

Karoon Gas Australia Ltd

Annual General Meeting - 9 November 2017



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CORPORATE REVIEW

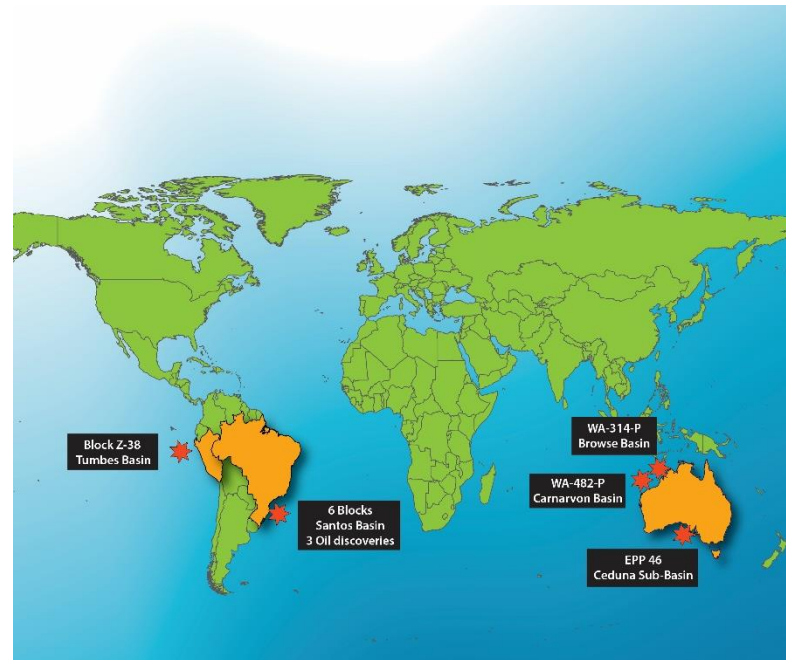
Robert Hosking,
Managing Director

Corporate Overview

Karoon's strategic vision is to transform into a global E&P with material production underpinning a highly prospective exploration portfolio

KAR has a solid base to grow from:

- \$352 million cash, no debt
- Market cap \$335 million
- Demonstrated exploration capability and success
- Improving industry conditions for farm-outs and drilling
- Target FID Echidna Jun-Q 2018
- Focus on acquiring transformational production asset



Karoon's strategy is exploration led growth, focused on large targets in proven petroleum systems. Looking to acquire production and develop organic opportunities

World Oil Market Supply Dynamics

Over the past 3 years, project sanctions for new conventional oil developments are at the lowest level in over 50 years

Over the past decade the industry has been grappling with declining returns and a dramatic pull back in the oil price. The industry responded with:

- Underinvesting in conventional greenfield development and exploration
- Focus on returns and cashflow over volume
- Increasing investment in short cycle unconventional oil production
- Commencing a broad divestment cycle and focus on debt reduction

As a result it is reasonable to expect:

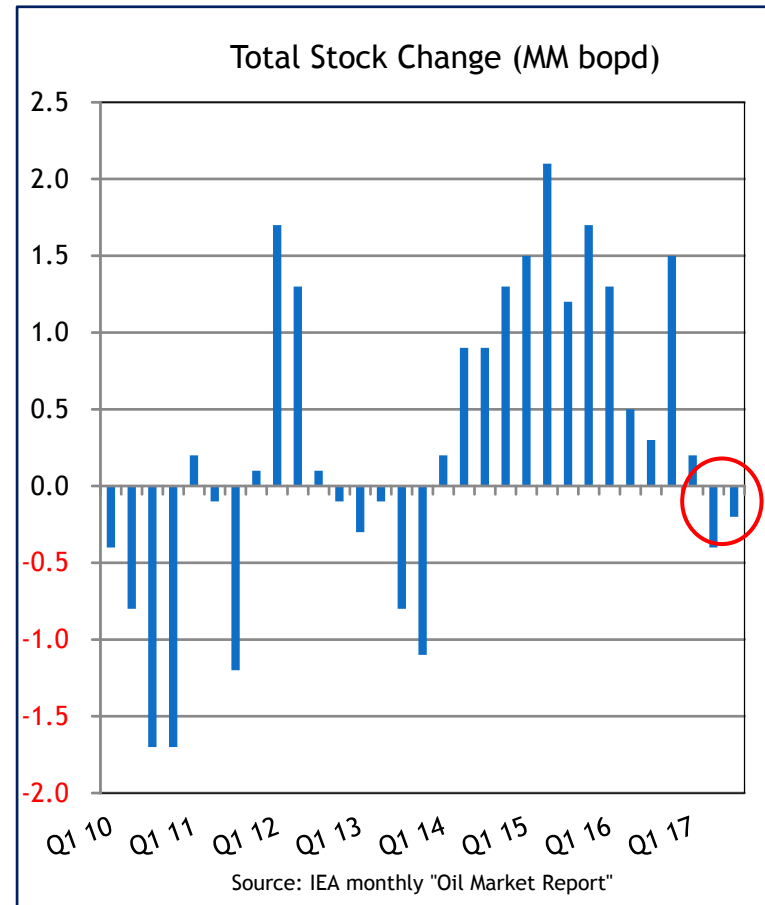
- In an effort to normalise returns, this behaviour will likely continue medium term
- Non-OPEC oil production decline rates to accelerate from 2020
- A lower off-shore cost environment to continue for the medium term (US on-shore unconventional industry likely to experience significant cost inflation)

