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January 28, 2020

PHILIPPINE STOCK EXCHANGE, INC.

6/F, PSE Tower
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 3: Marina-1x drilling commenced**

Gentlemen:

The attached press release was announced on 28th January 2020 by Karoon Gas Australia Limited (ASX:KAR) about the commencement of the drilling of Marina-1x well in Peru Z-38, offshore Peru. The drilling operation is estimated to take 30 days and shall drill to approximately 3000 metres subsea.

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 3: Marina-1 well drilling commenced

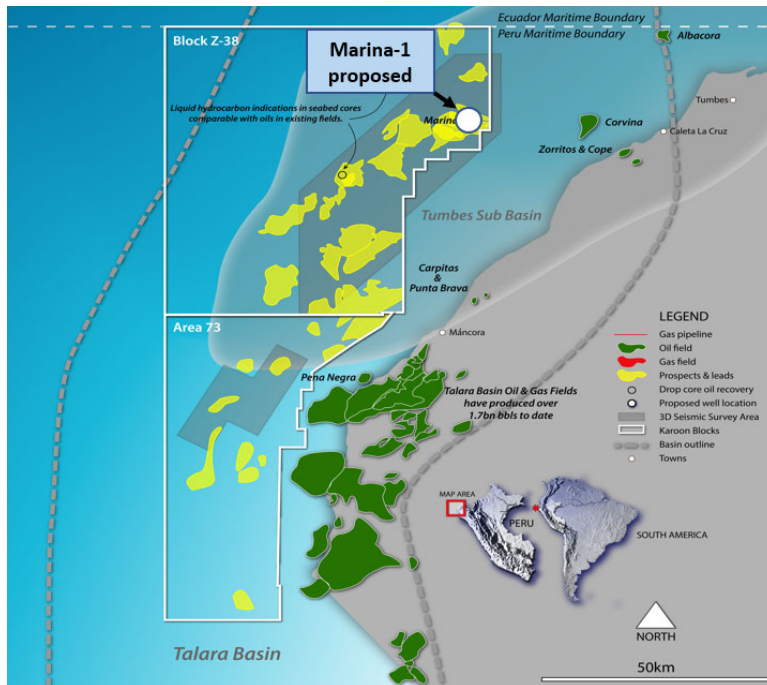
Karoon Energy Ltd (“Karoon”) is pleased to announce the Stena Forth Drillship has commenced the drilling of the Marina-1 exploration well located in Block Z-38 Tumbes Basin, Peru. The wholly owned, Karoon subsidiary, KEI (Peru Z-38) Sucursal del Peru is the operator and has a 40% net interest in Block Z-38.

The drilling operation is estimated to take 30 days and shall drill to approximately 3000 metres subsea. The Stena Forth Drillship is a state-of-the-art drillship with an exceptional record of drilling wells worldwide, successfully and incident free. The Stena Forth was chosen because it meets and exceeds all engineering, health, safety and environmental requirements of Karoon, its joint venture partners together with the Peruvian government regulatory requirements.

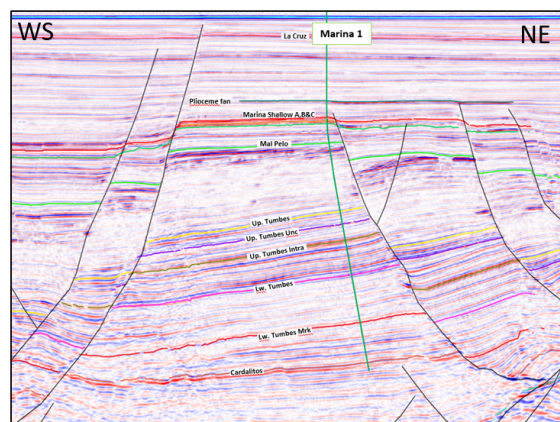
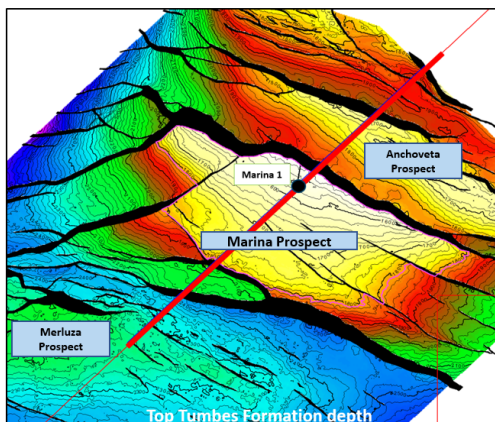
The Marina prospect has a gross prospective resource best estimate of 256 million barrels of oil (net to Karoon 102 million barrels) as previously announced in the “Resources Update” dated 8th May 2018.*

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 3000m. 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@karooneenergy.com.au Australian Media enquiries should be directed to Tim Duncan, Peruvian Media Enquiries should be directed to Porter Novelli.

About Karoon Energy Ltd

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

Karoon's exploration strategy is to focus on large targets in proven Petroleum Systems.

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.