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January 9, 2020

PHILIPPINE STOCK EXCHANGE, INC.

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5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Subject: **Pitkin Peru Z-38 Peru Drilling Update No 2: Stena Forth Drillship arrives in Port of Callao Lima Peru**

Gentlemen:

The attached press release was announced on 9th January 2020 by Karoon Gas Australia Limited (ASX:KAR) about the arrival of the Stena Forth Drillship ("Stena Forth") in the Port of Callao Lima Peru ahead of drilling the Marina-1x exploration well located in Block Z-38 Tumbes Basin, Peru.

The Stena Forth will remain at the Port of Callao for one to two weeks to refuel and change the crew before continuing on to the Marina-1x well location. Karoon expects the vessel to clear customs and final permits to be received over the coming weeks. The well is expected to spud during the last week of January 2020.

Peru Block Z38's Marina prospect has an unrisksed best estimate prospective resource of 256 million barrels (64 million barrels net to Pitkin). This prospect will be the first well to be drilled in Block Z-38. Pitkin is carried in the cost of Marina-1x and a second future well under a Farm-in-Agreement signed with Karoon in 2008.

Pitkin Petroleum Limited, a 53.4% - owned subsidiary of PXP Energy Corporation, holds a 25% participating interest in Peru Block Z-38 located in offshore Peru.

Sincerely,

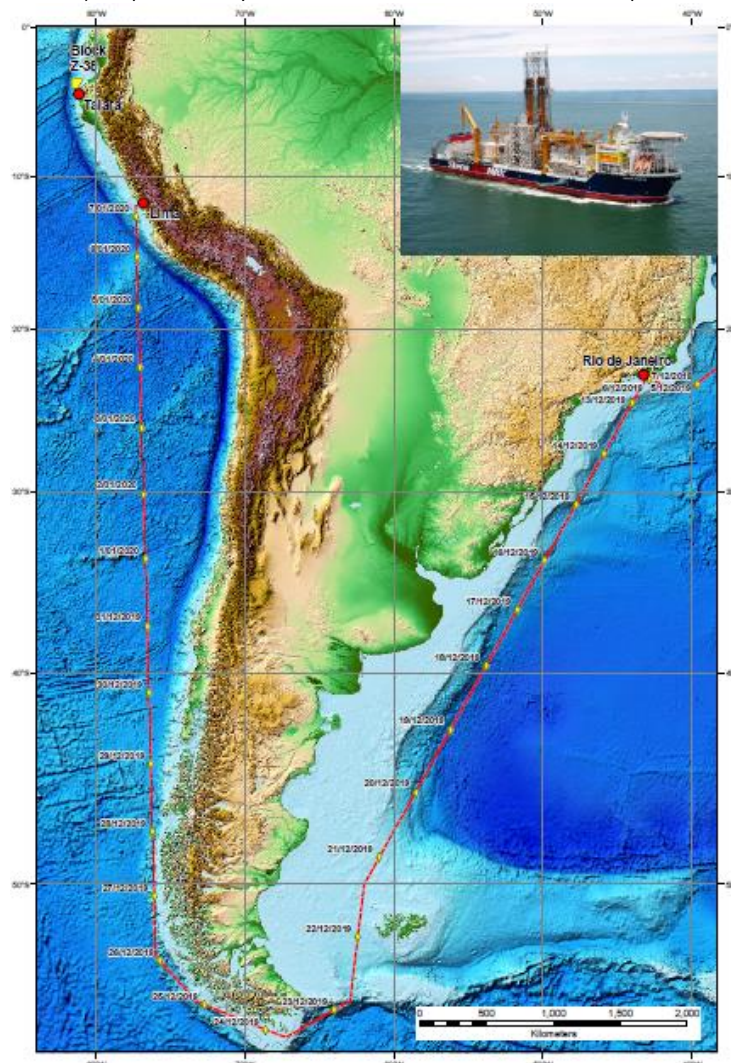
Mark H. Rilles
Finance Controller

Peru Drilling Update No 2: Stena Forth Drillship arrives in Port of Callao Lima Peru

Karoon Energy Ltd (“Karoon”) is pleased to announce the Stena Forth Drillship has arrived in the Port of Callao Lima Peru ahead of drilling the Marina-1 exploration well located in Block Z-38 Tumbes Basin, Peru. Karoon is the operator and has a 40% net interest in Block Z-38.

