

Karooon Contracts Maersk Developer Rig for 2022 Baúna Workover Campaign, and the potential Patola Development and Neon Control Well

Karooon Energy Ltd (ASX:KAR) announces that, following a competitive tender process involving 10 different rig owners, the Maersk Developer rig, operated by Maersk Drilling, has been contracted for the Baúna workover campaign. Karoon has the option to retain the rig for the potential development of the Patola field, which is located adjacent to Baúna within the BMS-40 Production Licence, and drilling of a control well on the nearby Neon light oil discovery. The “firm” value of the contract is approximately US\$34 million, including rig modifications and a mobilisation fee.

The rig, currently located in the Caribbean, will mobilise to Baúna following the completion of its present drilling program and is expected to arrive in Brazil in the first half of 2022.

Karooon Energy’s Chief Executive Officer and Managing Director, Dr Julian Fowles, commented:

“We are delighted to have signed this contract with Maersk Drilling, a global leader in offshore drilling, with one of the youngest and most advanced rig fleets in the industry. The contract marks another significant milestone in the evolution of Karoon into a substantial production and development company with material near term growth potential. The arrival of the Maersk Developer rig will enable Karoon to implement a workover program at Baúna, which is expected to add materially to our production, and is an important step in getting to a final investment decision (FID) for the Patola Development. Karoon also retains flexibility under the contracts with Maersk Drilling to drill the Neon control well.”

The Karoon team looks forward to working closely with Maersk Drilling to deliver the Baúna workover campaign safely and efficiently. The program is expected to commence in the first half of 2022 and, subject to FID, activities on the potential Patola development would follow immediately after the workover campaign is complete.”

Baúna

Baúna’s four well workover campaign, which is targeting an increase in production of 5-10 kbopd, comprises the following:

- Replacement of downhole pumps in two wells
- Installation of gas lift in one well

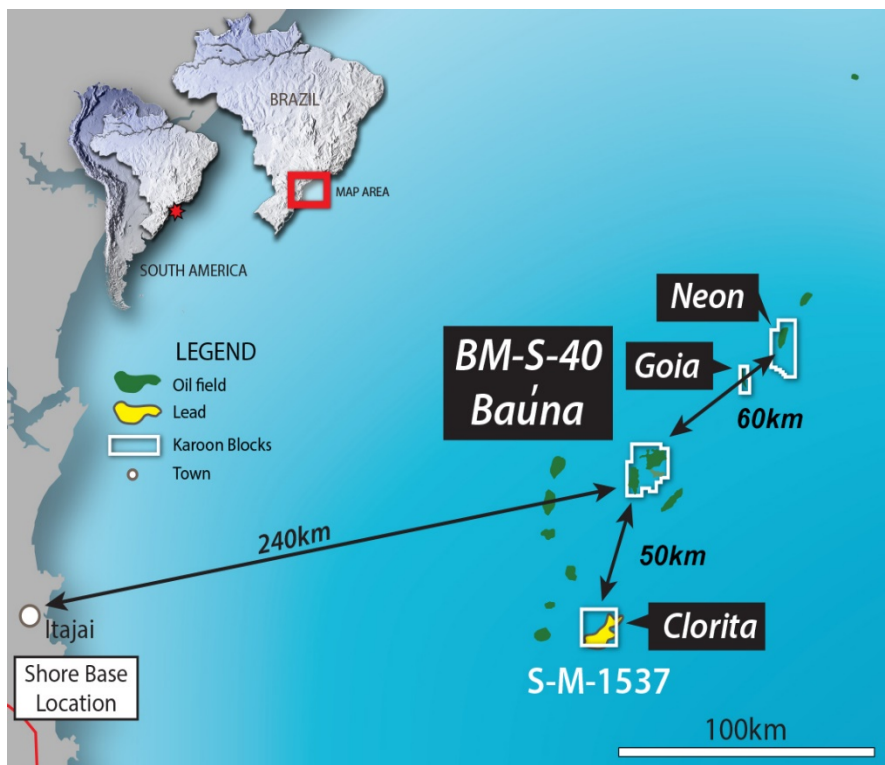
- Re-opening of an oil zone in one well.

Patola

The development of the Patola Field, which lies immediately adjacent to the Baúna Field, involves the drilling and completion of two vertical wells which would be tied back to the Baúna FPSO, Cidade de Itajaí. The development has the potential to produce more than 10 kbopd and add incremental reserves to the Baúna asset. A final investment decision on Patola is expected to be taken in the second quarter of 2021.

Neon

Subject to ongoing subsurface and engineering studies, Karoon has the option to extend its contract with Maersk Drilling to drill a control well on the Neon light oil discovery. This well, located approximately 60km north-east of Baúna, will assess the resource further.



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

For further information on this release, please contact:

Australia

Ann Diamant

SVP Communications and Investor Relations

Tel: +613 9616 7500

Mob: +61 407 483 128

Email: ADiamant@karoonenergy.com.au

Brazil

InPress Porter Novelli

Email: karoon@inpresspni.com.br

Mariana Sant'Anna

Gerente de Atendimento

Mob: + 55 21 96674-6381

Patricia Odenbreit

Gerente de Atendimento

Mob: + 55 21 96674-6403

For all holding enquiries, please contact:

Computershare

Tel: 1300 850 505.

About Karoon Energy Ltd

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

Karoon aims to be an agile and sustainable global energy company delivering profits through a high-quality portfolio of production, development and exploration assets. The company looks to provide energy to an ever-changing world, creating value for our shareholders and the broader community.

Karoon's strategic vision is to transform into a global E&P company with material production to underpin growth through a highly prospective exploration portfolio and entrepreneurial spirit.

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.