ASX RELEASE

9 November 2026 | ASX: KAR

Optimised Neon development concept selected, project advances to FEED

- **Revised Neon project proceeds to Front-End Engineering Design (FEED) following work to improve capital efficiency and reduce development risk:**
  - **Phased development reduces upfront capital exposure while retaining potential for future development phases.**
  - **Subsea Engineering, Procurement, Construction and Installation (EPCI) Memorandum of Understanding (MoU) signed with TechnipFMC.**
  - **Exclusivity Agreement (EA) agreed with Altera Infrastructure relating to the FPSO Piranema Spirit.**
- **Phase 1 capital costs (100%) revised from US$0.9 – 1.2 billion in April 2025 to US$800 – 950 million (including contingency).**
- **First oil targeted for 2030, estimated Phase 1 resources of ~60 MMbbl[1,2] and target peak production rate of 25,000 - 30,000 bopd[3].**
- **Post tax, unlevered IRR in mid-20% range based on current economics, timing and a long term Brent oil price of US$73.50/bbl (2026 real), payback in less than two years post first oil[3].**
- **Additional resource potential in Neon and Greater Neon Area, which could support future development phases[4].**
- **Farm-down process to recommence by year end, with a suitable partner on acceptable terms required before FID.**

Ms Carri Lockhart, Karoon's CEO and Managing Director, said:

"I'm pleased to announce today that, after a disciplined and focused review, the Neon project has moved into FEED. Neon has the potential to create material long-term value for Karoon shareholders. The revised development concept gives us greater confidence in this potential, with estimated preliminary returns above our mid-teens post-tax hurdle rate. There are also opportunities for future development phases, which will leverage the initial infrastructure investment.

The revised subsurface plan and phased development approach reduces upfront capital exposure while the EPC MOU with TechnipFMC and our agreement with Altera relating to the Piranema Spirit have increased certainty around the development concept costs and schedule.

During FEED, our focus will be on further narrowing cost estimates and advancing the operational and commercial strategy. In parallel, we will recommence the farm-down, seeking a partner for a 30–50% interest. Sharing the development risk and capital would reduce Karoon's concentration of capital in a single project and preserve capacity to invest across other accretive growth opportunities. We are targeting a Neon Final Investment Decision in 2H27, with first oil planned for 2030.

I would like to thank the Neon team for the work that has brought us to this milestone. I look forward to providing further updates as Neon FEED progresses."

Key milestones leading to commencement of FEED

[1] See Karoon 2025 Annual Report (released 26 February 2026) for details of Neon Contingent Resources estimates. Karoon is not aware of any new information or data that materially affects the information included in that report and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

[2] All volumes are presented on a 100% gross basis.

[3] Subject to timing of a Final Investment Decision, capital costs, availability of a drilling rig and long lead items, reservoir performance, oil prices and other key assumptions, with further refinement expected during FEED.

[4] Potential development of these resources would be subject to separate project evaluations, including FEED and investment decisions.

In late 2025, Karoon decided to reassess the proposed Neon development plan, which had entered the Define phase, including FEED, in April 2025. This was partly in response to a drop in oil prices, but also due to a material cost increase in the then preferred FPSO. During 2026, extensive technical and commercial work took place, focused on improving capital efficiency and reducing the downside risk of developing the field, located in Block S-M-1037, 75 kilometres northeast of the Baúna Project in the Santos Basin, offshore Brazil. This work has improved confidence in the project value potential, and provides the basis for progressing FEED on the revised concept, with the key milestones outlined below:

Wells and subsurface studies: Technical studies have optimised the well plan, with the revised concept comprising a phased development to minimise upfront CAPEX and mitigate subsurface uncertainties. The initial phase of development drilling will comprise three subsea production wells (previously four) and one gas injection well. Subject to the project proceeding, these wells are expected to recover approximately 60 MMbbl (based on Karoon's internal mid-case assessment of resources recoverable under the Neon Phase 1 development), representing a portion of Neon's 2C Contingent Resources of 90.3 MMbbl, as set out in the 2025 Annual Report[5].

