

2025 FOURTH QUARTER REPORT

For the period ending 31 December 2025

27 January 2026 | ASX: KAR



HIGHLIGHTS

- 2025 fourth quarter (4Q25) production on a Net Revenue Interest (NRI) basis was 2.37 MMboe, compared to 2.59 MMboe in the third quarter of 2025 (3Q25), reflecting continued downtime on two Baúna wells, as previously reported, and natural reservoir decline. Total production for CY25 was 10.3 MMboe, towards the upper end of the guidance range of 9.8 – 10.4 MMboe and only marginally below CY24's record production of 10.4 MMboe.
- Baúna FPSO efficiency increased to 98.8% (from 92.7% in 3Q25), driven by FPSO maintenance improvements and increased equipment redundancy. Full year FPSO efficiency was 95.1%, a material improvement on efficiency of 84.5% in CY24.
- 4Q25 sales volumes of 2.65 MMboe were 5% higher than 3Q25 and 12% above 4Q25 production due to timing of shipments. Higher sales were offset by lower realised oil prices, with 4Q25 sales revenue of US\$156.1 million, compared to US\$164.1 million in 3Q25.
- Karoon achieved a good safety performance during the quarter, with no recordable personal safety injuries or process safety Tier 1 or 2 incidents. The Company marked one year of no Lost Time Injuries.
- The Who Dat E6 sidetrack was brought online in mid-November 2025. Flow rates achieved from the well were in line with pre-drill expectations.
- Effective from 3 November 2025, Ms Carri Lockhart was appointed as Managing Director and Chief Executive Officer, succeeding Dr Julian Fowles.
- The current tranche of the on-market share buyback announced on 25 September continued during the quarter. Since the buyback commenced in the second half of 2024, Karoon has acquired and cancelled 82.5 million shares, or approximately 10% of shares on issue. The buyback is being regularly reassessed as part of Karoon's capital management process.
- The 2025 full year results are scheduled to be released on Thursday 26 February 2026. With CY25 production in line with forecasts, other 2025 guidance metrics have been narrowed and updated.
- Preliminary 2026 production guidance is 8.1 – 9.2 MMboe (NRI basis), with production expected to increase in the second half of the year following the Baúna investment program. Unit production cost guidance (NWI basis) is US\$12 – 15/boe, reflecting lower costs spread over a lower production base. Operating costs are forecast to decline once the transition of Baúna FPSO operatorship is completed. Capex guidance is US\$110 - 135 million (see page 9 for full guidance details).

Commenting on the results, Karoon's CEO and MD, Ms Carri Lockhart, said:

"During the fourth quarter of 2025, the Baúna FPSO achieved its best quarterly efficiency rate (98.8%) since the asset was acquired in 2020. As a result, Baúna production for the full year was at the upper end of our guidance range. This is testament to the progress made by the Baúna team over the past year in improving maintenance and critical equipment reliability on the FPSO. Meanwhile, at Who Dat, 4Q25 production improved 10%, with full year output within our CY25 guidance range. Pleasingly, the E6ST well was delivered below budget during the quarter and is helping mitigate natural decline."

I look forward to updating the market on our financial results for CY25 at the results briefing at 11am on 26 February 2026.

In 2026, our highest priorities are to complete, safely and efficiently, the Baúna FPSO operatorship transition, a flotel-supported FPSO maintenance and revitalisation campaign, and activities to reinstate full production from the SPS-92 and PRA-2 Baúna wells, while continuing to pursue value accretive infill drilling at Who Dat. We do not underestimate the challenges associated with undertaking all these activities in parallel and are undertaking detailed planning work to reduce execution risk. Delivery on this work is critical, as the cash flow generated underpins our growth opportunities such as Neon, Who Dat East, Who Dat South and Santos Basin exploration (subject to attractive economics in a lower oil price environment) and capital returns to shareholders.