With global crude demand growth robust, this behaviour suggests a supply gap is looming

Oil Mark Indicators Turning Positive

Oil market data points are turning positive and price sentiment is shifting

- OPEC's return to active market management is working:
 - US inventories are falling
 - Global inventories falling for the first time in 3 years
- US production growth rates slowing
- Since last year's AGM, oil +28%, over US\$60/bbl first time since 2015
- The oil price downgrade cycle is reversing
- Geopolitical risk influencing price
- 2018 demand forecast revised higher



Exploration and Development Plans

Moving organic opportunities forward

Santos Basin Brazil:

- Echidna development concept optimised, peak production target 28,000 bopd
- Echidna progressed to FEED, aiming for FID Jun-Q 2018
- Awarded a new exploration block targeting oil in September, in the southern Santos

Tumbes Basin Peru:

- New targets identified, renewed farm-in interest

Offshore Australia

- WA-314-P & WA-482-P, low cost option on future farm-out
- EPP46, plan for seismic acquisition 2018/19, continued engagement with stakeholders

Acquisition Strategy

The Board considers that a successful acquisition of production would be transformational

- Focused on material production assets, targeting significant underlying cash flows
- Predominantly oil focussed
- Karoon is driven by geology and potential operational & logistical synergies
- Geographically focused on regions with an existing footprint
 - Competitive advantage in evaluating opportunities in Brazil
- Karoon has participated in numerous data rooms over the past 36 months
 - Reached preferred bidder status on the Baúna-Tartaruga oil assets
- The processes are complex and involve a large commitment in time and personnel
- Considering / establishing strategic partnerships
- The industry divestment cycle is expected to continue as portfolios are refocussed

Karoon continues to evaluate several acquisition opportunities globally

Our Business

KAR has a history of acquiring acreage and investing in value add work programs in a rising price environment and selling down in periods of higher prices

- Over the past decade, world class technical capabilities have been built with extensive in country and global experience across 3 main disciplines:
 - Geotechnical
 - Drilling operations
 - Development
- The exploration portfolio has been refreshed
- The acquisition strategy is focused on material production
- KAR has the right people and Governance framework to transition into a producer
- Cost reduction measures are underway
- KAR adheres to the highest of industry standards and recognises its social and environmental obligations

TECHNICAL REVIEW

Mark Smith,
Executive Director Exploration

Brazil: A world class province

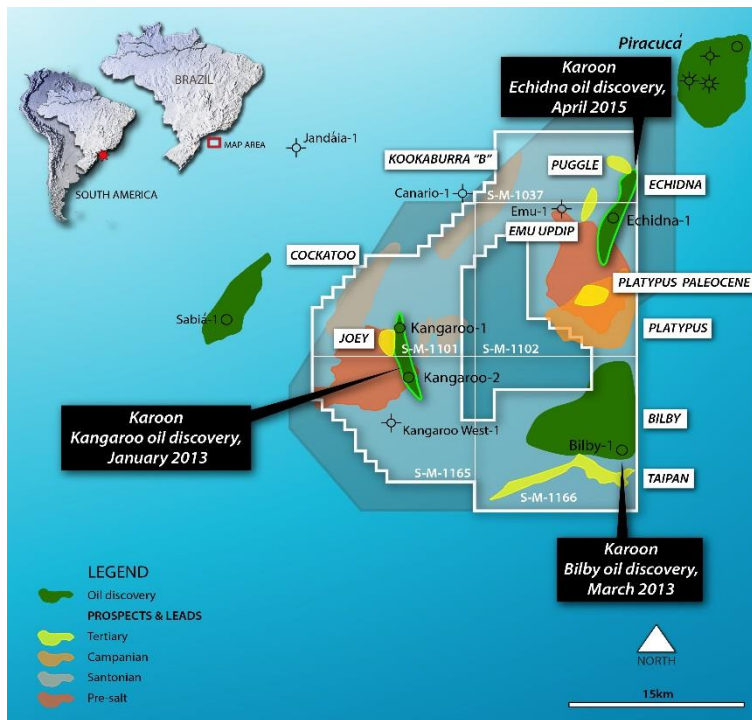
We continue to explore and look to acquire assets in a world class region, offshore Brazil

