



JUNE 2023 QUARTERLY ACTIVITIES REPORT

27 July 2023 | ASX: KAR

HIGHLIGHTS

- **2023 June quarter oil production 1.68 million barrels (MMbbl), down 15% due to six week shut-in**
- **Full year FY23 production 7.04 MMbbl, up 52%**
- **Oil sales 1.68 MMbbl; 7.06 MMbbl in FY23 full year**
- **June quarter average net realised oil price US\$73.10/bbl**
- **Oil sales revenue US\$122.7 million; US\$566.5 million for full year FY23, up 47%**
- **No recordable personal safety or Lost Time Injury incidents in June 2023 quarter**
- **30 June 2023 cash and equivalents of US\$74.8 million, no additional debt drawn down**
- **Brazilian Government's temporary tax on oil exports ended on 30 June 2023**
- **Neon field 2C Contingent Resources increased 9% to 60.1 MMbbl¹**
- **Carbon neutrality achieved for FY22 Scope 1 & 2 emissions²**
- **FY23 full year results to be released on Wednesday 23 August 2023. Guidance for FY23 key metrics largely unchanged, guidance provided for twelve months to 30 June 2024 (see page 6 for details)**

Karoon CEO and MD, Dr Julian Fowles, said:

"The June 2023 quarter presented some challenges for Karoon, with production from Baúna shut in for six weeks just as the new Patola wells reached peak production, and with the continued impact of the temporary Brazilian crude oil export tax. Nevertheless, due to proactive operational management, ongoing financial discipline and good cost control on our capital projects, the Company ended FY23 with strong production and in a robust financial position.

Production from Baúna restarted on 9 May 2023 following extensive inspection and maintenance work on the FPSO. As a result of the work carried out, we have decided to defer the planned July 2023 maintenance shutdown to early CY24, subject to ongoing FPSO performance. Baúna is currently producing

¹Refer to ASX Release dated 10 July 2023 "Neon Contingent Resource Update and Neon West Prospective Resource Assessment" for full details. Karoon 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.

² Carbon neutral refers to having a balance between emitting and offsetting greenhouse gas emissions, achieved through acquiring carbon offsets in respect to Scope 1 and 2 GHG emissions.

approximately 34,000 bopd, in line with expectations, with output having dropped from a peak of approximately 40,000 bopd. A more gradual decline is now anticipated to resume over the next few months. No LTIs were recorded during the quarter, which was a pleasing outcome given the heightened activity levels associated with the unplanned shut-down.

While sales revenue of US\$122.7 million for the June quarter was lower than in the prior quarter, revenue for the FY23 full year increased 47% relative to FY22, to US\$566.5 million. The realised oil price net of marketing expenses for the quarter rose slightly, to US\$73.10/bbl, reflecting more favourable offtake conditions. Overall, however, the net average realised oil price for the year was 5% lower than in FY22, at US\$80.20/bbl. The temporary oil export tax ended on 30 June 2023, as indicated by the Brazilian Government when it was announced in February 2023.

Considerable work took place during the quarter on integrating the results from the Neon-1 and Neon-2 control wells into our models and reassessing Contingent Resources. Our estimate of Neon 2C Contingent Resources has increased 9% to 60.1 MMbbl while the 1C to 3C range has been narrowed. The improved level of confidence in oil volumes will assist the Neon technical and commercial feasibility studies that are currently underway. The next milestone for the potential Neon development will be a decision whether to enter Concept Select, targeted for late first quarter of CY24. The Neon Contingent Resource upgrade, combined with the booking of 14.8 MMbbl of 2U Prospective Resources at the undrilled Neon West prospect, is an encouraging development for the area.

Karoon continued to review potential acquisition opportunities in Brazil and North America, with a focus on value-accretive producing oil assets with growth potential, which can provide Karoon with increased scale and diversification. To support any possible future acquisitions, as well as organic growth, the Company is looking to refinance the existing debt facility and held productive discussions with potential lenders during the quarter.