2026 is expected to be a year of two contrasting halves in Brazil, due to the intensive first half Baúna investment program. We are aiming to address many of the remaining Baúna FPSO vulnerabilities during the flotel-supported expanded maintenance and revitalisation campaign and the annual scheduled full shutdown, commencing in 1Q26. Improved FPSO efficiency, together with the Baúna well activities that are targeting to restore 4,000 – 5,000 bopd to Baúna production rates, should result in a materially better performance from Baúna from mid-2026 onwards, subject to ongoing natural decline. In addition, operating costs are anticipated to fall in the second half of 2026, following the transition of operatorship of the Baúna FPSO to Karoon.

In the US, subject to JV approvals, another Who Dat sidetrack, A1ST, is expected to commence in the second quarter of 2026 which, assuming success, would also benefit second half production. UK-based Harbour Energy has recently announced agreed terms for the proposed acquisition of the Who Dat operator, LLOG. We look forward to working closely with Harbour, the LLOG team and JV partner Westlawn Americas Offshore, to continue maximising the value of Who Dat and the surrounding area.

Karoon has a simple operating model with two world class producing assets, a competitive cost structure and a strong and flexible balance sheet. This is a good position to be in during a period of lower oil prices. Our focus will remain on ensuring safe, reliable and efficient operations, while continuing to assess our organic growth opportunities, maintaining strict cost control, and implementing capital returns in line with Karoon's capital allocation framework."

OPERATIONAL & FINANCIAL SUMMARY¹

		Three months ended				Year to date		
		Sep 25	Dec 25	% change	Dec 24	Jan - Dec 2024	Jan - Dec 2025	% change
Production								
Baúna								
Oil	MMbbl	2.00	1.72	-14	1.92	7.45	7.67	+3
Who Dat^{2,5}								
Oil, condensate & NGLs (NWI ³)	MMbbl	0.53	0.63	+19	0.59	2.53	2.37	-6
Natural gas (NWI ³)	Bcf	1.18	1.01	-14	1.50	6.29	5.12	-19
Total Who Dat (NWI ³)	MMboe	0.73	0.80	+10	0.84	3.59	3.22	-10
Total Who Dat (NRI ⁴)	MMboe	0.59	0.65	+10	0.67	2.90	2.60	-10
Total (Baúna & Who Dat NWI)	MMboe	2.73	2.52	-8	2.76	11.04	10.89	-1
Total (Baúna & Who Dat NRI)	MMboe	2.59	2.37	-8	2.59	10.36	10.26	-1
Sales								
Baúna								
Oil	MMbbl	1.94	1.99	+3	2.46	7.83	7.35	-6
Who Dat⁵								
Oil, condensate & NGLs (NRI ⁴)	MMbbl	0.44	0.54	+23	0.50	2.07	1.95	-6
Sales gas (NRI ⁴)	Bcf	0.81	0.74	-9	1.07	4.49	3.66	-19
Total	MMboe	0.58	0.66	+14	0.68	2.82	2.57	-9
Total sales	MMboe	2.52	2.65	+5	3.14	10.65	9.93	-7
Revenue								
Baúna								
Oil	US\$m	133.2	122.2	-8	184.5	606.2	489.4	-19
Who Dat								
Oil, condensate & NGLs (NRI ⁴)	US\$m	27.5	30.7	+12	34.4	157.10	123.8	-21
Sales gas (NRI ⁴)	US\$m	3.4	3.2	-6	3.3	13.30	15.3	+15
Total	US\$m	30.9	33.9	+10	37.7	170.40	139.1	-18
Total revenue	US\$m	164.1	156.1	-5	222.2	776.50	628.5	-19
Average realised prices								
Baúna oil	US\$/bbl	68.70	61.53	-10	74.97	77.60	66.57	-14
Who Dat oil, condensate & NGLs	US\$/bbl	62.32	57.06	-8	68.44	75.84	63.35	-16
Who Dat sales gas	US\$/mcf	4.15	4.29	+3	3.07	2.95	4.20	+42
Safety								
TRIR rate ⁶		0.48	0.16	-67	0.77	0.77	0.16	-79
Tier 1 & 2 process safety events ⁷		0	0	NM	0	2	0	NM

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.