- Karoon entered Brazil through Bid Round 9 in 2007, driven by significant prospectivity
- Off-shore Brazil offers world class geology for oil and gas
- Regulatory changes are improving Brazil's attractiveness for industry capital
- International upstream capital is returning, Exxon, Statoil and Total have made large investments in 2017
- Bid Round 14 saw Brazil's largest ever signature bonus
- An oversupplied service industry driving significant cost deflation and opportunity, it's a good time to build

Service companies showing a willingness to consider alternative development funding solutions including risk / reward sharing and equity ownership

Brazil Santos Basin Blocks

Karoon has a decade of technical and operational experience in the southern Santos Basin



- KAR 100% in Santos Basin blocks
- Since 2013, Karoon operated 2 drilling campaigns, a total of 6 wells
- Three oil discoveries: Echidna, Kangaroo and Bilby
- Production tests prove deliverability: Echidna-1 and Kangaroo-2
- Blocks in mid-water depth (less than 400 metres)
- Acquired Pacific's 35% interest in September 2016
- Proposed Echidna development concept approved for FEED

Echidna Development Concept

Echidna optimisation focused on delivering a capital efficient, risk weighted development concept that is economically robust in the current oil price environment

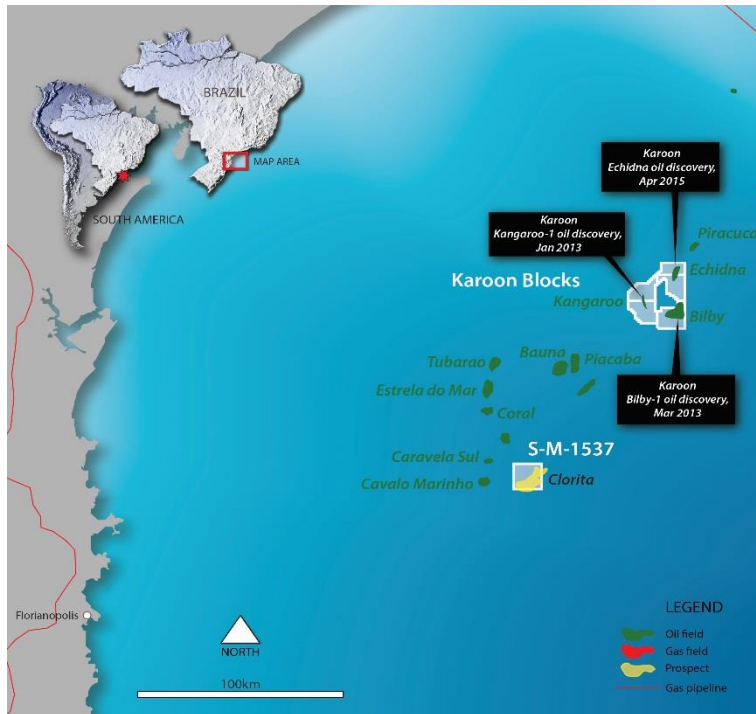


- Echidna progressed to FEED following 18 months of subsurface evaluation and development optimisation
- Targeting a FID decision Jun-Q 2018
- Development concept comprises
 - 2 extended horizontal production wells
 - 1 gas injection well
- Targeted peak production 28,000 bopd
- Leased FPSO
- Potential for risk sharing or farm-out