As recently announced, we are changing our financial year end to 31 December, to align with the Brazilian financial year and with many of our energy peers. Karoon's next financial year will be a transition year and will cover the six months from 1 July 2023 to 31 December 2023. We intend to provide production and cost guidance for this period in our financial results for FY23, due to be released on 23 August.

For comparative purposes, we have provided guidance for the next twelve months, to end June 2024 (see page 7). We expect production to be higher than in FY23, at 9 - 11 MMbbl, while unit production cash costs are expected to be lower at US\$11 - 15/bbl, reflecting the largely fixed cost base of operations. Capex is forecast to be US\$19 - 24 million (including US\$12 - 14 million relating to the evaluation of Neon), which is considerably lower than in FY23 following the completion of our major investment campaign.

I look forward to updating the market further next month at our FY23 results briefing."

The FY23 Annual Report and associated investor presentation will be released on 23 August 2023 and a results briefing, including investor/analyst questions, will be held at 10:00am AEST on 23 August 2023. The webcast can be accessed live through the Karoon website, www.karoonenergy.com.au, or by clicking on the following link:

<https://ccmediaframe.com/?id=oLnzt9EK>

PRODUCTION SUMMARY

BAÚNA FIELD (BM-S-40, SANTOS BASIN, BRAZIL – 100% EQUITY INTEREST, OPERATOR)

Key Data	Jun Quarter 2023	Mar Quarter 2023	% change	FY23
Production rate ('000 bopd)	18.50	22.02	-16	19.28
Production volume (MMbbl)	1.68	1.98	-15	7.04
Sales volume (MMbbl)	1.68	1.98	-15	7.06
Weighted average net realised price (US\$/bbl)	73.10	72.93	-	80.20
Oil sales revenue (US\$ million)	122.7	144.4	-15	566.5
Oil sales cash proceeds (US\$ million)	121.3	154.9	-22	552.9
Capital expenditure (US\$ million)	10.1	87.1	-88	238.4 ¹
Closing cash and cash equivalents (US\$ million)	74.8	66.9	+12	74.8
Closing debt (US\$ million)	30.0	30.0	-	30.0
Closing net cash and cash equivalents (US\$ million) ²	44.8	36.9	+21	44.8
Undrawn debt (US\$ million)	180.0	180.0	-	180.0
Closing no. of ordinary shares on issue (million)	563.4	562.8	-	563.4
Lost time injury rate (incidents/200,000 hours)	0.00	0.00	-	0.10
Total recordable incident rate (Incidents/200,000 hours)	0.00	0.00	-	0.41

1. Preliminary, subject to the finalisation of the financial statements and the financial year audit.

2. Net of drawn debt.

Total production from BM-S-40 (Baúna) during the June 2023 quarter was 1.68 MMbbl. This was 15% lower than in the March quarter reflecting a six week suspension of production. Production was shut in on 28 March to repair a gas leak in the FPSO flare system. In the interests of safety, a comprehensive inspection of the FPSO pipework was undertaken, and necessary maintenance work was completed. Production restarted on 9 May and Baúna is currently producing at approximately 34,000 bopd. As a result of the shutdown, facilities uptime for the quarter fell to 57%. Karoon has decided to defer the planned July 2023 maintenance shutdown to early CY24.

Four cargoes, including one smaller capacity cargo, were lifted during the period, totalling 1.68 MMbbl, with the cargoes sold to refineries in North America, Europe and China. The average realised oil price, net of selling expenses, was US\$73.10/bbl, slightly higher than in the prior period. Oil revenue generated from the cargoes shipped was US\$122.7 million, while oil receipts for the quarter were US\$121.3 million.

The leak from the FPSO gas flare system was the only material incident during the quarter, with no other recordable, lost time or material environmental incidents during the period.

Production data relating to Baúna can be found in monthly newsletters produced (in Portuguese) by the ANP and on the ANP's dynamic panel of oil and gas production, both of which can be accessed via the ANP's website at <http://www.anp.gov.br>.

