

2025 SECOND QUARTER REPORT

For the period ending 30 June 2025

24 July 2025 | ASX: KAR



HIGHLIGHTS

- **2025 second quarter (2Q25) production on a Net Revenue Interest (NRI) basis was 2.94 MMboe, 25% higher than the first quarter of 2025 (1Q25), which was impacted by a planned 20 day Baúna Project maintenance shutdown. 77% of production (2.27 MMbbl) was from the Baúna Project and 23% (0.67 MMboe NRI) was from Who Dat.**
- **2Q25 sales volumes of 2.61 MMboe were 21% higher than 1Q25, reflecting higher production. This translated to 2Q25 sales revenue of US\$159.7 million, up 7% on 1Q25 as higher production volumes were partly offset by the timing of a shipment in late June, and weaker realised pricing.**
- **One recordable safety incident (a Restricted Work Case) was reported and investigated during the quarter.**
- **The Baúna FPSO acquisition was completed on 30 April and progress made toward transitioning to an optimised operating model, where Karoon will control and operate the vessel, supported by service providers and subject to regulatory approvals.**
- **The Neon opportunity entered the Define Phase in April 2025. 2C Contingent Resources increased from 60.0 to 86.5 MMbbl (100%) as a result of seismic reprocessing and subsurface studies¹.**
- **Preparations to drill the Who Dat E6 sidetrack well in 3Q25 advanced, while shortly after the end of the quarter, Who Dat East entered the Define phase.**
- **Karoon was awarded six exploration blocks offshore Brazil in the ANP 5th Permanent offer bid round on 17 June (BRT). Formal granting of the blocks is expected in 4Q25, subject to certain conditions.**

	Three months ended ¹				Year to date		
	Jun 24	Mar 25	Jun 25	% Change	Jan-Jun 2024	Jan-Jun 2025	% Change
Karoon share							
NWI Production (MMboe) ²	2.32	2.53	3.10	+23	5.43	5.64	+4
NRI Production (MMboe) ³	2.14	2.36	2.94	+25	5.08	5.30	+4
Sales Volume (MMboe) ³	2.73	2.15	2.61	+21	5.45	4.75	-13
Sales Revenue (US\$m) ³	212.8	148.6	159.7	+7	409.4	308.3	-25
Capital Expenditure (US\$m)	57.5	52.3	102.9	+97	78.3	155.2	+97
Net Cash/(Debt) (US\$m)	(67.8)	(159.2)	(237.9)	-49	(67.8)	(237.9)	>-100
TRIR Rate ⁴	0.44 ⁵	0	0.48	NA	0.82	0.28	-66
Number of Tier 1 & 2 Process Safety Events	1	0	0	NA	1	0	NA

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

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

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

4. TRIR for three months ended is on a 12 month rolling average per 200,000 hours; TRIR for Year to Date is on a year to date basis per 200,000 hours

5. Restated.

¹ Refer ASX released dated 16.4.25 "Neon enters Define phase". Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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

"Total NRI production for the quarter, of 2.94 MMboe, was 25% higher than 1Q25. Sales revenue increased 7% to just under US\$160 million, reflecting the timing of Baúna Project shipments, with a cargo loading at the end of the quarter, and a 12% lower average realised liquids price.

As well as the impact of bringing the SPS-88 well back online in March, the Baúna Project continued to benefit from the ongoing work to address the FPSO's maintenance backlog. This was evident in 1H25 FPSO efficiency (excluding the scheduled shutdown) of 94.5% versus 85.3% in the first six months of 2024 and 83.8% in 2H24. We continue to focus on progressive remediation of areas of vulnerability on the FPSO, including improving gas compression redundancy, pipework integrity and thermal oil heater reliability. Importantly, we have recently executed a Letter of Intent for a floating hotel (flotel) to support a maintenance campaign planned for 1H26, subject to agreement of terms and approvals. Our 2025 full year guidance for Baúna FPSO efficiency, of 88 - 92%, and Baúna production of 6.7 - 7.7 MMbbl, is currently unchanged, but may be re-evaluated as we move further into the second half of the year.

Since completing the Baúna FPSO acquisition in April, the Karoon team has considered several alternative FPSO operating models. We have concluded that Karoon managing the FPSO operations directly, with support from service providers as required, will provide the optimal level of control. In particular, it will allow us to enhance the focus on safety, reliability, planning for ongoing maintenance and operating capex activities, supply chain optimisation, and life extension activities. The transition to this model is expected to be completed in the first half of 2026, once all necessary contracting, staff management, systems and processes, and regulatory approvals to operate are in place. Altera&Ocyan is working with us to ensure continuity of operations as these activities occur, supporting a safe, smooth handover of operational control.

