes lifted during the period. The average net realised oil price of US\$96.02/bbl was 10% lower than in the prior quarter, reflecting the impact on oil prices of concerns about slowing global economic growth.
- Oil sales revenue from the cargoes lifted was US\$140.2 million, while cash receipts from oil sales were US\$155.3 million, compared with US\$105.4 million and US\$104.1 million, respectively, in the June quarter.
- The Baúna intervention campaign continued during the quarter, with the installation of gas lift in SPS-56 and an Electric Submersible Pump (ESP) in SPS-92. The interventions have added more than 11,000 bopd to production rates, above the upper end of the target range of 5,000 – 10,000 bopd. Peak production of more than 25,000 bopd was achieved shortly after the end of the quarter, which has since stabilised at approximately 24,000 bopd prior to the resumption of natural decline. Given the greater than anticipated production uplift from the first three interventions and relative value of Patola production, Karoon decided to defer the final workover, at BAN-1.
- Due to the better than expected results of the intervention campaign, the lower end of production guidance has been revised upwards, with FY2023 now expected to be in the range of 7.5 – 9.0 MMbbl. Other guidance is unchanged from that presented in August 2022 in the FY2022 Results.
- Following the receipt of regulatory approvals, in late September, the Maersk Developer rig was mobilised to the Patola field and the first of two Patola development wells commenced drilling in early October. The well reached Total Depth (TD) of 2,400 metres on 18 October, with preliminary analysis indicating that top reservoir depth and reservoir thickness were within the range expected at this location while reservoir quality was better than anticipated.
- No Lost Time Incidents (LTIs) or significant environmental incidents were recorded during the quarter. No cases of COVID-19 were detected onboard the FPSO Cidade de Itajaí during the quarter, while the Maersk Developer rig recorded one case offshore. There has been no disruption to operations from the COVID-19 pandemic to date.
- Cash and cash equivalents at 30 September 2022 were US\$181.8 million, compared to US\$157.7 million at the end of June 2022. Undrawn and available debt was unchanged at US\$180.0 million, taking total liquidity at the end of September to US\$361.8 million.
- In August, Mr Carlos Tadeu da Costa Fraga was appointed to the Karoon Board as a Non-Executive Director.
- Shortly after the end of the quarter, the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP), the Brazilian Government oil and gas regulator, approved Karoon's updated Baúna Area development plan and a reduction in the royalty rate for incremental production resulting from the Baúna intervention campaign and the Patola development.

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

## Karoon Chief Executive Officer and Managing Director, Dr Julian Fowles, said:

“The September quarter of 2022 was one of Karoon’s busiest operational periods since the Company was formed, with the Baúna intervention campaign, preparations to commence the Patola development and planning for the Neon control well drilling all moving ahead. Following the initial delays due to weather and anchoring issues, the Baúna intervention campaign was completed efficiently, with no major safety or environmental incidents. The installation of new ESPs in wells PRA-2 and SPS-92, and gas lift in well SPS-56 has been very successful, increasing production from approximately 12,500 bopd immediately before the campaign to a peak rate post-interventions of more than 25,000 bopd prior to stabilising at around 24,000 bopd before the resumption of natural decline. This excellent outcome reflects the many months of hard work from the Karoon intervention and operations team and strong collaboration with Maersk Drilling and our other service providers. The initial production contributions from the interventions, combined with continued high levels of facilities uptime, resulted in a 19% increase in quarterly oil production compared to the June 2022 quarter, with a further uplift anticipated in the December quarter.

Three cargoes were lifted during the quarter, with a total volume of 1.46 MMbbl of oil sold. While the average realised oil price of US\$96/bbl was 10% lower than in the previous quarter, higher oil sales volumes resulted in a 33% increase in oil sales revenue. The strong cash flows generated from operations allowed us to fund the intervention campaign and ongoing Patola expenditures from cash, with no further debt drawn down from our facility over the period.