Subsea: An MOU has been signed with TechnipFMC to jointly mature the subsea technical scope and execution strategy.

FPSO: Karoon and Altera Infrastructure have agreed an EA in relation to the Piranema Spirit FPSO. The agreement, which covers the period until the targeted Neon Final Investment Decision (FID), provides Karoon with an exclusive right to transact with respect to the FPSO. Discussions with potential construction yards have taken place, allowing Karoon to define required modifications and life extension scopes and the associated Piranema redeployment CAPEX. Current planning envisages that, should the Piranema Spirit FPSO be selected and the works occurring, the vessel would have a nameplate capacity of 25,000 – 30,000 bopd.

Updated economics: Preliminary economics based on the project's base case assumptions indicate that the Neon Phase 1 development has the potential to be an attractive, value accretive growth opportunity. With a total development CAPEX of US$800-950 million (100% project basis) (which assumes a purchased FPSO and subsequent refurbishment) and the recovery of approximately 60 MMbbl, the project has an IRR in the mid-20% range, while the downside case remains NPV-positive[6]. A leasing alternative, which could materially reduce upfront capital expenditure, partly offset by higher ongoing operating costs, will be further evaluated during FEED.

Potential future development phases: While the Neon FID will be based on only the Phase 1 base case wells, several future phases of drilling are possible. This may include accessing more of the existing Neon Contingent Resources and targeting Contingent and Prospective Resources in the Greater Neon area (Piracucá field, Neon West exploration prospect and Goiá field)[7]. All these opportunities will be subject to separate project evaluations, including FEED and investment decisions.

Planned activities during FEED

During FEED, Karoon will further mature the Neon development in parallel with a farm-down process, targeting a possible Final Investment Decision (FID) in 2H27. The investment decision will consider the project's economics

[5] Updated Neon, Neon West and Piracucá Contingent and Prospective Resource estimates were prepared by Miller & Lents and Associates, a global consultant firm specialising in the oil and gas industry, in 2025. See Karoon 2025 Annual Report (released 26 February 2026) for details. Karoon confirms that it is not aware of any new information or data that materially affects the information included in that report and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

[6] The estimated returns relate to the Phase 1 development on a 100% project basis, using a long-term Brent oil price of US$73.50/bbl in 2026 real terms. The IRR is calculated on a post-tax, unlevered basis, with payback measured from first production. These economics exclude potential future development phases and farm-down proceeds. The downside case assumes US$60/bbl in 2026 real terms and the project remains NPV-positive at a 12% discount rate.

[7] See table on page 3 of this release and Karoon's 2025 Annual Report (released on 26 February 2026) for details of Neon, Piracucá and Goiá Contingent Resources, and Neon and Neon West Prospective Resources estimates.

and technical maturity as well as the farm-down terms and Karoon's retained capital exposure. Total FEED expenditure is estimated at approximately US$25 million. Activities will include:

- Engaging with the market for key supply and service contracts, including a drilling rig and long lead items.
- Reducing capex uncertainty by obtaining binding bids from vendors and suppliers.
- Developing the operational strategy further, including considering potential synergies with Baúna on logistics and advancing the marketing strategy.
- Undertaking the farm-down process.