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

7. NM – not meaningful

BAÚNA PROJECT, SANTOS BASIN, BRAZIL

Equity interest: 100%. Operator: Karoon

Baúna Project (BM-S-40) production in 4Q25 was 1.72 MMbbl, produced at an average rate of 18,752 bopd. Production during the period reflected reduced rates from the SPS-92 well, and PRA-2 being offline for most of the period, as well as natural reservoir decline. Despite this, 2025 full year production of 7.67 MMbbl was 3% higher than CY24 (7.45 MMbbl), reflecting materially higher FPSO uptime. 4Q25 FPSO efficiency (actual production divided by forecast reservoir production, excluding scheduled shutdowns) was 98.8%, compared to 92.7% in 3Q25, the highest quarterly rate since Karoon acquired the Baúna field in November 2020, while efficiency for the year was 95.1% compared to 84.5% in CY24.

Four cargoes were lifted during the period, totalling 1.99 MMbbl, with the cargoes delivered to refineries in North America and Europe. 4Q25 sales volumes included a cargo that commenced loading in late 3Q25. The average realised price for the cargoes, was US\$61.53/bbl, 10% lower than the average realised price in the prior quarter, reflecting lower global oil prices.

Karoon is currently finalising a contract for a semi-submersible drilling rig to undertake an intervention on the SPS-92 well to replace the downhole Electrical Submersible Pump (ESP) system which partially failed in 2025. Operations are expected to commence in late 1Q26, subject to receipt of regulatory approvals and operational readiness. The intervention will comprise removing the existing ESP system and installing a new ESP, which is in inventory. The well is anticipated to be back online by mid-2026

Plans to recover and repair the PRA-2 subsea control umbilical, that disconnected at the FPSO in September 2025, and reinstate production from the well are also making progress. Subject to the condition of the umbilical once it is inspected and tested, PRA-2 is also anticipated to be back online by mid-2026.

Detailed planning took place during the quarter for both the 2026 annual scheduled maintenance shut down and the flotel-supported extended maintenance and revitalisation campaign, which are expected to commence in 1Q26.

WHO DAT ASSETS, OFFSHORE GULF COAST, US

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

Gross Who Dat production in 4Q25 was 2.68 MMboe, 12% higher than 3Q25 (of 2.4 MMboe), reflecting improved facility uptime of 100%, well uptime of 83%, and the impact late in the quarter of the E6ST well coming online, which helped partially offset natural reservoir decline. Production for the quarter was 0.65 MMboe on an NRI basis, 10% higher than the prior quarter (0.59 MMboe NRI). 2025 full year NRI production was 2.60 MMboe, which was in line with guidance, and compares to 2.90 MMboe for 2024.

The E6 well sidetrack operations, comprising drilling and completing a sidetrack from the E6 wellbore into a reservoir that is producing in other Who Dat wells, were successfully completed during the quarter. Following clean-up, E6ST flowed at an initial gross rate of approximately 4,000 bopd plus 2.2 MMscf/d associated gas (approximately 1,050 boepd on an NRI basis), in line with expectations, prior to natural reservoir decline. The program was completed under budget.

The average realised price for Who Dat liquids (including oil, condensate and NGLs) was 8% lower than the previous quarter at US\$57.06/bbl, in line with the decline in global oil prices and wider differentials for Mars-benchmarked crudes. The Who Dat average realised gas price was US\$4.29/mcf, up 3% on the previous quarter, reflecting an increase in Henry Hub benchmark pricing due to early seasonal demand.

Technical studies to mature the A1 production well sidetrack opportunity took place during the quarter, with activities expected to be completed during 2Q26, subject to Joint Venture approvals.

COMMERCIAL AND CORPORATE

CAPITAL EXPENDITURE¹

US\$m	Sep 25	Three months ended			Year to date		
		Dec 25	% Change	Dec 24	Jan - Dec 2024	Jan - Dec 2025	% Change
Exploration and appraisal	(1.0)	20.8	NM	31.4	111.1	23.4	NM
Development, plant and equipment	5.5	23.2	NM	4.7	25.3	180.4	NM
Total	4.5	44.0	NM	36.1	136.4	203.8	+49

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

2. NM – not meaningful

Total capital expenditure (on an accruals basis) for 4Q25 was US\$44.0 million, largely associated with the E6 sidetrack and signature bonuses of US\$15.3 million for the new blocks in the Santos Basin. 2025 total capital expenditure includes US\$122.4 million spent on the Baúna FPSO acquisition (including transaction costs).

