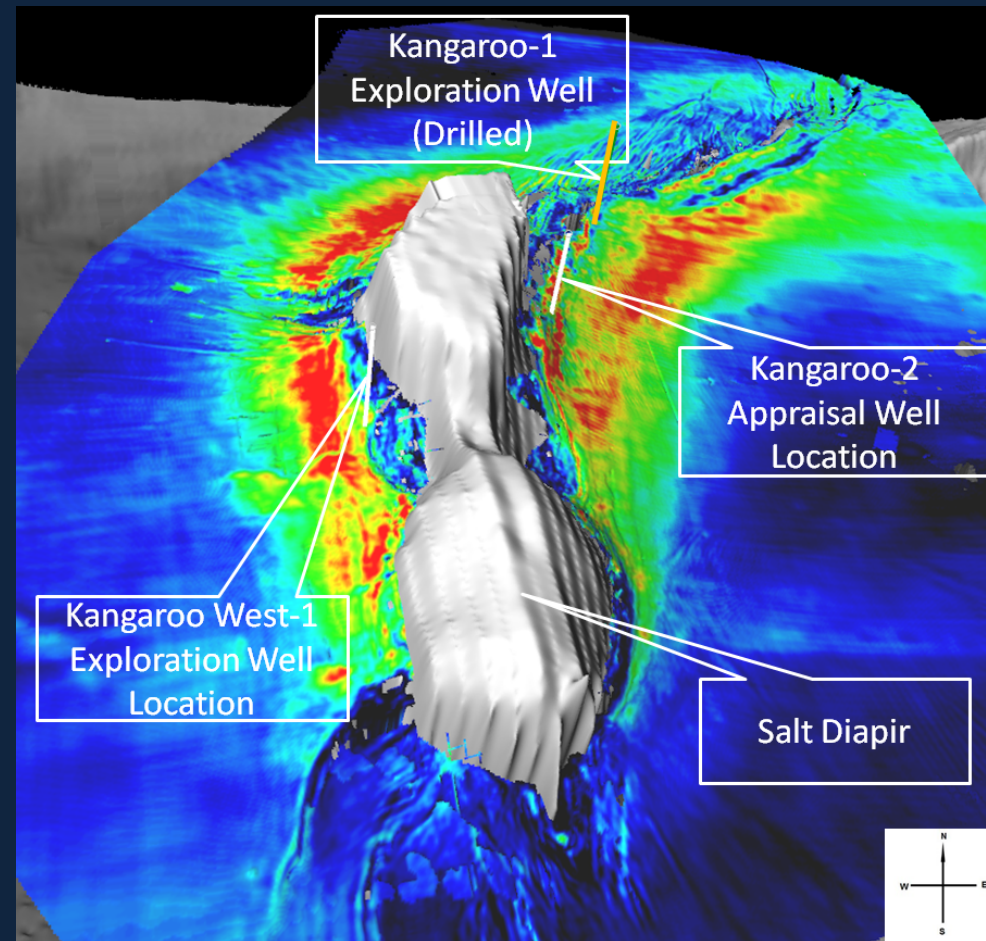


Karoon Gas Australia Ltd

Corporate Review

June 2014



Resource Summary – NET to Karoon



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.

Independently Certified - DeGolyer & MacNaughton					NET Contingent Resource (Discovered)			NET Un-risked Prospective Resource (Undiscovered)		
Permit	Equity Interest	Basin	Country		1C	2C	3C	Low	Best	High
WA-314-P*	90%	Browse	Australia	Wet Gas (Bcf)	-	-	-	503	986	1,846
Total - Wet Gas								503	986	1,846
Permit / Block	Equity Interest	Basin	Country		1C	2C	3C	Low	Best	High
WA-482-P*	50%	Carnarvon	Australia	Oil (mmbbbls)	-	-	-	375	1,117	2,837
Block Z-38*	75%	Tumbes	Peru	Oil (mmbbbls)	-	-	-	686	1,686	3,764
Block 144*	100%	Maranon	Peru	Oil (mmbbbls)	-	-	-	53	107	195
Total – Oil								1,113	2,910	6,796
Karoon Certified					NET Contingent Resource (Discovered)			NET Un-risked Prospective Resource (Undiscovered)		
Discovery / Prospect	Equity Interest	Basin	Country		1C	2C	3C	Low	Best	High
Kangaroo **	65%	Santos	Brazil	Oil (mmbbbls)	7	88	317	-	-	-
Kangaroo West***	65%	Santos	Brazil	Oil (mmbbbls)	-	-	-	15	330	1,193
Total Oil					7	88	317	15	330	1,193

* The prospective resource volume estimates presented in Australia and Peru have been independently certified by DeGolyer and MacNaughton and disclosed in Karoon's 30 April 2014 announcement, 'Independently Certified Net Un-risked Prospective Resource, Australia and Peru, Best Case Net to Karoon 4.5 Tcf Wet Gas and 4.2 Bn bbls Oil'.

