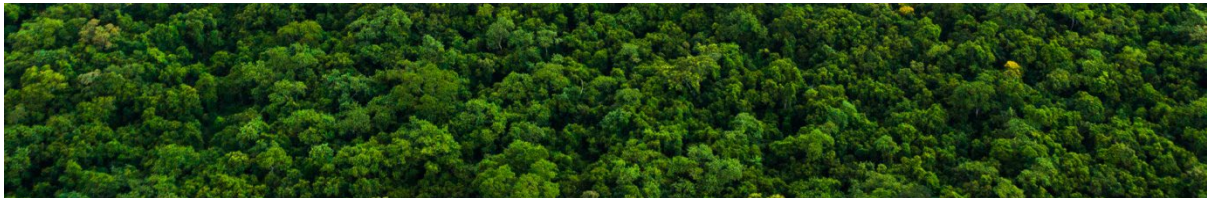

Karoon enters into long term, fixed price agreement with Shell to purchase credits to offset carbon emissions



Karoon Petróleo e Gás Ltda, a wholly-owned subsidiary of Karoon Energy Ltd (ASX:KAR), has entered into an agreement with Shell Western Supply and Trading Limited (SWST) to purchase more than 480,000 Verified Emission Reductions (VERs), or carbon credits, between 2022 and 2030, to offset an estimated 60% of total Baúna-Patola Scope 1 and 2 greenhouse gas (GHG) emissions.

This agreement, which includes the purchase of VERs to offset 60% of Karoon's FY2021 Baúna emissions, complements Karoon's purchase of 19,810 VERs in November 2021, and will result in Karoon's Baúna operations being carbon neutral for FY2021.

This marks a significant milestone in the implementation of Karoon's Carbon Management Action Plan, a core element of the Company's Sustainability Strategy announced on 28 October 2021. The agreement will ensure Karoon has access to a supply of VERs at fixed prices to offset the majority of Baúna-Patola's estimated Scope 1 and 2 emissions.

Karoon is continuing to work toward avoiding and reducing emissions in operations where possible and is actively pursuing opportunities to invest in projects to offset residual emissions.

Dr Julian Fowles, Karoon's Chief Executive Officer and Managing Director, said:

"Entering this VER agreement is a major milestone for Karoon on our sustainability journey and demonstrates our commitment to achieving our GHG emissions goals.

Karoon has set ambitious targets to be carbon neutral¹ for Scope 1 and 2 emissions in Baúna-Patola from FY2021 onwards, while working toward a net zero² target for Scope 1 and 2 emissions by 2035. These VERs, together with the VERs purchased in November 2021, enable us to achieve carbon neutrality for FY2021, and take us towards reaching our longer-term objectives.

We are delighted to have entered into this agreement with SWST which, together with other Shell affiliates, has significant experience in carbon markets and with nature-based carbon credits. Shell exercises a high level of due diligence in selecting projects, consistent with Karoon's commitment to using high-quality VERs.

The agreement provides both supply of VERs and price certainty for the majority of our estimated Baúna-Patola Scope 1 and 2 emissions.

As an oil producer, Karoon recognises the importance of facing the global challenge of climate change. We are committed to continuing to look for ways to avoid and reduce emissions within our operations, such as the recent mooring buoy project which enables vessels to anchor safely when not in use, reducing the need to burn fuel and mitigating substantial GHG emissions. In addition, we are pursuing opportunities for investment in carbon offset projects in Brazil that can provide both climate related and social benefits in line with Karoon's strategy."

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

² Net zero refers to reducing GHG emissions as far as possible and balancing the residual GHG emissions produced and GHG emissions removed from the atmosphere. To be achieved through future transition planning in respect of Scope 1 and 2 emissions.

This announcement has been authorised for release by the Chief Executive Officer and Managing Director of Karoon Energy Ltd.

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About Karoon Energy Ltd

Karoon Energy Ltd. is an international oil and gas exploration and production company with assets in Brazil and Australia 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 seeks to provide energy to an ever-changing world, creating value for our shareholders and the broader community.

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.