The Patola development is now underway. Patola 1, which was spudded on 7 October, has recently reached TD, with Patola 2 expected to commence drilling in November. Preliminary analysis of the Patola-1 data indicates that the key parameters of top reservoir depth and reservoir thickness were within the range expected while reservoir quality was better. At present, we remain on track for first Patola production in the first quarter of calendar 2023. The Patola drilling will be followed by up to two control wells on the Neon oil discovery, subject to receipt of the relevant regulatory approvals.

The Company is working on a comprehensive BM-S-40 reserves update, which we plan to finalise once the Patola drilling is completed, currently planned for release to the market in the first quarter of CY2023.

With the completion of the Baúna interventions and commencement of the Patola development, the Company is steadily delivering on its strategic objectives to create a safe, reliable and sustainable base business that can provide a foundation for further growth as well as returns to shareholders.”

For further information on this release, please contact:

### INVESTORS

SVP Communications  
and Investor Relations

Ann Diamant  
M: +61 407 483 128  
E: ADiamant@karoonenergy.com.au

### SHAREHOLDING ENQUIRIES

Computershare  
Tel: 1300 850 505

### MEDIA - AUSTRALIA

P&L Corporate  
Communications

Ian Pemberton  
M: + 61 402 256 576  
E: ian.pemberton@plcorporate.com.au

### MEDIA - BRAZIL

InPress Porter  
Novelli

Andrea Blum  
M: + 55 21 98105-9338

Patricia Odenbreit  
M: + 55 21 96674-6403  
E: karoon@inpresspni.com.br

## PRODUCTION SUMMARY

BAÚNA FIELD (BM-S-40, SANTOS BASIN, BRAZIL - 100% EQUITY INTEREST, OPERATOR)

KEY DATA	Sept Quarter 2022	June Quarter 2022	% change	FY2022
Production rate ('000 bopd)	14.00	11.88	+18	12.70
Production volume (MMbbl)	1.29	1.08	+19	4.64
Sales volume (MMbbl)	1.46	0.98	+49	4.54
Weighted average net realised price (US\$/bbl)	96.02	107.4	-10	84.74
Oil sales revenue (US\$ million)	140.2	105.4	+33	385.1
Oil sales cash proceeds (US\$ million)	155.3	104.1	+49	363.0
Closing cash and cash equivalents (US\$ million)	181.8	157.7	+15	157.7
Closing debt (US\$ million)	30.0	30.0	-	30.0
Closing net cash and cash equivalents (US\$ million) <sup>1</sup>	151.8	127.7	+19	127.7
Undrawn debt (US\$ million)	180.0	180.0	-	180.0
Lost time injury rate (incidents/200,000 hours)	0	0.98	na	0.77
Total recordable incident rate (Incidents/200,000 hours)	0.4	0.98	-59	0.77

<sup>1</sup> Net of drawn debt.

Total oil production during the quarter was 1.29 mmbbl, produced at an average rate of 13,997 bopd. Uptime at the FPSO averaged 99%, with the high rates achieved in FY2022 being maintained during the period despite increased activity levels from the intervention program. Ongoing routine maintenance work continued on the FPSO, with the overhaul of the water injection and sulphur recovery unit systems completed during the quarter.

Three cargoes were lifted during the period, totalling 1.46 MMbbl, compared to two cargoes in the June quarter. The cargoes were sold to refineries in North America, South America and Europe, highlighting the global demand for Baúna crude. The average realised oil price, net of selling expenses, was US\$96.02/bbl, 10% lower than in the prior period, reflecting concerns about slowing global economic growth weighing on oil prices. Oil revenue generated from the three cargoes shipped in the quarter was US\$140.2 million, while oil receipts for the quarter were US\$155.3 million.