Table 1: Neon and Greater Neon Resources at 31 December 2025[1,2,3]

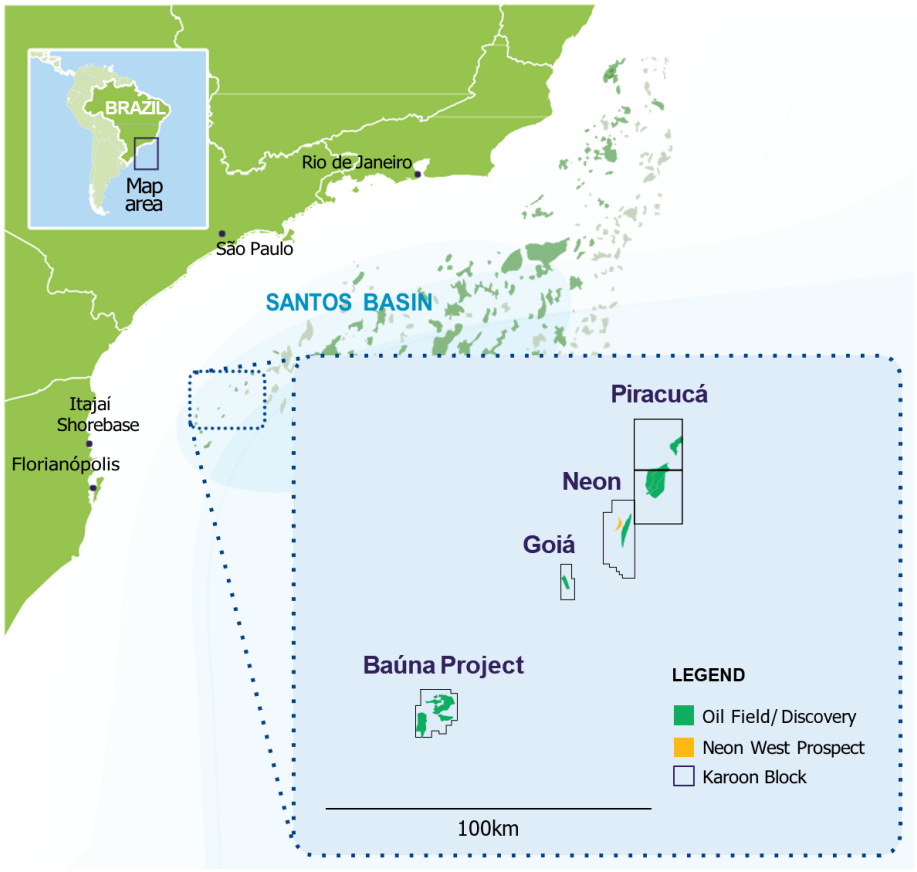
Contingent Resources (Oil, MMbbl)	1C	2C	3C
Neon	62.6	90.3	112.7
Piracucá	10.9	19.6	32.7
Goiá	16.0	27.0	46.0
Total	**89.5**	**136.9**	**191.4**

Prospective Resources (Oil, MMbbl)	PoS[4]	1U	2U	3U
Neon	73%	2.7	5.9	10.4
Neon West	45%	15.5	25.0	39.1
Total (unrisked)		**18.2**	**30.9**	**49.5**

1. As reported in Karoon's 2025 Annual Report (released on 26 February 2026).
2. Resource estimates have been prepared using a combination of deterministic and probabilistic methods. Totals have been added arithmetically and are unrisked. Because of portfolio effects, the 1C total may be very conservative and the 3C total may be very optimistic.
3. Karoon confirms that it is not aware of any new information or data that materially affects the information included in the Karoon 2025 Annual Report and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Connection of Neon and Greater Neon Contingent and Prospective Resources would be subject to separate project evaluations, including FEED and investment decisions.
4. Probability of success.

ASX Listing Rule 5.28 Cautionary Statement relating to Prospective Resources: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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.

Neon Location Map, Brazil



This announcement has been authorised by the Board of Karoon Energy Ltd.

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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.

ABOUT KAROON ENERGY LTD

Karoon Energy Ltd. is an international oil and gas exploration and production company with assets in Brazil, the United States of America and Australia and is an ASX listed company.

Karoon's vision is to be a leading, independent international energy company that adapts to a dynamic world in an entrepreneurial and innovative way. Karoon's purpose is to provide energy safely, reliably and responsibly, creating lasting benefits for all its stakeholders.