

Block Z-38 Farm-out to Tullow Oil Complete

Karoon Energy Ltd ('Karoon') is pleased to announce that the farm-out to Tullow Peru Limited Sucursal del Perú ('Tullow'), a subsidiary of Tullow Oil plc, of a 35% participating interest in offshore exploration Block Z-38 Tumbes Basin Peru, which was announced 10 January 2018, is now complete.

Pursuant to the Farmout Agreement Tullow will acquire a 35% interest in the Block on the following terms:

1. Fund 43.75% of the cost of the first exploration well, capped at US\$27.5 million (at 100%), beyond which Tullow will pay its 35% share of the total well cost.
2. Pay US\$2 million and a share of Block costs incurred on and from 9 January 2018 at completion, with a further US\$7 million payable upon declaration of commercial discovery and submission of a development plan to Perupetro.

Karoon's Managing Director, Mr. Robert Hosking said: *"Karoon is very pleased to officially welcome Tullow into the Block as a licensee.*

The completion of the farm-out of a 35% interest in Block Z-38 to Tullow brings high impact exploration back into the portfolio for Karoon. Planning for drilling the Marina prospect is well advanced and drilling is expected early calendar year 2020.

Marina and Block Z-38 present a very exciting opportunity for Karoon. The Marina prospect has a gross unrisked best estimate prospective resource size of 256 mmbbls (102 mmbbls net to Karoon) and there is follow-on opportunity in the Block of over a billion barrels of prospective resource on a gross basis.

In addition, during December 2018, Karoon secured a Technical Evaluation Agreement over Area 73 in Tumbes Basin Peru adjacent to the south of Block Z-38 that is also expected to contain significant incremental follow-on opportunities."

Karoon Management Prospective Resource Assessment

Net Unrisked Prospective Resource (mmbbls)							
	Interest	Type	Pg**	Pd***	Low	Best	High
Marina prospect	40%*	Oil	22%	60%	42	102	247
Block Z38 - Total	40%*	Oil	11-25%	60%	223	549	1,350

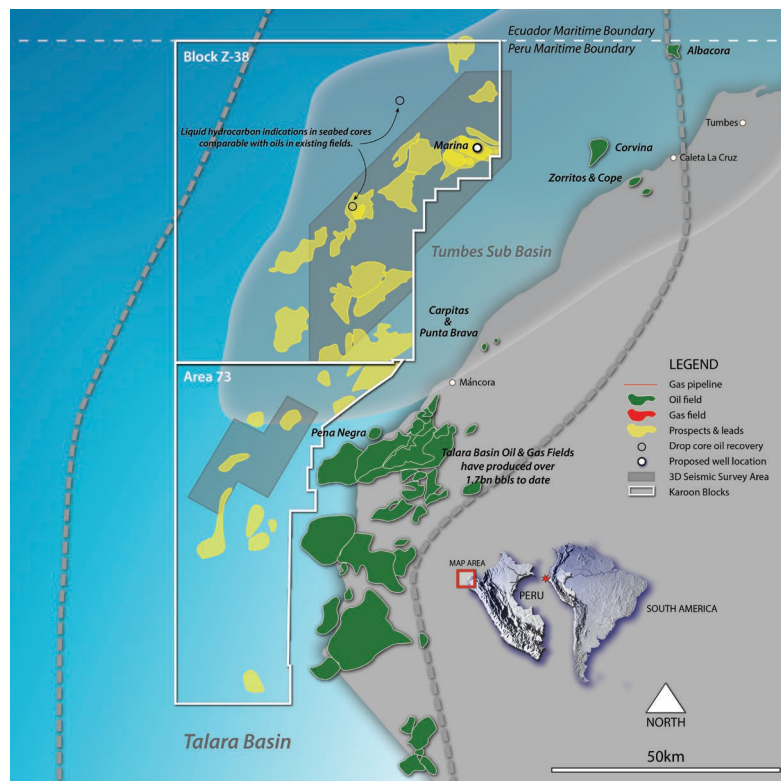
* Karoon's 40% interest remains subject to completion of farm-in obligations with Pitkin

** Chance of discovery

*** Chance of development

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project 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. There is no certainty that any portion of the prospective resource estimated on behalf of Karoon will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

The net unrisked prospective resource estimates presented have been prepared using statistical aggregation for the volumes and were prepared as at 7 May 2018 on a probabilistic basis. These resource estimates were disclosed in Karoon's 8 May 2018 'Resource Update' announcement. Karoon is not aware of any new information or data that materially affects the resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



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 All **holding** enquiries should be directed to our share registrar, 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 has a core exploration growth strategy, focused on large targets in proven Petroleum Systems. The Company is looking to complete the acquisition of a foundation production asset that will underpin long-term sustainable growth and shareholder value.

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.