The Neon development opportunity progressed to the first stage of the Define Phase, including Front End Engineering and Design (FEED) in April 2025. The project team identified two potentially suitable FPSOs and commenced preliminary discussions with the FPSO owners. Following seismic reprocessing and updated subsurface studies, the field development plan was updated, resulting in a 44% increase in 2C Contingent Resources (refer to footnote on p1). Preparations for the farm down of a 30 - 50% interest in the Neon and surrounding licences are underway, with the sale process planned to commence in 3Q25 and be concluded by the end of 2025, subject to market conditions and continued viable project economics. The next milestone for Neon will be in 4Q25, when we will decide whether the development should progress to the second stage of the Define Phase. A farm down and continued positive results from the staged decision-making process are pre-requisites to moving towards a potential Neon Final Investment Decision.

The 2Q25 Who Dat average gross production rate was 29,983 boepd. This was 6% lower than the prior quarter, reflecting maintenance on the production facility in April. This was partially offset by improved facility uptime in May/June, with production averaging approximately 34,500 boepd (gross) over these months. Preparations are underway to drill a sidetrack of the E6 well, expected to commence in late 3Q25. If successful, E6 ST1 is forecast to add an initial 3,000 - 5,000 boepd (gross) to production (700 - 1,200 boepd NRI) from mid 4Q25, prior to natural decline. Recent studies by the Who Dat operator, LLOG, have shown that the Who Dat production facility can accommodate a tieback of the Who Dat East and/or South discoveries with minimal changes. Who Dat East has entered the Define phase, including FEED activities, to be completed over 2H25 ahead of a potential Final Investment Decision for a single well development by late 2025 or early 2026, subject to viable project economics.

Net debt increased from US\$159.2 million at 31 March to US\$237.9 million at 30 June. While operations continued to generate solid cashflows despite reduced commodity pricing, the quarter included a number of significant cash outflows, including the final payment for the Baúna FPSO and the share buyback.

The process of relocating corporate head office roles from Melbourne to Houston and Rio de Janeiro, as announced at the 2025 AGM on 22 May 2025, commenced during the quarter. The transition, aimed at simplifying our structure, increasing efficiency and facilitating collaboration, will take place gradually over the next 12 - 18 months. As announced yesterday, I will not be relocating to Houston and will be leaving Karoon by mid-2026. The Board has commenced a search for a new CEO/MD, and I am committed to ensuring a smooth transition of roles.

I look forward to updating the market on our financial results for the first half of 2025 at the results briefing at 11am on 27 August (see p7 for details)."

OPERATIONAL & FINANCIAL SUMMARY¹

		Mar 25	Three months ended		Jun 24
			Jun 25	% Change	
Production					
Baúna					
Oil	MMbbl	1.67	2.27	+36	1.38
Who Dat^{2,5}					
Oil, condensate & NGLs (NWI ³)	MMbbl	0.64	0.57	-10	0.68
Natural gas (NWI ³)	Bcf	1.34	1.56	+17	1.54
Total Who Dat (NWI ³)	MMboe	0.86	0.83	-3	0.94
Total Who Dat (NRI ⁴)	MMboe	0.69	0.67	-3	0.76
Total (Baúna & Who Dat NWI)	MMboe	2.53	3.10	+23	2.32
Total (Baúna & Who Dat NRI)	MMboe	2.36	2.94	+25	2.14
Sales					
Baúna					
Oil	MMbbl	1.48	1.95	+32	1.98
Who Dat⁵					
Oil, condensate & NGLs (NRI ⁴)	MMbbl	0.50	0.47	-6	0.57
Sales gas (NRI ⁴)	Bcf	1.00	1.11	+11	1.05
Total	MMboe	0.67	0.66	-2	0.75
Total sales	MMboe	2.15	2.61	+21	2.73
Revenue					
Baúna					
Oil	US\$m	108.9	125.0	+15	163.4
Who Dat					
Oil, condensate & NGLs (NRI ⁴)	US\$m	35.2	30.3	-14	46.5
Sales gas (NRI ⁴)	US\$m	4.5	4.4	-2	2.9
Total	US\$m	39.7	34.7	-12	49.4
Total revenue	US\$m	148.6	159.7	+7	212.8
Average realised prices					
Baúna oil	US\$/bbl	73.76	64.15	-13	82.55
Who Dat oil, condensate and NGLs	US\$/bbl	70.02	64.39	-8	81.58
Who Dat sales gas	US\$/mcf	4.47	3.92	-12	2.76

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

BAÚNA PROJECT, SANTOS BASIN, BRAZIL

Equity interest: 100%. Operator: Karoon

Baúna Project (BM-S-40) production in 2Q25 was 2.27 MMbbl, 36% higher than 1Q25 which was impacted by a 20-day scheduled shutdown. A flotel-supported maintenance campaign was completed in early April at a total cost of US\$21.1 million, in line with guidance of US\$17 – 26 million. This cost will be expensed but excluded from underlying net profit after tax.