One recordable injury, a Restricted Work Case (RWC), was reported in September 2022 when a worker onboard the Maersk Developer drilling rig injured their ankle and was temporarily reassigned to desk duty. No LTIs were recorded during the quarter. Safety and safe outcomes continue to be emphasised as a priority in all operations and Karoon, together with the Pontifical Catholic University of Rio Grande do Sul, implemented a Safety Culture Project onboard the Maersk Developer rig during the quarter. The project focuses on behaviour and culture to improve safety outcomes and is aiming to provide insights that will inform practice throughout the oil and gas industry in Brazil.

No COVID-19 cases were recorded onboard the FPSO and only one case on the Maersk Developer during the period. The significantly reduced COVID-19 numbers reflect the drop in cases in Brazil and internationally. To date, there has not been any interruption to production due to COVID-19.

Production data relating to Baúna can be found in monthly newsletters produced (in Portuguese) by the ANP and on the ANP's dynamic panel of oil and gas production, both of which can be accessed via the ANP's website at <http://www.anp.gov.br>. Note the recording of data on the site was temporarily suspended in August 2022 but has since resumed.

## BAÚNA INTERVENTION CAMPAIGN AND PATOLA DEVELOPMENT ACTIVITIES

The Baúna intervention campaign was completed during the quarter. The three interventions in PRA-2, SPS-56 and SPS-92 have increased production rates in these wells by more than 11,000 bopd, above the targeted range of 5,000 – 10,000 bopd, Total production peaked at more than 25,000 bopd in early October, stabilising at approximately 24,000 bopd prior to natural decline resuming.

As a result of the stronger than expected production uplift, and to optimise the Maersk Developer rig utilisation, the Company decided to defer the fourth intervention at well BAN-1.

In late September, Karoon received the final environmental approvals required to progress the Patola development and the Maersk Developer rig was mobilised to the Patola site. The first of two new development wells commenced drilling in early October and reached TD of 2,400 metres on 18 October, having encountered top reservoir within one metre of the prognosed depth. Preliminary log analysis has indicated that the reservoir thickness was encountered as expected while reservoir quality was better. The second Patola well is scheduled to commence drilling in early/mid-November.

During the quarter, the fabrication of the Patola Christmas trees by the manufacturer, TechnipFMC, was completed in Rio de Janeiro, with mobilisation to site anticipated in the fourth quarter of CY2022. First production from Patola remains targeted to commence in the first quarter of CY2023.

## CORPORATE AND COMMERCIAL SUMMARY

### LIQUIDITY

At 30 September 2022, Karoon's total liquidity was US\$361.8 million, comprising US\$181.8 million in cash and cash equivalents and US\$180 million in undrawn available debt. This compares to liquidity of US\$337.7 million at 30 June 2022.

Cash flows from operating activities included receipts from oil sales of US\$155.3 million. This comprised proceeds from the June, July and August 2022 cargoes but excluded the September 2022 cargo. US\$96.5 million of net cash was generated from operating activities during the quarter, or US\$86.8 million when adjusted for the principal elements of lease payments included in financing activities. US\$62.1 million was used for continued activities related to the Baúna intervention campaign and Patola development.

US\$63.5 million was placed into an escrow account for the Petrobras contingent payment, with US\$85 - 86 million expected to be payable in January 2023 based on Karoon's CY2022 oil price expectations.

### SIGNIFICANT CASH FLOWS

The September quarter included the following significant items:

- US\$155.3 million in proceeds from oil sales.
- US\$25.7 million in payments related to Baúna production costs, including US\$11.9 million in royalty payments.
- US\$13.5 million spent on FPSO lease charter payments, which are included in lease payments and finance costs in the Appendix 5B.
- US\$62.1 million related to payments for property, plant and equipment, including US\$54.8 million of intervention campaign CAPEX, US\$6.0 million paid for the development of the Patola field and US\$1.3 million for tools and other CAPEX.
- US\$12.2 million of Brazilian income tax instalments.
- US\$8.2 million paid for out of the money oil hedges.
- US\$0.9 million of exploration and evaluation costs, predominantly related to ongoing subsurface and engineering studies on the Neon discovery.
- US\$0.5 million which relates to director and committee fees paid to non-executive directors and salary paid to the Chief Executive Officer and Managing Director in accordance with his employment contract.