CASH, LIQUIDITY AND CASH FLOWS

US\$m	Sep 25	Three months ended		
		Dec 25	% Change	Dec 24
Cash	201.3	206.1	+2	341.2
Drawn debt	(350.0)	(350.0)	-	(350.0)
Net cash/(debt)	(148.7)	(143.9)	-3	(8.8)
Undrawn available facilities	340.0	340.0	-	340.0
Total liquidity	541.3	546.1	+1	681.2

At 31 December 2025, Karoon's net debt position was US\$143.9 million, comprising US\$206.1 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\$164.3 million. In addition to operating costs and royalty payments, the major cash outflows were bond interest of US\$18.4 million (paid bi-annually), withholding tax of US\$12.3 million (see guidance section for details on withholding tax), signature bonuses of US\$15.3 million associated with the Santos Basin and US\$19.3 million primarily relating to the E6 sidetrack. In addition, US\$9.8 million was spent on share buybacks over the quarter.

ON-MARKET SHARE BUYBACK

During the quarter, Karoon commenced the second phase of the previously announced US\$75 million on-market share buyback program, comprising an investment of up to US\$25 million¹. Over the quarter, the Company purchased 9.4 million Karoon shares at an average price of A\$1.58 per share (US\$9.8 million).

The Company's capital returns policy allows for the payment of 20-40% of underlying net profit after tax, with additional discretionary returns (such as the current on-market share buyback) made in the absence of alternative, higher return uses of uncommitted cash subject to market conditions. Given the current economic and market conditions, the Board is actively assessing the continuation of the on-market share buyback program, based on an anticipated reduction in available free cash flow, which is currently being impacted by the lower oil price.

HEDGING

Karoon's remaining 289,500 bought put options and 289,500 sold call options expired out of the money during the quarter. The Company's RBL includes minimum commodity hedging requirements when drawn. However, as the facility is currently undrawn, Karoon has no hedges in place but retains discretion to hedge, if appropriate.

¹ See announcement dated 25 September 2025.

POTENTIAL DEVELOPMENTS

BRAZIL – NEON, S-M-1037 (KAR: 100%, OPERATOR)

During the quarter, Karoon continued to progress the competitive farm down of a 30% to 50% interest in Neon and surrounding licenses, with the aim of advancing the process in the first half of 2026.

In parallel, work took place on several other components of the Neon 'Define' phase. This included subsurface reservoir development studies, subsea facility layout optimisation, cost reduction studies and sourcing a suitable FPSO, with several options being screened.

The Neon team also commenced reviewing alternative development concepts and project optimisation opportunities, such as phased development well drilling, in light of the current lower oil price outlook.

US GULF COAST - WHO DAT EAST (KAR: 40%), WHO DAT SOUTH (KAR: 30%), OPERATOR: LLOG

Who Dat East FEED studies progressed during the period, based on the preferred development concept of an initial one well development connected via a subsea tieback directly to the Who Dat production facility. An application was made in 4Q25 to the US Bureau of Safety and Environmental Enforcement (the US Federal agency responsible for regulating offshore energy) to receive royalty relief for this development. A decision on this filing is expected in 1Q26.

The Joint Venture will assess a Final Investment Decision on Who Dat East after the royalty relief decision is known.

Studies to mature Who Dat South were also progressed, with the Joint Venture aiming to commence a seismic reprocessing project shortly, to assist with the assessment of potential development options.