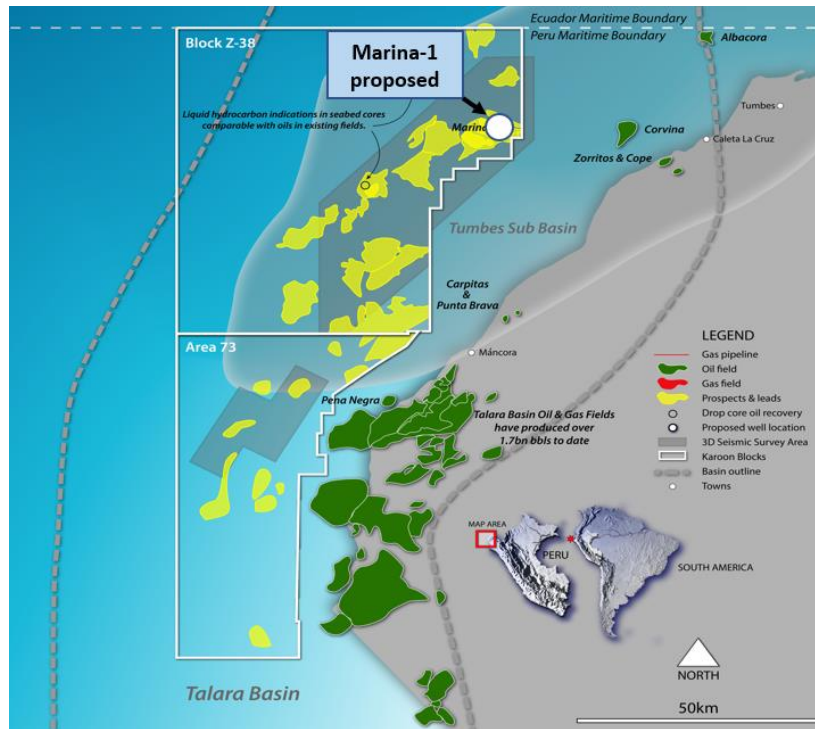
The Stena Forth will remain at the Port of Callao for one to two weeks to refuel and change the crew before continuing on to the Marina-1 well location. Karoon expects the vessel to clear customs and final permits to be received over the coming weeks. The well is expected to spud during the last week of January 2020.

The Marina prospect has a gross prospective resource best estimate of 256 million barrels of oil (net to Karoon 102 million barrels) as previously announced in the “Resources Update” dated 8th May 2018.*

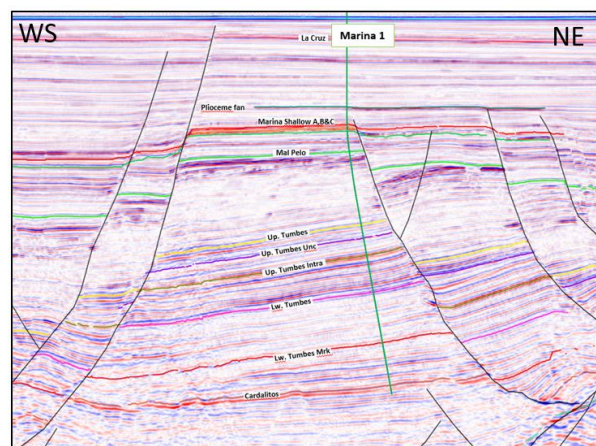
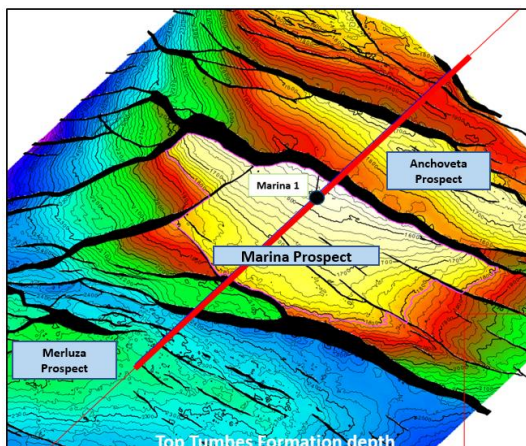


Marina Prospect, Block Z-38 Tumbes Basin Peru

The Marina prospect comprises a large fault bounded structure with targets at multiple levels from 900m subsea to 2900m. The targets are in the Tertiary Pliocene La Cruz to Cardalitos formations.



The structures are well defined by 3D seismic. Nearby hydrocarbon seeps demonstrate that migrating hydrocarbons are present, supported by seismic AVO anomalies indicative of trapped oil at Marina.



Karoon's wholly owned subsidiary, KEI (Peru Z-38) Sucursal del Peru, owns a 40% operating equity interest in the Blocks with Tullow Oil Limited (LSE:TLW) holding 35% and Pitkin Petroleum holding the remaining 25% equity interest.

* Note the prospective resources 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.

* 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 will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

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 enquiries should be directed to Tim Duncan on 0408 441 122. 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 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.