## DEBT FACILITY

Given the strong oil price environment and a solid production performance, no additional debt was drawn from Karoon's US\$210 million debt facility during the quarter. The total amount of drawn debt at 30 September 2022 was US\$30 million, with US\$180 million undrawn and available, unchanged from the end of June.

Capital costs incurred for the Baúna intervention campaign and Patola expenditures during the quarter were funded from cash and cash flow.

## HEDGING

During the quarter, 426,000 bought Asian put options and 426,000 sold Asian call options expired. Karoon paid US\$8.2 million on the expiring sold calls, including US\$4.2 million relating to June settlements paid in July. Approximately 33% of production was hedged and 67% unhedged during the quarter.

Due to stronger than expected oil prices and the impact on production of the successful delivery of the intervention campaign, Karoon was granted a temporary waiver from lenders on the minimum hedge volumes required under the facility. Consequently, no additional oil hedges were entered into and the outstanding oil hedges at the end of September 2022 are unchanged from 30 June 2022. Hedge volumes will be revisited leading into the next semi-annual redetermination in March 2023.

## BOARD APPOINTMENT

Mr Carlos Tadeu da Costa Fraga was appointed as a Non-Executive Director, effective from 26 August 2022. Mr Fraga has 40 years of experience in the oil and gas sector, including 23 years as an executive at Petrobras, and has received recognition from many institutions, globally and in Brazil, for his contribution to the oil and gas industry. His deep knowledge of Brazil's oil and gas sector and the country's political and economic environment, further complements and expands the depth of experience on the Karoon Energy Board.

## ROYALTY REDUCTION AGREED, STATE PARTICIPATION AND R&D LEVIES EXPECTED TO COMMENCE

Shortly after the end of the quarter, the ANP agreed to reduce the royalty rate applying to incremental production from the Baúna, Piracaba and Patola fields resulting from the investments in the Baúna interventions and the Patola development. The historical 10% royalty rate will continue to apply to the ANP's base production profile, which assumes a hydrocarbon production rate pre-investment of approximately 11,600 boepd (including 11,100 bopd) and a FY2023 production decline of approximately 12% pa. For any incremental production up to 50% higher than the base production profile, the royalty rate will be 7.5%, reducing to 5% for any incremental production more than 50% above the base production profile. Once formalised through gazettal, the updated royalty rates are expected to take effect from the beginning of October 2022, the month after the intervention program was completed.

In line with the Brazilian oil and gas taxation regime, once production from Baúna, Piracaba and Patola is above 300,000 m<sup>3</sup>/quarter (approximately 21,000 boepd), a Special Participation levy (SP) will be incurred on the revenue from production above those levels and a Research & Development levy (R&D) will be incurred on gross revenue. This is expected to impact from the fourth quarter of CY2022.

The SP will be levied at a rate of 10% on revenue less allowable deductions generated from production above approximately 21,000 boepd. The R&D levy is set at 1% of gross revenue for the quarters where SP is due. As with current royalties, both the SP and R&D levies will be tax deductible.

## RESERVES AND RESOURCES REVIEW

Work took place during the quarter to incorporate reprocessed seismic, reservoir modelling and dynamic simulation work on Baúna with recent production history and information from the Baúna intervention campaign. Once these data and the results from the Patola drilling have been incorporated into Karoon's models, it is planned that a revised Reserves and Resources statement will be released in early CY2023.

## SUSTAINABILITY

Karoon released its 2022 Sustainability Report together with the Annual Results on 25 August 2022. The Sustainability Report provides information on Karoon's performance in each of our five sustainability pillars during FY2022. This includes greenhouse gas (GHG) emissions, which for the first time included Scope 3 emissions in addition to Scope 1 and Scope 2. Karoon's FY2022 Scope 1 emissions were 82,805 tCO<sub>2</sub>e, an increase compared to FY2021, reflecting Karoon's first full year of operations and the start of the Baúna intervention campaign. The emissions intensity of Karoon's operations increased over FY2022 and in the September 2022 quarter but is expected to reduce over subsequent quarters as production increases following the intervention campaign and Patola development.