* The Kangaroo contingent resource as assessed 31 July 2013 has previously been disclosed in Karoon's 1 August 2013 announcement, 'Kangaroo Oil Discovery Contingent Resource Upgrade'. The announcement referred to gross contingent resource numbers, 1C: 11 mmbbbls, 2C: 135 mmbbbls, and 3C: 487 mmbbbls, where as the table above presents them on a net basis. The discovered resource is categorised as a contingent resource because further evaluation is required to confirm commerciality.

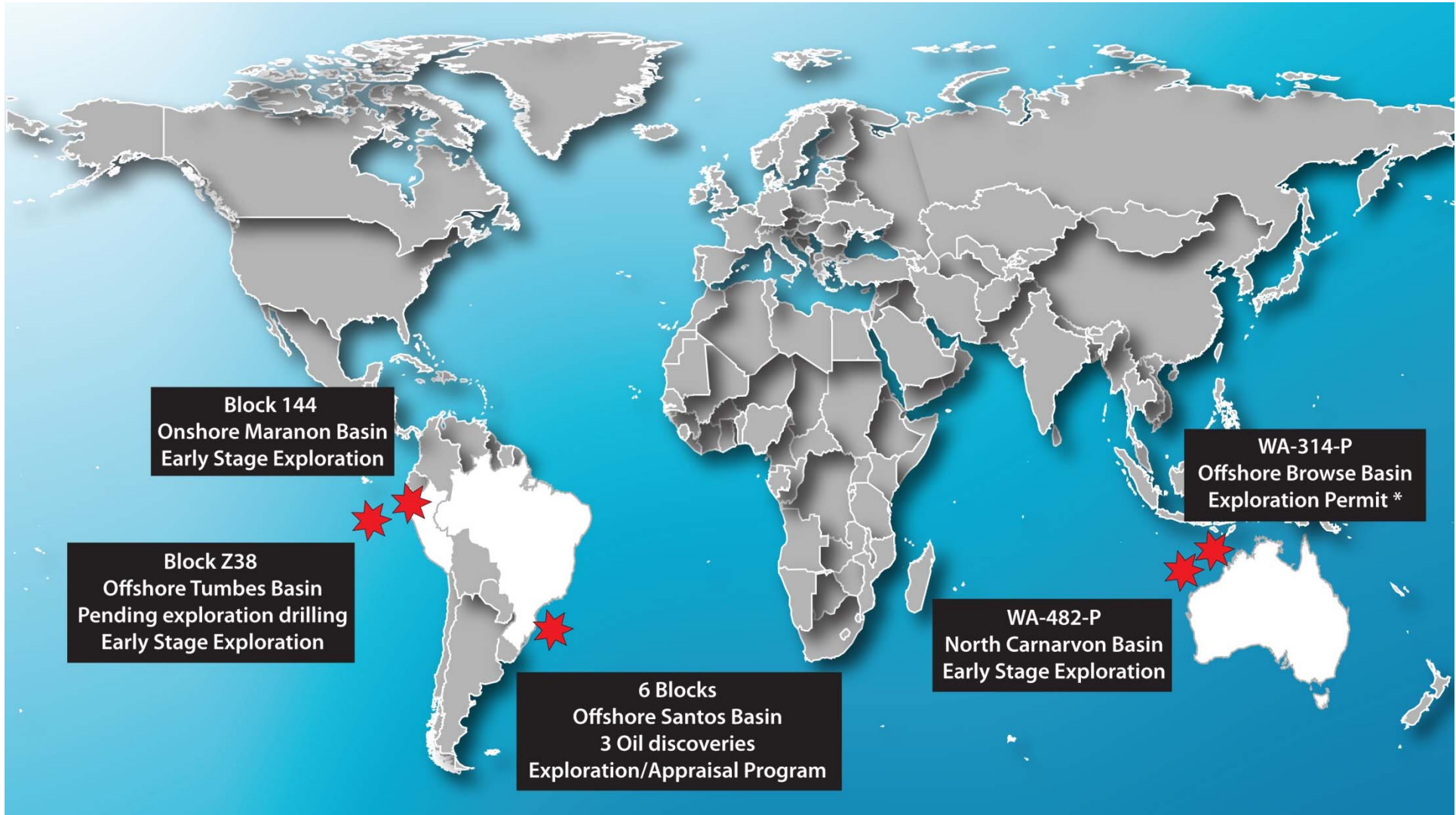
For the contingent and prospective resource estimates previously announced and referred to in the 2 paragraphs immediately above, Karoon is not aware of any new information or data that materially affects the resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

*** The Kangaroo West net un-risked prospective resource estimates were certified by Karoon's Engineering Manager, Mr Lino Barro on 30 April 2014 (see Competent Persons Statement below). They based on seismic survey data, nearby well data and other geologic information and prepared on a deterministic method in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

SPE-PRMS Standards - Society of Petroleum Engineers- Petroleum Resource Management System-Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations, resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

Competent Persons Statement – Mr Lino Barro, Karoon Gas Australia Ltd Engineering Manager - Any petroleum reserves, contingent resources and prospective resources information contained in the following Capital Raising Presentation relating specially to Santos Basin, Brazil, exploration blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165, S-M-1166 are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, Mr Lino Barro, Karoon Gas Australia Ltd Engineering Manager. Mr Barro has the following qualifications B.Eng. (Chemical), MBA. Mr Barro is a member of the Society of Petroleum Engineers. Mr Barro has consented in writing to the inclusion of this information in the format and context in which it appears.