CORPORATE AND COMMERCIAL SUMMARY

CASH FLOWS AND LIQUIDITY

During the June 2023 quarter, Karoon received cash proceeds of US\$121.3 million from four cargoes. Major cash expenditures included the following:

- US\$4.4 million of Brazilian income tax instalments.
- US\$35.0 million related to Baúna production costs which included US\$14.1 million in royalties and export tax payments, and US\$7.2 million spent on FPSO lease charter payments.
- US\$59.2 million spent on property, plant and equipment, primarily comprising the Baúna interventions, Patola development and Neon drilling campaign.

At 30 June 2023, Karoon's total liquidity was US\$254.8 million, comprising US\$74.8 million in cash and cash equivalents and US\$180 million in undrawn available debt.

DEBT FACILITY

No additional debt was drawn during the quarter. Total outstanding debt as at 30 June 2023 was US\$30 million, with US\$180 million of the facility undrawn and available, unchanged from the December 2022 half-year results.

Karoon is currently in discussions with existing and potential new lenders regarding refinancing the existing debt facility, to support Karoon's growth strategy.

HEDGING

During the quarter, 780,000 bought Asian put options and 730,800 sold Asian call options expired. Karoon paid out US\$0.19 million on the expiring call options.

Due to the suspension of production during March - May, the proportion of hedged barrels during the quarter was higher than in previous quarters, with approximately 46% of production hedged (based on bought put options), leaving 54% unhedged.

Given Karoon's low level of drawn debt and modest debt service requirements, the minimum hedge volume obligation under the debt facility was temporarily waived and no additional oil hedges were entered into during the June quarter.

TEMPORARY BRAZILIAN CRUDE EXPORT TAX ENDS

The 9.2% tax levied on oil exports (sales volumes) ended on 30 June 2023, as indicated by the Brazilian Government when the four-month temporary tax was announced³. The impact of the tax for the quarter was US\$11.4 million. This takes Karoon's FY23 crude export tax to US\$14.6 million (on a pre-tax basis), below guidance of US\$15 - 19 million. The tax is expected to be deductible for corporate income tax purposes, equating to US\$9.6 million on a post-tax basis.

CHANGE TO FINANCIAL YEAR END

The Karoon Board has decided to change Karoon's financial year end from 30 June to 31 December. This aligns Karoon's financial year with Brazil's tax year and with other Australian and global oil and gas industry peers.

Consequently, after completing the current 12 month financial year on 30 June 2023, Karoon's next financial year will be a six-month Transitional Financial Year beginning on 1 July 2023 and ending on 31 December 2023. Thereafter, the Company's financial year will commence on 1 January and end on 31 December.

³ Refer ASX dated 2 March 2023 "Temporary Brazilian crude oil export tax announced."

SUSTAINABILITY

During the quarter, Karoon purchased 93,000 verified emission reduction (VERs) certificates, with 82,805 VERs retired against Karoon's emissions, fully offsetting Karoon's residual Scope 1 Baúna emissions for FY22. The VERs were acquired under the agreement with Shell Western Supply and Trading limited, a subsidiary of the Shell Group. The remaining 10,195 VERs will be transferred to Karoon's forthcoming Verra Registry account for retirement against FY23 emissions. Karoon's Scope 2 emissions are offset through the purchase of GreenPower in Australia and the purchase of i-RECs (renewable energy certificates) in Brazil. With the completion of these purchases, Karoon achieved its target of being carbon neutral for FY22 for Scope 1 and 2 emissions. Plans are in place to ensure the target can be achieved on FY23 Scope 1 and 2 emissions.

Karoon continued to advance its Carbon Management Action Plan during the quarter and made good progress on evaluating opportunities to invest directly in carbon offset and removals projects.