2Q25 production averaged 24,959 bopd, up from 18,548 bopd in 1Q25. Output benefited from a full quarter's contribution from the SPS-88 well, which was successfully brought back online in 1Q25. This was partly offset by lower 2Q25 FPSO efficiency (excluding scheduled shutdowns) of 91.5%, compared to 97.3% in the prior quarter. This reflected production header and gas compressor issues, which were safely rectified. FPSO efficiency (excluding scheduled shutdowns) for the first half of 2025 was 94.5% (85.3% in 1H24).

Four cargoes were lifted during the period, totalling 1.95 MMbbl, with the cargoes sold to refineries in North America, Europe and Asia. The average realised price for the cargoes, net of selling expenses, was US\$64.15/bbl, 13% lower than the average realised price in the prior quarter reflecting lower global oil prices.

Karoon finalised the acquisition of the Baúna FPSO on 30 April 2025. The Company has determined that the optimal long-term resourcing and contracting model is for Karoon to become the facility operator, with support from service providers. A Transition Services Agreement was signed with Altera&Ocyan, to ensure continuity of operations and a safe, smooth transfer of operational control. FPSO integration activities and longer term procurement and resourcing are progressing.

WHO DAT ASSETS, OFFSHORE GULF COAST, US

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

Gross Who Dat production in 2Q25 was 2.73 MMboe, 5% lower than the prior quarter of 2.87 MMboe. Production was temporarily curtailed in April for the replacement of an oil treater and maintenance on the Who Dat production facility. While gross production declined 5%, production on an NRI basis (0.67 MMboe net to Karoon) was only 3% lower than the prior quarter, reflecting lower royalties and government take in 2Q25, due to variations in royalty rates across different wells and reservoirs as well as a change in the mix of gas and liquids production during the quarter.

Preparations are underway for drilling a sidetrack of the E6 well, which, if successful, is expected to commence production in 4Q25. In addition, LLOG is finalising Who Dat debottlenecking and reliability studies, focused on how to further optimise the production and processing capacity on the Who Dat production facility and accommodate production from potential developments of the Who Dat East and South discoveries.

The average realised price for Who Dat liquids (including oil, condensate and NGLs) was 8% lower than the previous quarter at US\$64.39/bbl, reflecting lower global oil prices. The Who Dat average realised sales gas price was down 12% on the previous quarter, at US\$3.92/mcf, due to milder weather which decreased demand for gas.

COMMERCIAL AND CORPORATE

CAPITAL EXPENDITURE¹

US\$m	Mar 25	Three months ended		Jun 24
		Jun 25	% Change	
Exploration and appraisal	1.9	1.7	-11	60.9
Development, plant and equipment	50.4	101.2	+101	(3.4)
Total	52.3	102.9	+97	57.5

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

Total capital expenditure (on an accruals basis) for 2Q25 was US\$102.9 million. This included US\$85.0 million for the acquisition of the Baúna FPSO and US\$8.5 million in related transaction costs, as well as capital costs associated with the SPS-88 well. Exploration and appraisal capex of US\$1.7 million was spent on Neon, Who Dat East and Who Dat South project maturation activities. The cost in the first half of 2025 for the unsuccessful Who Dat West exploration well was US\$16.8 million (restated from US\$17.4 million). This has been expensed and excluded from the capital expenditure table above. It will be excluded from underlying net profit after tax, consistent with the treatment of Who Dat West costs incurred in 2024.

CASH, LIQUIDITY AND CASH FLOWS

US\$m	Dec 24	Three months ended		
		Jun 25	% Change	Jun 24
Cash	190.8	112.1	-41	282.2
Drawn debt	(350.0)	(350.0)	0	350.0
Net Cash/ (Debt)	(159.2)	(237.9)	-49	(67.8)
Undrawn available facilities	340.0	340.0	0	246.0
Total liquidity	530.8	452.1	-15	528.2

At 30 June 2025, Karoon's net debt position was US\$237.9 million, comprising US\$112.1 million in cash and cash equivalents and US\$350.0 million of drawn debt.

Cash inflows during the quarter consisted of proceeds from the sale of hydrocarbons of US\$139.1 million, which included receipts from revenue recognised in the previous quarter, but excluded proceeds from a Baúna Project lifting in late June/early July 2025. In addition to operating costs, royalty payments and interest payments, the major cash outflows were US\$85.0 million plus associated costs for the acquisition of the Baúna FPSO and US\$16.3 million invested in share buybacks.