EXPLORATION PORTFOLIO

Brazil: Santos Basin, S-M-1537

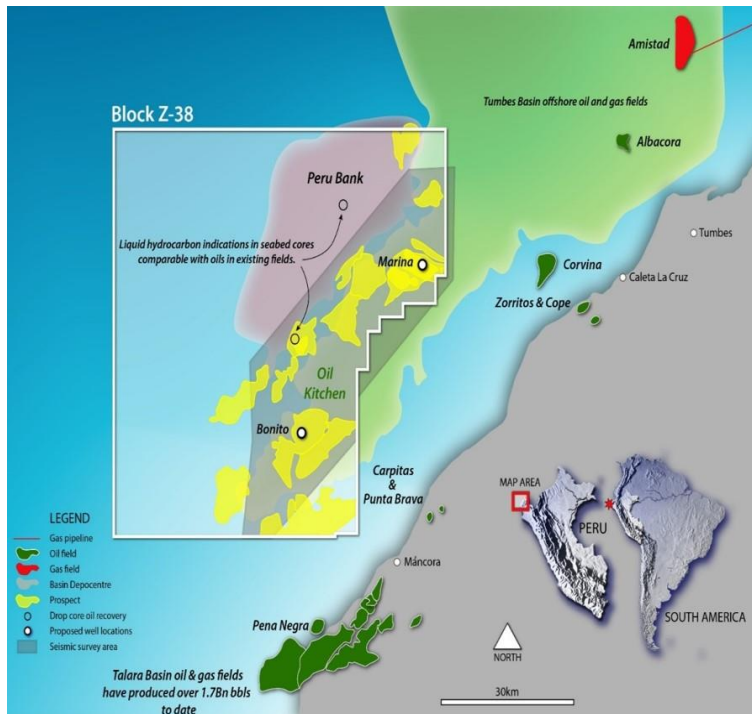
Leveraging a decade of geological knowledge and operational experience in Bid Round 14



- Exploration block S-M-1537 won in Bid Round 14, Sep-2017 (award Dec-2017)
- The block is located in the southern Santos Basin, a known oil and gas producing region
- Targeting Oligocene turbidite reservoir as seen in the nearby producing Baúna field
- Large target potential
- Low capital commitment, work program consists seismic acquisition and geological studies
- KAR's regional competitive advantage is familiarity with seismic technology for defining prospects

Peru: Tumbes Basin, Z-38

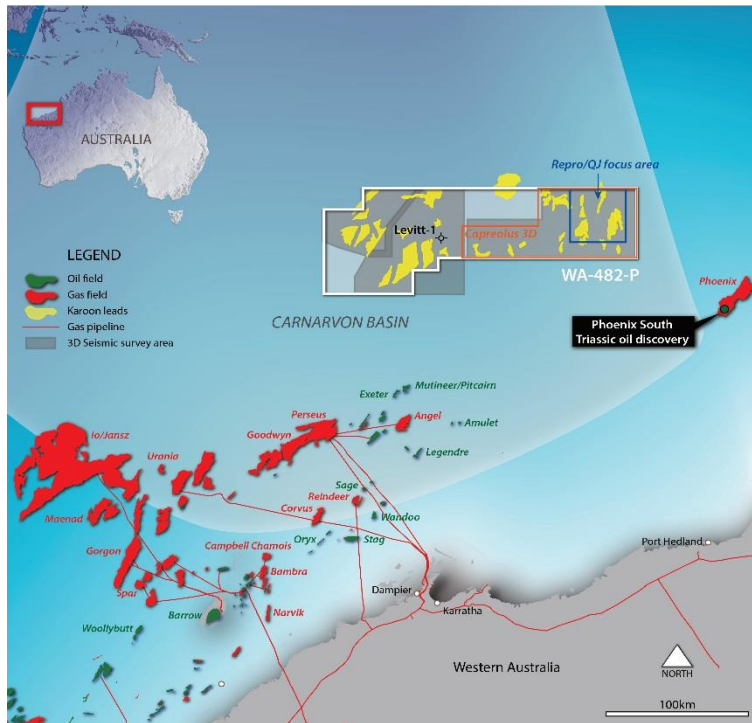
Advanced geophysical studies have identified new younger and shallower targets



- KAR 75% (Operator), Pitkin 25%
- Proven hydrocarbon basin with large prospects well defined by 3D seismic
- Block area 4,750 sq km
- Drop cores show oil seeps
- New seismic work identified multiple new leads and supports prospectivity for large oil targets
- Falling rig rates likely to lower cost of drilling, increasing the interest in the area for farm-out
- Current plans to drill up to two exploration wells
- Currently in force majeure