Karoon's Sustainability team was expanded during the quarter, with two new members joining the team in Brazil, to assist in achieving our sustainability targets.

## EXPLORATION, APPRAISAL AND POTENTIAL DEVELOPMENT UPDATE

### BRAZIL

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

##### **100% Equity Interest, Operator**

During the quarter, detailed planning and preparations for the forthcoming Neon control drilling program took place. Work to optimise the program was undertaken, to ensure the primary objectives of the campaign (to confirm the reservoir quality, continuity and extent, and to delineate field oil:water contacts) are met within operational constraints. The control wells, now named according to regulatory convention as 9-Neo-1-SPS (informally Neon-1) and 9-Neo-2D-SPS (informally Neon-2), are aimed at bringing a greater degree of calibration and confidence in the resource estimates and production well paths required for a potential Neon development.

Neon control well drilling is planned to commence in the first quarter of CY2023 with the Noble Developer drilling rig (the Maersk Developer was renamed following the completion of the Maersk Drilling and Noble Corporation merger in October 2022), following completion of the Patola development wells. All proposed drilling activities at Neon remain subject to the receipt of required regulatory licences, with Neon-2 also contingent on the results of Neon-1 meeting minimum success criteria.

If the control well drilling results are positive, they should enable Karoon to optimise the field development plan and assess the feasibility of moving forward with Concept Definition and Front End Engineering and Design, prior to a potential Final Investment Decision.

#### **Santos Basin, Block S-M-1537**

##### **100% Equity Interest, Operator**

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

### AUSTRALIA

#### **Northern Carnarvon Basin, Permit WA-482-P**

##### **50% Equity Interest, Non-Operator**

Regulatory consent to surrender Petroleum Exploration Permit WA-482-P was granted during the quarter. The surrender of all blocks under the title took effect on 12 September 2022.

## SCHEDULE OF INTERESTS IN PETROLEUM TENEMENTS

Held by Karoon Energy Ltd Group at 30 September 2022

Exploration Permit/ Block	Basin	Operator	% equity interest held
Concession BM-S-40	Santos, Brazil	Karoon	100
Block S-M-1037	Santos, Brazil	Karoon	100
Block S-M-1101	Santos, Brazil	Karoon	100
Block S-M-1537	Santos, Brazil	Karoon	100

## GUIDANCE FOR FY2023

	FY2022 Actual	Guidance <sup>1</sup>
<b>PRODUCTION (MMBBLs)</b>	4.64	7.5 - 9.0
<b>COSTS</b>		
Unit Production Costs (US\$/bbl) <sup>2</sup>	25.36	15 - 20
Other Operating Costs (US\$ million) <sup>3</sup>	16.0	23 - 25
Business Development, share-based payments & Neon studies (US\$ million)	12.4	12 - 14
Finance costs and interest (US\$ million) <sup>4</sup>	5.8	7 - 8
Unit DD&A (US\$/bbl) <sup>5</sup>	12.0	13 - 15
Revaluation of Petrobras contingent consideration <sup>6</sup>	227.1	-
<b>INVESTMENT EXPENDITURE (US\$ MILLION)</b>		
Intervention and Patola Projects	92.0	205 - 240
Neon evaluation	-	65 - 75
Deferred Baúna acquisition firm consideration <sup>7</sup>	43.6	-
Petrobras contingent consideration <sup>8</sup>	-	85 - 86
Other Plant and Equipment	5.0	9 - 11

