



Karoon Energy Ltd 2024 AGM report

Company/ASX code	Karoon Energy Limited (ASX: KAR)
Meeting date	Thursday, 23 May 2024
Type of meeting	Hybrid
Monitor	Henry Stephens
Pre AGM-meeting	NA

Meeting Statistics

Number of holdings represented by ASA	19
Number of shares represented by ASA	172,000
Value of shares represented by ASA	\$313,000
Total number attending meeting	100 attendees
Market capitalisation	\$1.1 billion
ASA open proxies voted	On a poll. ASA voted in favour of all the resolutions.

The important points to come out of this AGM are as follows:

- The financial year for the company has changed to a calendar year end and this AGM and Annual Report is for the six months ending December 2023.
- The Chairman said that the six-month period was transformational for Karoon. The highest production and sales volumes for a half year in the company's history resulted in record net profit after tax of US\$144.7 million. The key achievement in TY23 was the company's purchase of the Who Dat oil and gas fields in the Gulf of Mexico. The acquisition was in line with the Company's major strategic objectives to diversify the asset base away from one asset and to purchase a value-accretive, long-term production asset with development and exploration upside. This acquisition has fundamentally changed the risk profile of Karoon and builds a platform of sustainable returns that can now be shared with shareholders.
- An activist group comprising Sandon Capital and Samuel Terry Asset Management asked numerous questions of the Board and were successful in voting down the Remuneration Report (26.4% against), which resulted in a First Strike (a Strike requires 25% of votes to be cast against the remuneration report). The group actively lobbied the institutional shareholders on the company register and recommended they vote against 8 of the 9 motions. The activist group railed against the Who Dat acquisition and wants the Company to return capital (preferably large amounts) in the form of dividends or buybacks. The votes FOR the motions ranged from 94-96% for the election of three directors to 65% for

the Refresh of Placement Capacity and 79% for the issue of performance rights to the CEO. All the motions were passed.

- Sandon Capital, in a letter sent to shareholders, says they want the Board to reduce risk within the company by not growing and immediately release “meaningful” amounts of capital to shareholders. This is a very different strategy from that of the current board.
- The Chairman in his speech clearly indicated that the Company has now achieved a stable and diversified production base and that the Board is looking at a capital payment. The Board will announce a framework for shareholder returns in July 2024.
- Here is a quote from the Chairman’s address, which sets out the strategy: “we believe that our current strategy, which is focused on building a long-term sustainable, cost-effective production profile, will ultimately drive superior total shareholder returns in the form of share price appreciation and direct capital returns to shareholders. Following extensive engagement with our shareholders, we believe our strategy is strongly aligned with the interests of the majority of Karoon’s shareholders, particularly those who have a long-term perspective and an interest in Karoon remaining a competitive and stable participant in the international oil and gas sector. The Board favours a balanced approach to capital management, where predictable, sustainable dividends can be paid using a business model and set formula, while continuing to build value in the Company through judicious development, exploration, and disciplined acquisitions.”
- You can read the Chairman’s and the CEO’s address here:
<https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02809734-3A642996>

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