EXPLORATION, APPRAISAL AND POTENTIAL DEVELOPMENT UPDATE, BRAZIL

SANTOS BASIN, BLOCKS S-M-1037, S-M-1101 (100% EQUITY INTEREST, OPERATOR)

Data acquired from the Neon-1 (9-NEO-1-SPS) and Neon-2 (9-NEO-2D-SPS) control wells drilled earlier in the year was integrated into an updated Contingent Resource assessment for the Neon oil field during the quarter. The revised Contingent Resource estimates have been reviewed and are supported by RISC, a leading independent energy advisory firm. Details of the assessment (as at 30 June 2023) were announced to the market shortly after the end of the quarter.⁴

Movement in gross Contingent Oil Resources for S-M-1037 (Neon)

Karoon operated interest - 100%

MMbbl	1C	2C	3C
Contingent Resources as at 30 June 2022 ¹	30.0	55.0	92.0
Revisions	+7.7	+5.1	-2.5
Contingent Resources as at 30 June 2023	37.7	60.1	89.5

¹ Disclosed in Karoon's 2022 Annual Report

² See notes on page 10 regarding the calculation of Reserves and Resources

The improved resource definition for the Neon field will facilitate the technical and commercial feasibility studies for a potential Neon development that are currently underway. If the results of these ongoing studies remain encouraging, a decision to enter the Concept Select project phase is targeted to be made at the end of the first quarter of CY24, subject to strategic capital allocation, supply chain and oil market conditions. Under the Company's provisional Neon timetable, a decision to enter the Define stage, which would include undertaking FEED activities, could potentially be made in late CY24 and a Final Investment Decision in late CY25. These decisions are dependent on the potential Neon development achieving Karoon's internal hurdles at each decision gate.

Undiscovered, unrisks Prospective Resources for Neon West, a prospect located approximately two kilometres west of Neon, were also assessed during the quarter³. Neon West Prospective Resources, which have also been reviewed and are supported by RISC, are shown in the table opposite:

⁴ Refer ASX Release dated 10 July 2023 "Neon Contingent Resource Update and Neon West Prospective Resource Assessment". Karoon 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.

Prospective Oil Resources for S-M-1037 (Neon West)
Karoon operated interest - 100%

MMbbl	1U	2U	3U
Neon West Unrisked Prospective Oil Resources as at 30 June 2023 ^{1,2,3}	6.1	14.8	32.9

¹ Probabilistic methods have primarily been used.

² Geological probability of success is estimated to be 41%.

³ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project (at Neon West) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

⁴ See notes on page 10 regarding the calculation of Reserves and Resources

SANTOS BASIN, BLOCK S-M-1537 (100% EQUITY INTEREST, OPERATOR)

Desktop geological and geophysical studies on the Clorita prospect in S-M-1537 continued during the quarter.

SCHEDULE OF INTERESTS IN PETROLEUM TENEMENTS

Held by Karoon Energy Ltd Group at 30 June 2023

Exploration Permit/ Block	Basin	Operator	% equity interest held
Concession BM-S-40	Santos, Brazil	Karoon	100
Block S-M-1037	Santos, Brazil	Karoon	100
Block S-M-1101	Santos, Brazil	Karoon	100
Block S-M-1537	Santos, Brazil	Karoon	100

GUIDANCE

Full Year FY23

Karoon's Full Year FY23 results will be released to the market on Wednesday 23 August 2023.

Full year unit production cash cost guidance is unchanged at US\$15 – 17/bbl. Note that full year unit production costs in the income statement are expected to be higher than unit production cash costs, due to the impact of AASB16 on FPSO depreciation and lease interest costs. Karoon expects changes in inventory levels to generate an inventory loss of US\$11 - 12 million in FY23. This is a non-cash movement and due to a lower inventory position at 30 June 2023 compared to 30 June 2022.

Karoon's temporary export tax expense in FY23 was US\$14.6 million. Other cost and DD&A guidance is unchanged.

Preliminary total capex for FY23 has been reduced to US\$238.4 million.

Note that costs exclude government royalties, foreign exchange gains/losses, donations in lieu of tax and the impact of hedging.

FY23 guidance is subject to the finalisation of the financial statements, Board review and the financial year audit.

