

Baúna Oil Reserves and Contingent Resource Competent Persons Report Summary

Karoon Energy Ltd ('Karoon') is pleased to provide a summary of the Competent Persons Report ('CPR') prepared by AGR Petroleum Services Reservoir Management Division ('AGR') for the Reserves and Contingent Resources relating to Santos Basin concession BM-S-40 containing the Baúna oilfield and Patola oil discovery.

This assessment is effective as of 1st July 2020 and represents an update to previous CPR results prepared by AGR which were effective as of 1st January 2020 and announced on 27th February 2020. The updated assessment includes consideration of recent asset performance in addition to Karoon's latest operational planning and revised long term oil price assumption (now US\$55/bbl vs previously US\$65/bbl). Production for calendar year 2020 up to 1st July 2020 was 3.0MMbbl oil or 16.2kbpd.

After accounting for field production through June 2020, these results represent Reserves increases of 2.1MMbbl and 1.0MMbbl at 1P and 3P levels respectively. 2P Reserves are reduced by 4.6MMbbl, this is primarily due to revised long term oil price assumption impacting on economic field life estimation.

AGR Assessed Reserves

Project	Reserves 30/06/2020*		
	1P (MMbbl)	2P (MMbbl)	3P (MMbbl)
Bauna current wells incl. intervention program	34.7	39.2	53.2

*These reserves are a result of stochastic summation of individual well reserves; and not arithmetic sum of the individual well reserves.

Total Contingent Resource assessment represents increases of 0.2MMbbl and 0.6MMbbl respectively at 1C and 3C levels. 2C Contingent Resources are reduced by 0.9MMbbl. The revision is primarily due to matured technical evaluation and progressed planning associated with the Patola development. In this assessment oil recovery benefits to Bauna by virtue of Patola production are detailed as a separate line item.

AGR Assessed Contingent Resources

Project	Contingent Resources 30/06/2020		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Patola Development	9.6	13.2	18.6
Bauna benefit from Patola	1.2	1.5	1.6
SPS-57	1.9	4.2	8.3

AGR notes the following contingencies to be satisfied before Patola can be re-classified as reserves:

- Documentation of a technically mature, feasible development plan
- A firm commitment from the owner to develop Patola within a reasonable time frame
- The project has to be economical with legal, contractual, environmental, regulatory, and government approvals in place or forthcoming
- A reasonable expectation that the financing will be in place at the time of final investment decision

These contingencies are aligned with Karoon's internal requirements which are currently being addressed ahead of a potential FID Q1 2021.

In order to complete their updated assessment AGR were provided with all relevant field performance data, subsurface data/interpretation, operational planning and cost information.

As announced on 25 July 2019, Karoon entered into a binding sale and purchase agreement (as amended in July 2020) to acquire a 100% operated interest in Santos Basin Block BM-S-40 offshore Brazil containing the producing Baúna oil field and the Patola oil discovery. Karoon will provide a full resources statement to the ASX in due course.

Reserves Estimates

The Baúna reserves estimates are based on the current development consisting of six oil production wells, three water injectors and one gas injector across the Baúna and Piracaba oil producing accumulations. The wells are tied back to a leased floating production, storage and off-loading facility (FPSO), the Cidade de Itajai. Bauna has a long production history which began in 2011 and has continued to perform strongly with 129.9MMbbl produced up to 30 June 2020.

AGR's updated independent assessment of the remaining reserves for the Baúna oil field is now estimated for the period between 1 July 2020, through to an economic cut-off year of 2028, based on the 2P case in a US\$ 55/bbl scenario.

AGR has estimated Oil Initially-In-Place (STOIIP) and generated production forecasts, reserves and contingent resources. The CPR work process involved the following main parts:

1. Establish data base, review data, models and reports.
2. Analyse data, models, uncertainty studies and methodologies. Perform independent assessments.
3. Generate independent production forecasts and profiles for the existing wells, and generate estimate of ultimate recovery for the future well portfolio.
4. Review Karoon operation planning & assumptions.
5. Economic evaluation using generated production forecasts and capex and opex cost estimates.

Contingent Resource Estimates

AGR has determined the oil-in-place for the Patola field discovery and estimated oil recovery from a development comprised of two production wells tied back to the existing FPSO. A conversion of one production well to become a water injection well is assumed subsequent to first oil.

Also shown, are estimates of contingent resources for the SPS-57 well, which was produced from the Piracaba accumulation during an Extended Well Testing phase in 2012 before the Baúna oil field was fully developed.

SPE-PRMS Standards

The review of historical resource estimates and historical reserves has been prepared using the guidelines of the Petroleum Resources Management System (SPE-PRMS) jointly published by the Society of Petroleum Engineers, the World Petroleum Congresses, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) in 2007 and then in 2018 as the basis for its classification and categorization of hydrocarbon volumes.

Definitions are as follows:

bbl: barrel of oil = 42 United States gallons; equivalent to approximately 159 litres.

Kbpd: thousand barrels per day.

MMbbl: million barrels.

Reserves: Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.

1P- Denotes low estimate of Reserves (ie Proved Reserves).

2P- Denotes best estimate of Reserves (ie the sum of Proved plus Probable Reserves).

3P- Denotes high estimate of Reserves (ie the sum of Proved, Probable and Possible Reserves).

Contingent Resources: Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

1C- Denotes low estimate scenario of contingent resources.

2C- Denotes best estimate scenario of contingent resources.

3C- Denotes high estimate scenario of contingent resources.

Competent Persons Statement

AGR is an independent consultancy specializing in amongst others petroleum reservoir evaluation, reserves auditing and economic analysis. Except for the provision of professional services on a fee basis, AGR does not have a commercial arrangement with any other person or company involved in the interests that are the subject of this report. The evaluation was managed by Gudmund Olsen (MSc in Petroleum Engineering and a member of the Society of Petroleum Engineers), Reservoir Engineering Manager. Mr. Olsen, a Reservoir Engineer, has 30+ years of international and Norway experience, and is an expert on reserves and resource reporting. The report was reviewed by Mahmood Akbar (MSc in Petroleum Engineering and a member of the Society of Petroleum Engineers), AGR Advisor Reservoir Engineering. Mr. Akbar, a Reservoir Engineer, has 25+ years of experience, and is an expert on reserves and resource reporting. AGR has conducted valuations for many energy companies and financial institutions. Mr Olsen and Mr Akbar are employees of AGR.

This announcement is based on, and fairly represents, information and supporting documentation prepared by Mr Olsen and Mr Akbar.

About AGR

AGR is a globally recognised expert consultancy group who provides Certified Reserves Audits and CPRs. Clients include national and international oil companies, government organisations, investment groups and banks. AGR performs studies to standards which are accepted among others by the ASX, London Stock Exchange, SEC, international commercial and institutional banks.

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

Important Note

Should investors have any questions or queries regarding the company, please contact James Wootton on 03 9616 7500 or jwootton@karoonenergy.com.au. Media please contact Tim Duncan on 0408 441 122 or tduncan@gracosway.com.au. All **holding** enquiries should be directed to our share register, Computershare on 1300 850 505.

About Karoon Energy Ltd

Karoon Energy Ltd. is an international oil and gas exploration company with projects in Australia, Brazil 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

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 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, 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.