

ASX RELEASE

15 March 2023 | ASX: KAR

First production achieved from Patola at rates above expectations

Karooon advises that the PAT-2 well, one of two new production wells drilled into the Patola field in the BM-S-40 production license in Brazil (Karooon – 100%), came onstream on 15 March 2023 at a rate of 12,000 – 14,000 bopd. This followed the installation of a subsea flowline and umbilical connecting the well to the Cidade de Itajaí FPSO and the completion of well and infrastructure commissioning activities. Production from the second well, PAT-1, is expected to commence by the end of March 2023.

After an initial period of flush production, likely to last a few days, output from the two Patola wells is expected to stabilise at approximately 10,000 to 15,000 bopd, taking total production from BM-S-40 to more than 30,000 bopd, prior to natural decline commencing. Depending on the reservoir and aquifer response, one of the two production wells may be switched to water injection in the future, while any associated gas production from Patola will be reinjected into the Baúna reservoir through the SPS-89 gas injection well.

The Patola field was discovered in 2011 by Petrobras with the SPS-91 exploration well, which encountered 38 degrees API oil in the same Oligocene turbidite sandstones found in nearby Baúna and Piracaba, with similar petrophysical properties. The field lies in a water depth of approximately 280 metres. In June 2021, eight months after acquiring the BM-S-40 assets from Petrobras, Karooon announced its decision to proceed with the development of Patola.

Due to better reservoir quality than expected at both the PAT-1 and PAT-2 well locations, Proven and Probable (2P) Reserves at Patola were upgraded by 1.7 MMbbl to 16.4 MMbbl as at 31 December 2022¹.

Karooon Chief Executive Officer and Managing Director, Dr Julian Fowles, said:

“Achieving first production from Patola is a major milestone for Karooon and follows the successful completion of the Baúna intervention campaign. The very high rates we have seen in this first Patola well represent flush production which is expected to decline over the next few days to rates between 5,000 and 7,500 bopd.

This is Karooon’s first new field development in Brazil and has been delivered with no material safety or environmental issues to date. The efficient execution of this project is testament to our technical, operational and commercial teams in Brazil and Australia, working closely with our service providers, and in collaboration with Altera & Ocyan, the operator of the FPSO. I would like to thank everyone who helped deliver this exciting project, in particular those on the Noble Developer drilling rig and the team at TechnipFMC, who designed, fabricated and installed the

¹ See ASX Release, dated 13 January 2023, “23% increase in BM-S-40 (Baúna) 2P Reserves” for associated reserves disclosure and assumptions. 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.

Patola subsea infrastructure under an integrated Engineering, Procurement, Construction and Installation (iEPCI™) contract, the first time this style of contract has been utilised in Brazil.

I look forward to providing an update on production once both wells are onstream and commissioning is complete.”

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

FOR FURTHER INFORMATION ON THIS RELEASE, PLEASE CONTACT

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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 Australia 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. Karooon'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 Karooon'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 Karooon and certain plans and objectives of the management of Karooon. 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 Karooon. Such statements may cause the actual results or performance of Karooon 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. Karooon 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.