EXPLORATION AND APPRAISAL

DEEPWATER SANTOS BASIN, BRAZIL

S-M-1356, S-M-1358, S-M-1482, S-M-1484, S-M-1603, S-M-1605 (KAR: 100%, OPERATOR), ESMERALDA (KAR: 100%, PENDING EQUITY INTEREST, OPERATOR)

As disclosed in the 2025 Third Quarter Report, in October, Karoon was successful in its bid to secure a 100% interest in the Esmeralda block through the ANP 3rd Permanent Offer Cycle for Production Sharing Contracts. Esmeralda is located 70 kilometres east of Karoon's existing Santos Basin deepwater blocks and 130 kilometres east of the producing Baúna Project. The block complements the other deepwater blocks that Karoon has acquired in recent Brazil licensing rounds, in which an untested and potentially material post-salt Tertiary oil play has been identified.

Over the quarter, work continued to mature this new play, which comprises an interpreted, potential deepwater turbidite reservoir fairway, previously unidentified in the Santos Basin.

The Company has undertaken extensive advanced geophysical reprocessing of available 3D seismic over the western part of the play using globally recognised seismic processing specialists, Viridien, complemented by regional 2D data. Karoon is undertaking desktop studies to delineate and derisk a suite of prospects and leads for volumetric and economic analysis and potential future drilling.

Planning for a farm-down of one or more of the deepwater blocks commenced during the quarter, with the aim of completing a farm-out during the first half of 2026.

UNITED STATES GULF COAST

MISSISSIPPI CANYON (MC) BLOCK 587 (APPARENT HIGH BIDDER)

In December, Karoon participated in the Big Beautiful Gulf 1 Oil & Gas Lease Sale and was successful as the apparent high bidder for Mississippi Canyon Block 587. The Bureau of Ocean Energy Management (BOEM) will review all bids and confirm lease awards in 1Q26.

SCHEDULE OF INTERESTS IN PETROLEUM TENEMENTS

Field/prospect/lead	Exploration permit/block	Basin	Operator	% interest held
Baúna, Piracaba, Patola	BM-S-40	Santos, Brazil	Karooon	100
Neon, Neon West	S-M-1037	Santos, Brazil	Karooon	100
Goiá	S-M-1101	Santos, Brazil	Karooon	100
Piracucá	S-M-974, 1038	Santos, Brazil	Karooon	100
Clorita	S-M-1537	Santos, Brazil	Karooon	100
Deepwater exploration	S-M-1356, 1358, 1482, 1484, 1603, 1605, Esmeralda ¹	Santos, Brazil	Karooon	100
Who Dat	MC 502, 503, W/2 504, E/2 546, 547	Mississippi Canyon, USA	LLOG	30
Dome Patrol	MC 505	Mississippi Canyon, USA	LLOG	30
Abilene	MC W/2 546	Mississippi Canyon, USA	LLOG	~16
Who Dat South	MC 545, 589	Mississippi Canyon, USA	LLOG	30
Who Dat West	MC 629	Mississippi Canyon, USA	LLOG	35
Who Dat East	MC 509, 421, 464, 465, 508	Mississippi Canyon, USA	LLOG	40

1. Formal award of the Esmeralda block is expected to occur in the first half of 2026, subject to meeting certain qualification conditions and provision of the signature bonus payment and work program guarantee.

SUSTAINABILITY

Flared gas at the Baúna production facility was 26.0 MMscf for the quarter, which was 13% lower than 3Q25 and 74% lower than 4Q24. Reductions in Baúna flaring were due to a combination of maintenance undertaken in the first quarter of 2025 and subsequent improvements in reliability, and selective well management based on gas production.

4Q25 flared gas at the Who Dat production facility of 7.5 MMscf was 42% lower than 3Q25 and 52% lower than 4Q24, with the decrease primarily due to preventative maintenance undertaken in the prior quarters which increased flaring rates.

Emissions intensity for the Baúna asset increased slightly in the quarter, due to lower production at Baúna and natural decline. This was offset by a decrease in intensity for the Who Dat asset. Across both assets, the combined emissions intensity for CY25 was 9.9 kgCO_{2e}/boe, excluding field logistics and support activities (subject to third party assurance).

There were no material environmental incidents at either Baúna or Who Dat for the quarter.

Karooon continued to progress its 2025 social investment goals in Brazil, with all 21 incentivised projects and four voluntary projects now underway. 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.

