

Letter from the Chair

Dear Shareholder

On behalf of the Board of Karoon Energy Limited, it is a pleasure to invite you to attend our 2026 Annual General Meeting (AGM), scheduled for:

Date: **Thursday 21 May 2026**

Time: **10:00 am (AEST)**

Location: The Langham Hotel, 1 Southgate Avenue, Southbank, Victoria, 3006

The AGM is a key opportunity for the Board to engage with shareholders, discuss the Company's performance, and address matters of governance and strategy.

Ms Carri Lockhart, Karoon's new CEO & Managing Director, and I will deliver a brief presentation at the AGM before moving on to the formal items of business, as set out in the Notice of Meeting (NOM). We will address the most frequently asked shareholder questions either during these presentations or ahead of the relevant resolutions. Our aim is to cover as many relevant questions as possible during the meeting.

Overview of 2025

During 2025, Karoon delivered a shareholder return of 16%, based on share appreciation and dividends paid. In line with the capital returns policy formalised in 2024, Karoon returned US\$80.4 million by way of dividends and buybacks in 2025. Since our buyback commenced in 2024 and as of 1 April 2026, we have acquired more than 12% of issued capital at an average price of A\$1.66 share. This has enhanced our earnings per share and represents a value accretive use of cash, given the Board's view that the present share price does not reflect the core value of our assets, during this period of volatility.

Karoon strengthened its business significantly by acquiring the Baúna FPSO in Brazil. The purchase provided the Company with much greater control over Baúna safety and reliability outcomes, with zero Lost Time Injuries in 2025 and an improvement in FPSO efficiency from 84% in 2024 to 95% in 2025, with a long term target of 90-95% FPSO efficiency. In addition, a forecast lower cost structure allowed us to extend the Baúna field life by seven years and book extra Reserves and Resources. In the US, Who Dat continued to provide high margin, low carbon emission production, as well as diversifying the Company's portfolio. Maturation of Karoon's organic growth opportunities helped drive a 34% increase in 2C Contingent Resources, representing material potential upside if these assets, including Neon and Who Dat East, prove to be commercial. Collectively, for the period from 31 December 2022 to 31 December 2025, we delivered a three-year average reserves replacement ratio of 160%.

Karoon's 2025 underlying NPAT was US\$107.5 million, down from US\$214.0 million in 2024, primarily due to lower average realised oil prices. Despite lower NPAT, our operating assets continued to generate strong cash flows, reflecting the Company's low-cost, high margin (66% gross margin) business. Karoon is set to deliver further cost reductions once the transition of operatorship of the Baúna FPSO is complete. All capital expenditure over 2025 was funded from operating cash flow and cash, with no further debt drawn down.

Karoon ended 2025 with a robust balance sheet, with net debt of US\$143.9 million and liquidity of US\$546.1 million.

Karoon continued to implement the relocation of key corporate roles from Melbourne to Houston during 2025. This change, which includes simplifying Karoon's structure, is increasing efficiency and facilitating collaboration between the business units in Brazil and the USA, which are in similar time zones. It will also reduce duplication and allow the Company to source high quality, local talent in our operational locations. The Board made targeted adjustments to Karoon's remuneration approach, informed by independent external experts and balanced with Australian remuneration expectations, to allow Karoon to attract and retain employees in the United States.

Outlook for 2026

The Middle East conflict led to a dramatic shift in the oil price environment over March. Karoon is highly leveraged to oil price movements, given more than 95% of its production is oil and liquids, notwithstanding the unexpected windfall tax the Brazilian Government has recently levied on oil exports. While our low cost, high margin business is currently benefiting from higher oil prices, the

focus on capital discipline, cost control, restoring production and operational efficiency remains unchanged.

As highlighted in our 2025 Annual Report, Karoon has commenced a comprehensive program in Brazil to further enhance the performance of the Baúna Project. This includes completion of the FPSO operatorship transition, a shutdown for essential inspections and maintenance, and undertaking repairs on two production wells. Work is also underway on restoring production at Who Dat following a riser issue. Approximately 85% of 2026 planned capital expenditure will be spent in the first half of 2026. On successful completion, we anticipate improved production and cost performance in the second half of 2026, as we reap the rewards from this investment.

Items of business

At this year's AGM, shareholders will have the opportunity to vote on several agenda items. This Notice of Meeting and Explanatory Memorandum provides important detail on each resolution and I encourage shareholders to read this information carefully.

I would like to highlight the two directors seeking re-election and one recent appointee, Mr Fernando Borges, who is seeking election to the Board. The Board believes each provides complementary attributes which contribute to the Karoon Board having the right mix of capabilities, corporate memory, fresh perspectives and geographic expertise to oversee our corporate governance and strategy to deliver value- accretive growth.

We are also seeking approval of two remuneration related resolutions, the 2025 Remuneration Report and the remuneration for CEO/MD Ms Carri Lockhart. Our remuneration framework remains aligned with the Company's objectives that are targeted to deliver strong shareholder returns, underpinned by our top strategic priorities of safety and improving the base business performance. In line with this approach, remuneration outcomes in 2025 have been carefully considered by the Board to clearly align to Karoon's performance and incentivise our employees and executives to continue to deliver for Karoon and its shareholders. For 2026, the corporate scorecard will maintain its focus on driving a safe, reliable and highly cost competitive business. Together with sensible, capital efficient and value accretive growth opportunities, we are confident our 2026 strategy, supported by our remuneration structure, will continue to deliver robust returns to shareholders.

Participation in the Meeting

The AGM will include:

- Adoption of the financial report.
- Consideration of the election of Mr Fernando Borges, who was appointed by the Board as an independent Non-Executive Director of the Company in March 2026.
- Consideration of the re-election of Ms Melissa Holzberger and Ms Joanne Palmer as independent Non-Executive Directors of the Company.
- Consideration of several remuneration matters. These include approval of the remuneration structure and the issuance of performance rights associated with long term incentives to Ms Carri Lockhart, the CEO/MD.
- Amendment of the Company's constitution, to reflect developments in law and the ASX Listing Rules, corporate governance principles and general corporate and commercial practice for ASX-listed entities since the Constitution was first adopted.

I encourage all shareholders to participate in the AGM, either in person or online. If you are unable to attend, I strongly encourage you to lodge your proxy vote in advance and submit any questions. Please note that your proxy must be received by our share registry provider, Computershare, no later than 10.00am (AEST) on Tuesday, 19 May 2026, to be valid for the AGM.

On behalf of the Karoon Board and leadership team, I thank you for your continued support and engagement.

Yours sincerely



Peter Botten AC, CBE
Chair
Karoon Energy Limited

17 April 2026