During the quarter, Karoon purchased 15.9 million shares at an average price of A\$1.59 per share. This took the total number of shares acquired over the first half of 2025 to 29.1 million, at an average price of A\$1.57/share (US\$29.1 million). At 30 June 2025, Karoon had 735.6 million shares on issues. Since Karoon's buyback program commenced in the second half of 2024 to date², the Company has acquired 70.6 million shares, nearly 9% of ordinary shares on issue, at an average price of A\$1.51/share.

HEDGING

495,000 bought put options and 495,000 sold call options expired out of the money during the quarter.

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

At 30 June 2025	Bought Put Options Volume	Put Option Strikes	Sold Call Options Volume	Call Option Strikes
Period	(MMbbl)	(US\$/bbl)	(MMbbl)	(US\$/bbl)
2025 (Jul-Dec)	0.579	58	0.579	92

EXPLORATION, APPRAISAL AND POTENTIAL DEVELOPMENT UPDATE

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

Equity interest: 100%. Operator: Karoon

In April, the Neon development opportunity moved into the first stage of the Define phase³. As part of Front End Engineering and Design (FEED), the project team are evaluating ways to optimise the development concept, which is a standalone development using a redeployed FPSO with the capacity to accommodate a peak production rate of 40 to 50,000 bopd.

During the period, the project team identified two FPSOs that could potentially be suitable for Neon and commenced discussions with the owners. In addition, work took place on optimising production profiles, based on revised reservoir simulations and an updated well plan, and gathering data for a virtual data room to support a farm-down process. The farm down of a 30 – 50% interest in the potential Neon development is expected to commence in the third quarter of 2025.

² Period refers to 12 August 2024 to 9 July 2025.

³ Refer ASX Release dated 16.4.25 "Neon enters Define phase".

If the results of Neon studies and market conditions continue to be supportive, Karoon will decide whether to progress to the next stage of the Define phase in 4Q25. This second stage will involve environmental and seabed surveys as well as issuing tenders to refine the cost estimates of the development.

SANTOS BASIN, S-M-1537

Equity interest: 100%. Operator: Karoon

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

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

Equity interest: 100%. Operator: Karoon

Studies are continuing to assess the potential prospectivity of these blocks.

SANTOS BASIN, S-M-974, S-M-1038, S-M-1484, S-M-1605, S-M-1358 and S-M-1603

Pending Equity interest: 100%. Operator: Karoon

Karoon was awarded six blocks in the ANP 5th Permanent Offer Bid Round for Concession Contracts on 17 June 2025 (BRT). The blocks are in the Santos Basin, offshore Brazil. Formal granting of the blocks is expected to occur in the fourth quarter of 2025, subject to meeting certain qualification conditions, the payment of a bid bonus of approximately US\$14.8 million and providing a non-cash financial guarantee for approximately US\$6.1 million⁴.

US GULF COAST, MC 508, MC 509, MC 421, MC 464, MC 465, MC 545, MC 589, MC 629

Equity interests: Various. Operator: LLOG

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

The Who Dat Joint Venture continued to progress development studies for Who Dat East and South. The work confirmed that development utilising the Who Dat OptiEx FPS could be a cost effective and value accretive way to develop these discoveries. The joint venture is targeting to make a Final Investment Decision on Who Dat East in late 2025 or early 2026.

SUSTAINABILITY

During the quarter, Karoon received 61,200 VCUs (Verified Carbon Units) from the Envira Amazonia Project, a tropical forest conservation project in Acre, Brazil. These REDD+ (Reducing Emissions from Deforestation and Forest Degradation) credits, together with ARR (Afforestation, Reforestation, and Revegetation) credits received in the first quarter, were surrendered in July 2025 to offset Karoon's 2024 Scope 1 emissions of 127,997 tCO₂e⁵.

Karoon commenced six incentivised social projects and three voluntary social projects during the quarter. To date, 14 of the 21 incentivised projects planned for 2025 have commenced. The remaining incentivised and voluntary projects planned for 2025 are expected to begin in 3Q25. These social projects are aligned with the UN Sustainable Development Goals and aim to improve the quality of life for both our employees and the communities impacted by our operations.

⁴ Refer ASX Release dated 18.6.25 "Successful bid for blocks and guidance update".

⁵ Refer to 2024 Sustainability Report for definition of Karoon's Scope 1 emissions.

2025 HALF YEAR RESULTS

Karoon's 2025 first half results and associated investor presentation will be released at approximately 9:00am on 27 August 2025. The results briefing, including investor/analyst questions, will be held at 11:00am AEST on 27 August 2025. The webcast can be accessed live through the Karoon website, www.karoonenergy.com.au, or by clicking on the following link:

<https://s1.c-conf.com/diamondpass/10048343-hj7t64.html>

This announcement was authorised by the Board of Karoon Energy Ltd

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Abbreviations and conversion factors

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

Forward-looking statements

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

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

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

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

ABOUT KAROON ENERGY LTD

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

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