Full Year FY23 Guidance	FY22 Actual	Previous guidance	Updated guidance
PRODUCTION (MMBBL)	4.64	7.0 - 7.1	7.04
COSTS			
Unit production cash costs (US\$/bbl) ²	25.36	15 - 17	15 - 17
Other operating costs (US\$ million) ³	16.0	19 - 23	19 - 23
Business Development, share-based payments & Neon studies (US\$ million)	12.4	10 - 12	10 - 12
Finance costs and interest (US\$ million) ⁴	5.8	9 - 10.5	9 - 10.5
Unit DD&A (US\$/bbl) ⁵	12.0	11 - 13	11 - 13
Temporary export tax (pre-tax)	-	15 - 19	14.6
INVESTMENT EXPENDITURE (US\$ MILLION)			
Intervention and Patola Projects	92.0	195 - 205	190 - 192
Neon evaluation	-	50 - 60	44 - 46
Petrobras contingent consideration ⁶	-	85	85
Other Plant and Equipment	5.0	2 - 4	2 - 3

1. Guidance is subject to various risks (including those “Key Risks” set out in Karoon’s 2022 Annual Report).
2. Unit production cash costs: based on daily operating cash costs associated with Baúna Production, excluding government royalties.
3. Other operating costs: includes staff costs, IT, corporate costs and non-oil and gas related depreciation, excludes government royalties, social investments in lieu of tax and foreign exchange gains/losses.
4. Finance costs and interest include fees and debt interest. This excludes finance charges under AASB 16 ‘Leases’.
5. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of unit production cash costs.
6. Relates to contingent consideration paid to Petrobras in January 2023.

Guidance for the next twelve-month period

Karoon will provide more detailed guidance on the transitional period from 1 July 2023 to 31 December 2023 (TY23) with the financial results for FY23, which are expected to be released on 23 August. In the interim, for comparative purposes, Karoon has provided guidance for the next 12 month (NTM) period, from 1 July 2023 to 30 June 2024.

Production over the NTM is expected to be 9 – 11 MMbbl. The production guidance range reflects:

- Variable decline curve outcomes for Patola as production history is still limited.
- FPSO uptime assumptions, which are expected to be lower than in prior years as the facility operates closer to its maximum liquids handling capacity.
- The length of the planned shutdown in early CY24, currently expected to be approximately two weeks.

Other operating costs for the NTM are expected to be US\$26 - 28 million, higher than in FY23 reflecting inflationary impacts, modest growth in corporate costs associated with building the Company’s internal capability to support its growth strategy and US\$0.5 - 1 million in one-off costs associated with the change in fiscal year.

Unit DD&A over the NTM is expected to be lower than in FY23, reflecting production being depreciated over a higher Reserves base following the upgrade in Baúna Reserves⁵.

Capital costs are expected to be substantially lower than in FY23 given Karoon does not expect any material development expenditure activities over the next twelve months.

Guidance for the next twelve months ending: 30 June 24

PRODUCTION (MMBBL)	9 - 11
COSTS	
Unit production cash costs (US\$/bbl) ²	11 - 15
Other operating costs (US\$ million) ³	26 - 28
Business Development, share-based payments & Neon studies (US\$ million)	12 - 14
Finance costs and interest (US\$ million) ⁴	10 - 12
Unit DD&A (US\$/bbl) ⁵	11 - 12
INVESTMENT EXPENDITURE (US\$ MILLION)	
Neon evaluation	12 - 14
Other capital expenditure	7 - 10
Petrobras contingent consideration ⁶	85 - 87

1. Guidance is subject to various risks (including those “Key Risks” set out in Karoon’s 2022 Annual Report).
2. Unit production cash costs on a pre-AASB 16 basis: based on daily operating cash costs associated with Baúna production, excluding government royalties.
3. Other operating costs: includes staff costs, IT, corporate costs and non-oil and gas related depreciation and excludes government royalties, social investments in lieu of tax and foreign exchange gains/losses.
4. Finance costs and interest include fees and debt interest. This excludes finance charges under AASB 16 ‘Leases’.
5. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of Unit Production Cash Costs.
6. Relates to contingent consideration paid to Petrobras in January 2024.