During the quarter, Karoon Brazil's foundation voluntary social project, Ambience for Creative Connections (ACC), progressed to its second phase, selection of projects. The project transforms underutilised spaces in social institutions into accessible, engaging and well-equipped environments. After technical assessments of 12 sites, tailored renovation plans are being developed, with eight projects expected to proceed based on budget and final costs. Upgrades may include accessibility improvements, durable furniture and equipment, refreshed visual design, and the integration of technology and learning materials. This project will continue through to mid-2026.

2025 AND 2026 FULL YEAR GUIDANCE

UPDATED 2025 GUIDANCE

Karoon's 2025 full year results will be released to the market on Thursday 26 February 2026.

As highlighted in the table on page 9, 2025 full year Baúna production was 7.7 MMbbl, while production from Who Dat on an NRI basis was 2.6 MMboe. Total production of 10.3 MMboe was towards the upper end of Karoon's production guidance range of 9.8 – 10.4 MMboe.

Finance cost guidance of US\$69 – 71 million is higher than the previous range. This is due to Karoon's intragroup funding arrangements which attract withholding tax on associated funds movements from Brazil and the USA, for capital allocation purposes. This additional cost is fully creditable against tax payable and is offset in Income Tax Expense in the Consolidated Statement of Profit or Loss².

Total capex for CY25 is expected to be US\$96 - 101 million (excluding the FPSO acquisition), lower than prior guidance, primarily reflecting the completion of the E6 sidetrack under budget.

Guidance does not include the following, which will be excluded from underlying 2025 NPAT:

- US\$21.1 million of flotel costs incurred in 1H25.
- One off FPSO transition costs of US\$6 – 7 million.
- US\$6–7 million related to relocating corporate head office roles from Melbourne to USA and Brazil.

The 2025 results are subject to the finalisation of the financial statements, Board review and the financial year audit.

PRELIMINARY 2026 GUIDANCE

2026 guidance reflects the following assumptions:

Production

- A 28-day planned shutdown of the Baúna FPSO for annual maintenance and a four-month flotel-supported FPSO maintenance and revitalisation campaign (with capacity to extend to six month), planned to take place in the first half of 2026.
- Reinstated production from SPS-92 (currently producing at reduced rates) and PRA-2 (offline) at Baúna, as well as production from the Who Dat A1 sidetrack infill well, by mid-2026.
- Baúna FPSO efficiency, excluding scheduled shutdowns, in the range of 90 – 95%.
- Normal allowances for planned and unplanned shutdowns, well uptime and potential weather disruption at Who Dat.
- Natural reservoir decline at both Baúna and Who Dat of 12 - 15% pa, excluding infill drilling and workover activities.

Operating costs

- A&O FPSO Transition Services Agreement costs included in production costs until late 2Q26, with production costs anticipated to decline from 2H26 onwards when Karoon assumes full operational control of the vessel.
- Who Dat costs broadly similar to CY25.
- Largely flat unit costs reflecting overall lower costs spread over a lower production base.
- Unit DD&A includes depreciation associated with the FPSO acquisition.
- Finance and interest cost guidance includes withholding tax on intragroup funding, as per 2025.

² Total withholding tax included in finance costs is US\$17.8 million in CY25, with US\$12.3 million related to 4Q25 funds movements. The quantum of movements is dependent on a number of factors, including estimated funds required in Australian entities and available cash within USA and Brazil subsidiaries. As the withholding tax is fully offset in Income Tax Expense, with no material net impact on NPAT, some variability is expected for this item within Finance Costs and Interest.

Capital expenditure

- Capex includes activities to restore full production from the Baúna SPS-92 and PRA-2 wells in Brazil and Who Dat A1 sidetrack well costs.
- Based on the payment schedule and the average Brent oil price in 2025, the penultimate contingent consideration payment to Petrobras will be materially lower than in 1Q25.
- Exploration and appraisal comprises Neon costs to the next decision gate, and signature bonuses as well as seismic studies for the Santos Basin deepwater exploration licenses. Capex contingent on Neon moving through to the next phase and a positive Final Investment Decision on Who Dat East is excluded.

