

ASX RELEASE

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Successful Neon-2 Control Well

(S-M-1037 – 100% Karoon)

- **Neon-2 net oil pay of 105 metres**
- **Reservoir quality similar or better than Echidna-1 & Neon-1**
- **Similar pressure regime to Echidna-1 & Neon-1**
- **Revised resource estimates and engineering studies to proceed concurrently**

Karoon reports that the Neon-2 (9-NEO-2D-SPS) control well reached a final total depth of 2,357 metres Measured Depth (MD) on 7 March 2023. The well was spudded to the northeast of the Echidna-1 discovery well, with the lower section deviated to the west to intersect the target zones some 1.3 kilometres north of Echidna-1. Wireline logging of the target sections is presently underway.

The primary objectives of Neon-2 were to determine the quality and continuity of the Palaeocene units and to determine Palaeocene pressure connectivity with the Echidna-1 and Neon-1 wells. Preliminary analysis of the logging-while-drilling and wireline log data available at Neon-2 has confirmed that, as at Neon-1, the Palaeocene sandstone primary target zones are present and oil-bearing at this location.

The Palaeocene intervals were found to be present over a gross 244 metres MD interval (172 metres true vertical thickness). The net pay thickness in this section is estimated to be 148 metres MD (105 metres true vertical thickness). Importantly, preliminary wireline log analysis indicates that the average reservoir quality in this net pay section is similar to, or better than, that encountered at Echidna-1 and Neon-1. This analysis is subject to further studies and calibration with physical samples.

Preliminary analysis of pressure tests through the Palaeocene section suggests that the Neon-2 oil zones lie on similar pressure gradients to the oil at Echidna-1 and Neon-1. Further work is required to determine the degree of communication between zones, given that Neon-2 intersected the reservoir on the western side of a prominent fault.

Neon-2 also tested deeper Maastrichtian targets which, in line with results from Echidna-1 and Neon-1, were found to be poorly developed with no net pay currently identified.

The forward plan is to complete the wireline logging program, then plug and abandon Neon-2. Karoon will then release the Noble Developer rig.

Over the next few months, data from both Neon-1 and Neon-2 will be fully analysed, leading to an updated resource estimate for the Neon field. The current resources estimated for the Neon field (assessed in May 2018) are 30 MMbbl, 55 MMbbl and 92 MMbbl for 1C, 2C and 3C Contingent

Resources, respectively¹ (Karooon – 100%). Together with development engineering studies, the updated resource estimate will contribute to an evaluation of technical and commercial feasibility, which could potentially enable a decision to enter a Neon concept select phase.

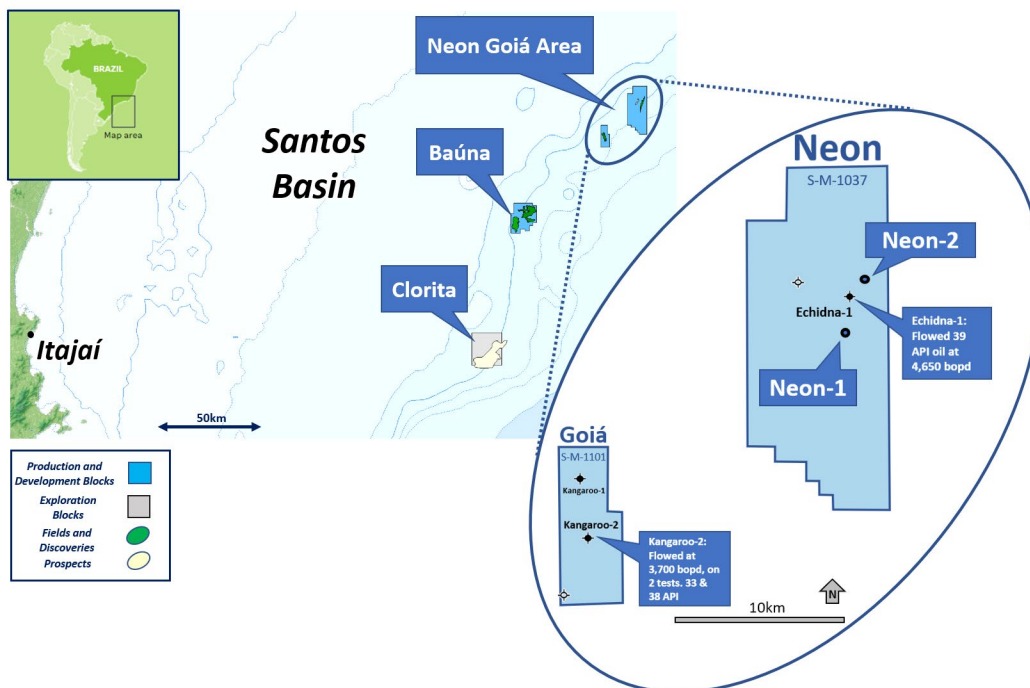
Chief Executive Officer and Managing Director, Dr Julian Fowles, commented:

“The results from Neon-2 to date have been encouraging. The well has confirmed the presence of oil-bearing sands, of potentially better than expected quality, in the northern part of the Neon field. In addition, as anticipated pre-drill, the Palaeocene reservoir section thickens across a fault towards the salt dome. Wireline logging will be completed shortly, which we expect will provide us with the data required to update our subsurface evaluation and our estimate of the resource potential of the Neon field. We are aiming to complete this resource review by mid-year, ahead of the 2023 Annual Report in August 2023.

Given the encouraging results from the control well campaign, further development engineering studies will take place concurrently, which, together with the revised resource estimates, will allow us to assess the viability of the current development concepts and whether to progress into the next phase, Concept Select. We shall be in a position to provide more information on the timing of a potential Concept Select decision once the resource evaluation is complete.

I would like to thank everyone involved in the Neon control well drilling program, including Karooon’s technical and operational teams in Australia and Brazil, as well as on the Noble Developer rig and associated support vessels, for delivering both wells safely and efficiently.”

¹ Contingent resource volume estimates presented for Neon and Goiás were disclosed in the 8 May 2018 ASX announcement “Resources Update” and published in the 2022 Annual Report. Karooon 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 in the relevant ASX announcement continue to apply and have not materially changed.



Neon-1 and Neon-2 are located within Karoon's 100% owned S-M-1037 license, approximately 210 kilometres offshore Brazil in the southern Santos basin. Neon-1 is in 343 metres water depth and is 2.1 kilometres south of the Echidna-1 discovery well, while Neon-2 is located 1.3 kilometres NNE of Echidna-1, in 305 metres water depth.

This announcement has been authorised by the CEO and Managing Director of Karoon Energy Ltd.

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ABOUT KAROON ENERGY LTD

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

Karooon'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.

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.