This announcement was authorised by the Board of Karoon Energy Ltd.

⁵ Refer ASX Release dated 23 January 2023 “23% increase in BM-S-40 (Baúna) 2P Reserves”.

For further information on this release, please contact:

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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.

Notes on calculation of Reserves and Resources

Reserves and resources estimates are prepared in accordance with the guidelines of the Petroleum Resources Management System (SPE-PRMS) 2018, jointly published by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

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 become 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.

In respect of the Neon Contingent Resource estimates announced on 10 July 2023:

- The estimates reflect Karoon's 100% operated interest in S-M-1037 (as at 30 June 2023).
- Probabilistic methods benchmarked against deterministic scenarios have been used to estimate the contingent resource.
- The Contingent Resource figures above reflect the estimated recoverable resource under a conceptual development plan, however any finalised development plan may not recover all these resources.
- Contingent Resources are assessed within the Development Unclarified subclass and have not been subject to commerciality determination. Technical and commercial maturation of a regulator endorsed development concept will be required to potentially reclassify any of the Contingent Resources as Reserves.
- The Contingent Resource above is based on Karoon's technical evaluation of subsurface and seismic data. There is no identified requirement for the development of new technology.

In respect of revisions to the Neon Contingent Resource estimates, the following technical data and interpretation updates were considered:

- Additional well to seismic calibration points and updated mapping of key seismic events describing reservoir package thickness and areal extent.
- Revised well to well correlation and updated estimations of reservoir quality at the Neon-1 and Neon-2 well locations.
- Revised field oil-water contacts based on petrophysical analyses of wireline log, pressure and sample data from Neon-1 and Neon-2.
- Revised environment of depositional and predictive models for reservoir quality distribution based on sedimentological interpretation of Neon-1 core samples.
- Updated assumptions for fault properties and potential for infield compartmentalisation.
- Updated 3D geocellular field modelling and uncertainty analysis determining a revised in-place volume (STOIPP) range for the field.
- Updated assumptions for reservoir performance and drainage efficiency (recovery factor).

In respect of the Neon West Prospective Resource estimates announced on 10 July 2023:

- The estimates reflect Karoon's 100% operated interest in S-M-1037 (as at 30 June 2023).
- Probabilistic methods have been used to estimate the prospective resources.
- Current geological probability of success is estimated to be 41%.

Governance and Competent Person's Statement

The Neon Contingent Resources and Neon West Prospective Resources statements in this announcement have been reviewed and are supported by RISC Advisory (RISC). RISC has consented to the form and context in which these statements appear⁶.

RISC is an independent energy advisory firm. All the RISC staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years. RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately 40 highly experienced professional staff at offices in Perth, Brisbane, Jakarta and London. RISC have completed over 2,000 assignments in 90+ countries for nearly 500 clients covering the entire range of the oil and gas business lifecycle.

Except for the provision of professional services on a fee basis, RISC does not have any commercial arrangements with any other person or company involved in the interests that are the subject of this report.

RISC's review of Neon Contingent Resources and Neon West Prospective Resources has been managed by Mr Geoff Salter who is an employee of RISC. Mr Salter is a member of the Society of Petroleum Engineers and holds a BA (Engineering), Cambridge University, 1979 and an MSc (Petroleum Engineering), Imperial College, 1983. Mr Salter has over 40 years' experience in the sector and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

In addition, members of Karoon's Subsurface and Engineering teams have considered and assessed all proposed changes and additions to the Company's resources (as set out in this release), considering advice and contributions from subject matter experts and external consultants.

All resources statements in this report are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of Martin Austgulen, VP Subsurface and New Business, Karoon Energy Limited. Martin Austgulen is qualified in accordance with ASX listing rule 5.41 being a member of the Society of Petroleum Engineers (SPE) and has consented in writing to the inclusion of resources in the format and context in which they appear.

⁶ Refer ASX Release dated 10 July 2023 "Neon Contingent Resource Update and Neon West Prospective Resource Assessment". Karoon 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.

ABOUT KAROON ENERGY LTD

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

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.