Consistent with the approach for CY25, the CY26 guidance table does not include the following items:

- US\$43 – 53 million of flotel costs expected to be incurred in 1H26.
- One off FPSO transition costs of US\$6 – 7 million.
- US\$3 - 4 million related to relocating corporate head office roles from Melbourne to USA and Brazil.

GUIDANCE AS AT 27 JANUARY 2026

Calendar year ¹		Prior 2025	Revised 2025	Preliminary 2026
PRODUCTION²				
Brazil	MMbbl	7.4 – 7.7	7.7 (A)	6.0 – 6.7
Who Dat (NRI)	MMboe	2.4 – 2.7	2.6 (A)	2.1 – 2.5
Total production	MMboe	9.8 – 10.4	10.3 (A)	8.1 – 9.2
UNDERLYING OPERATING COSTS				
Unit production costs (NWI) ³	US\$/boe	12 – 15	13 - 14	12 – 15
Exploration expenses, Business Development, share-based payments	US\$m	11 - 14	13 -14	10 – 14
Unit DD&A (NWI) ⁴	US\$/boe	15 - 16	15 - 16	15 – 17
Finance costs and interest (net of interest income) ⁵	US\$m	50 - 60	69 – 71	60 – 70
Other operating costs ⁶	US\$m	33 -37	35 - 37	37 – 41
INVESTMENT EXPENDITURE				
Baúna ⁷	US\$m	-	41 – 42	61 – 74
Who Dat ⁸	US\$m	45 - 54	45 – 47	37 – 46
Exploration and appraisal (Neon, Santos Basin)	US\$m	7 - 9	8 – 9	9 – 11
Other capex ⁷	US\$m	43 - 48	2 – 3	3 – 4
Total capex	US\$m	95 -111	96 - 101	110 - 135
Petrobras contingent consideration ⁹	US\$m	88	88	28

NOTES:

- Guidance is subject to various risks (including “Key Risks” set out in the 2024 Annual Report).
- Production assumes drilling results and expected future development projects, including well interventions, are delivered in accordance with their currently expected schedules and work scopes.
- Unit Production Costs: based on daily operating costs associated with Baúna and Who Dat Production, and Baúna FPSO lease costs (pre AASB 16). Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, carbon costs and non-oil and gas related depreciation and is based on Karoon’s Net Working Interest production. Adjustments for AASB 16 “Leases” are not required post the FPSO acquisition in April 2025 and the 2026 reporting year. Excludes one off FPSO transition costs and corporate office relocation costs.
- Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’ and non-oil and gas related depreciation. Adjustments for AASB 16 “Leases” are not required post the FPSO acquisition in April 2025.
- Finance Costs and interest: includes fees, interest on debt and financial instruments, interest income and withholding taxes associated with intra-group and cross border funds movements in support of capital management. CY25 includes US\$17-19 million of withholding tax which is fully offset by an equivalent reduction in Income Tax Expense within the same period.
- Other operating costs: includes staff costs, IT, other corporate and Business Unit overhead costs and non-oil and gas related depreciation. Excludes royalties and other government take, social investment/sponsorships in lieu of tax, foreign exchange gains/losses, hedge costs and non-underlying transaction costs.
- Baúna capital expenditure is now presented separately from other capex, to provide additional clarity. The cost of the FPSO acquisition and the flotel costs relating to the maintenance campaign in 2025 and revitalisation campaign in 2026 are excluded from this and guided separately.
- CY25 capex includes the Who Dat West exploration well, which has been expensed. CY26 capex includes the A1 sidetrack, but does not include Who Dat East, with expenditures contingent on a positive development decision.
- The 2025 Petrobras contingent payment is expected to be made in late January 2026.

Unit production cost and DD&A (depreciation, depletion and amortisation) guidance is provided using Who Dat production on a Net Working Interest (NWI) basis rather than Net Revenue Interest (NRI). This better represents Karoon's actual costs and DD&A for Baúna and Who Dat per boe produced. (NRI production is after government and overriding royalties, which at Who Dat comprise approximately 20% of production).

This announcement has been 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.