Australia: Carnarvon Basin, WA-482-P

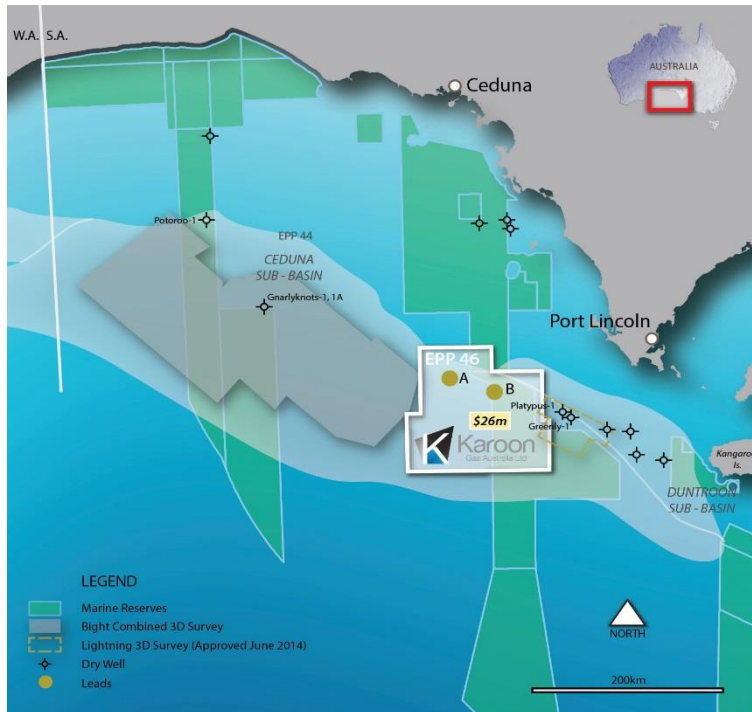
A good neighbourhood



- KAR 50%, Quadrant 50% (Operator)
- Large 13,539 sq km permit in an emerging oil prone area
- Consistent with KAR's strategy, farmed out 50% in 2014 for back costs + a carry in Levitt-1 exploration well
- Levitt-1 drilled mid-2015, dry hole but proves geological model with oil shows
- Year 6 work program variation approved consisting geological and geophysical modelling
- Currently interpreting new data on eastern section of the block with a plan to carry out reprocessing over the area

Australia: Ceduna Sub Basin, EPP46

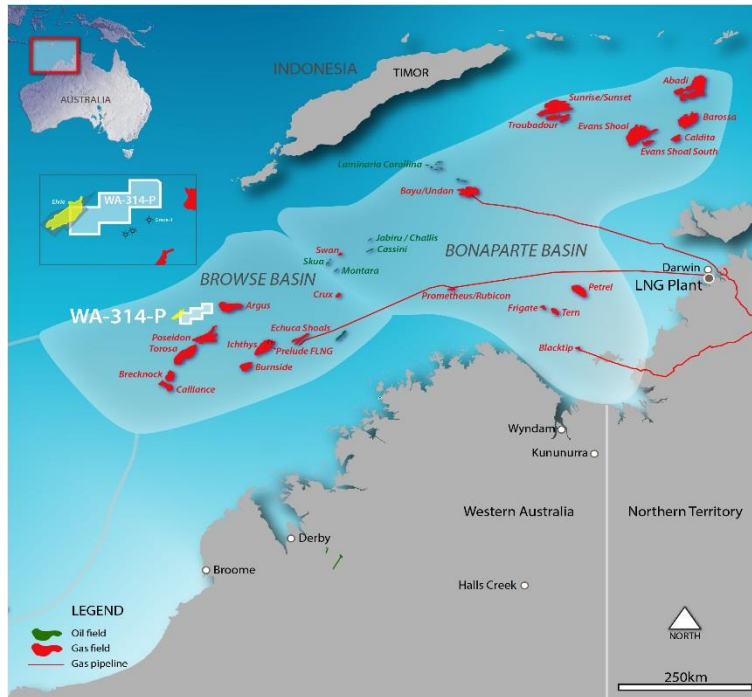
Low cost entry into under explored frontier



- KAR 100% (Operator), awarded October 2016
- Large, 17,649 sq km permit in an emerging frontier, prospective oil and gas basin
- Multiple potential trap types, and very large leads over 80 sq km
- Seismic amplitude anomalies possibly indicating hydrocarbons at multiple levels
- Oil shows in wells drilled in adjacent acreage
- Water depths 500 to 2500m
- Engagement with regional communities and stakeholders is underway

Australia: Browse Basin, WA-314-P

Oil potential remains



- Karoon 100% (Operator)
- Permit retained for exploration upside following 2014 divestment of Poseidon gas discovery
- Recently renewed 3 year term with no well commitment
- Reprocessed seismic data quality significantly improved
- Prospect re-evaluation underway
- Any future drilling subject to farm-out

THANK YOU