- Guidance is subject to various risks (including those "Key Risks" set out in Karoon's 2022 Annual Report).
- Unit Production Costs: based on daily operating costs associated with Baúna Production, excluding government royalties.
- Other Operating costs: includes staff costs, IT, corporate costs and non-oil and gas related depreciation, excludes government royalties and foreign exchange gains/losses.
- Finance costs and interest include fees and debt interest.
- Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 'Leases', which is included as part of Unit Production Costs.
- Karoon does not anticipate any further upward movement in the fair value of the contingent consideration payable to Petrobras for Baúna in compliance with AASB 9, Financial Instruments, as the total contingent consideration recognised is at the maximum potential liability.
- Relates to deferred firm consideration paid to Petrobras in May 2022, which is separate from the contingent consideration payable to Petrobras referred to above.
- Relates to contingent consideration payable to Petrobras which is dependent on future oil prices.

Following the better than expected results of the intervention campaign, the lower end of production guidance has been revised upwards. Other guidance is unchanged from that presented in August 2022 in the FY2022 Results.

## BACKGROUND TO PETROBRAS CONTINGENT CONSIDERATION

As part of the Baúna acquisition, Karoon agreed to pay Petrobras a contingent consideration of up to US\$285 million plus interest of 2% per annum, dependent on future oil prices over the period from CY2022 to CY2026. The calculation of the annual Petrobras payment is as per the table below, with any amounts payable by 31 January in the year after the completion of the relevant testing period (see Note 23. *Other financial liabilities* in Karoon's 2022 Annual Report for full details).

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

### Forward-looking statements

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

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

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

### ABOUT KAROON ENERGY LTD

Karoon Energy Ltd. is an international oil and gas exploration and production company with assets in Brazil and Australia and is an ASX listed company.

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.





## Appendix 5B

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

#### Name of entity

Karooon Energy Ltd

#### ABN

53 107 001 338

#### Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	155,262	155,262
1.2	Payments for		
	(a) exploration & evaluation	(937)	(937)
	(b) development	-	-
	(c) production (excludes FPSO charter lease payments and finance charges on right of use assets included in 1.5 and below)	(25,666)	(25,666)
	(d) staff costs (employee benefits expense-net)	(3,561)	(3,561)
	(e) administration and corporate costs	(3,669)	(3,669)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	64	64
1.5	Interest and other costs of finance paid	(4,666)	(4,666)
1.6	Income taxes paid	(12,176)	(12,176)
1.7	Government grants and tax incentives	-	-
1.8	Other (GST refunds, hedge costs \$8.2m)	(8,146)	(8,146)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>96,505</b>	<b>96,505</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(62,144)	(62,144)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets (security deposits)	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	2	2
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	(810)	(810)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(62,952)</b>	<b>(62,952)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(19)	(19)
3.8 Dividends paid	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (3 months) US\$'000</b>
3.9	Other (principal elements of lease payments)	(9,704)	(9,704)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(9,723)</b>	<b>(9,723)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	157,683	157,683
4.2	Net cash from / (used in) operating activities (item 1.9 above)	96,505	96,505
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62,952)	(62,952)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9,723)	(9,723)
4.5	Effect of movement in exchange rates on cash held	288	288
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>181,801</b>	<b>181,801</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	181,801	157,683
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>181,801</b>	<b>157,683</b>

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

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter US\$'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	461
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
7.1 Loan facilities	210,000	30,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>210,000</b>	<b>30,000</b>

<b>7.5 Unused financing facilities available at quarter end</b>	180,000
---	---------

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

**Secured Term Loan Facility for Baúna**

For details of the facilities see note 22 of the Karoon FY2022 financial statements.

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

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>US\$'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	96,505
8.2	Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2) ^	96,505
8.4	Cash and cash equivalents at quarter end (Item 4.6)	181,801
8.5	Unused finance facilities available at quarter end (Item 7.5)	180,000
8.6	Total available funding (Item 8.4 + Item 8.5)	361,801
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>N/A</b>

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

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

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

**Compliance statement**

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

Date: 27 October 2022

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

**Notes**

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