Karoon's Global Footprint



*Remains subject to the completion of sale of WA-315-P and WA-398-P to Origin Energy

Browse Basin Transaction Summary



Browse Basin – Permits WA-315-P and WA-398-P (KAR 40% => 0%)

Karoon signed a Sale and Purchase Agreement (“Agreement”) with Origin Energy Limited (“Origin”) for the sale of its 40% equity interest in WA-315-P and WA-398-P for up to US\$800 million under the following terms:

- US\$600 million upfront cash payment;
- US\$75 million payable at FID;
- US\$75 million payable at First Production; and
- Up to US\$50 million in resource step-up payment, payable at First Production
- In addition, Origin to reimburse all Pharos-1 well costs paid by Karoon prior to completion

The Agreement remains subject to pre-emptive rights and regulatory approval. Payment due upon Completion of the Agreement

The sale:

- *injects a significant amount of capital to fund the planned high impact oil drilling program;*
- *removes large scale LNG development capex overhang; and*
- *allows the Board to consider possible strategic capital management initiatives*

“The combined value of the Browse and Carnarvon Basin transactions to Karoon, including off-set commitments, is approximately A\$1 billion”

Mr Robert Hosking, Executive Chairman

Strategy Update



Karoon's Strategy Unchanged

Karoon continues to look for high equity interests in early stage exploration opportunities with large potential targets in proven petroleum systems

The Company looks to create shareholder value through the geotechnical work-up of the acreage, leveraging its high equity interests through farmouts to explore and appraise these opportunities to achieve commercialisation

Consistent with Karoon's exploration led growth strategy is the recently announced farmout of WA-482-P to Apache on the following terms:

Carnarvon Basin – Permit WA-482-P (KAR 100% => 50%)

Farmout of a 50% interest to Apache on the following terms:

- US\$9 million upfront cash payment
- Apache will fund 90% of one exploration well capped at US\$63 million.
- Apache will assume operatorship and has committed to drilling an exploration well during 1H15

Farmout brings a world class partner and the next exciting leg of exploration led growth at a modest cost to Karoon

The farmouts on the Santos and Tumbes Basin blocks, and on Browse Basin permit WA-314-P remain a priority and discussions are ongoing. Exploration drilling in Peru and WA-314-P remains subject to the successful completion of farmouts

Investment Highlights



2 Transactions Delivered YTD	<ul style="list-style-type: none"> - Browse and Carnarvon Basin transactions delivered* - Santos and Tumbes Basin farmouts remain a priority and discussion are ongoing. These are expected to provide further balance sheet flexibility
Funding*	<ul style="list-style-type: none"> - Karoon is securing interim financing to fund operational commitments prior to receipt of proceeds - Upon receipt of proceeds, Karoon is funded well beyond existing firm commitments - Subsequent farmouts expected to provide additional balance sheet flexibility - Strategic capital management initiatives expected to return any surplus capital
Proven Exploration Track Record	<ul style="list-style-type: none"> - Exploration led growth strategy delivering, 71% drilling success rate in last 24 months
High Impact Oil Appraisal & Exploration	<ul style="list-style-type: none"> - Kangaroo-2 appraisal well planned Sep-Q 2014, NET 2C contingent : 88 mmbbls - 4 high impact oil exploration wells planned over the next 18 months, targeting NET unrisked prospective resource Best estimate: 1,172 mmbbls#
Chasing Production	<ul style="list-style-type: none"> - Kangaroo oil discovery appraisal, upon success, is expected to progress to FEED
Capital Discipline	<ul style="list-style-type: none"> - Appraisal and exploration focused on less capital intensive oil opportunities - Higher risk exploration programs, like Peru, remain subject to farmouts
Board Restructuring	<ul style="list-style-type: none"> - Commitment to restructure the Board to an independent majority by 2014 AGM

*Remains subject to completion and receipt of proceeds from sale of WA-315-P and WA-398-P to Origin

Refer to End Note on page 20

Operational Update



Santos Basin – Blocks S-M-1037, 1101, 1102, 1165, 1166 (KAR 65%)

- Rig tender selection is complete and a rig contract expected during June 2014
- The rig contract is expected to include 2 firm wells and 2 option wells
- The Kangaroo-2 appraisal well is planned to spud during the September quarter, followed by Kangaroo West-1 exploration well
- Farmout discussions are on-going

Carnarvon Basin – Permit WA-482-P (KAR 50%)

- The NET un-risked prospective resource Best estimate of 1,117 mmbbls# identified in 6 prospects covering only a third of the 13,539 square kilometre permit area
- New Chrysalids 3D seismic survey preliminary interpretation is encouraging, highlighting additional leads (not included in the current un-risked prospective resources estimates)
- Apache to drill first exploration well 1H15, location yet to be approved by the joint venture

Tumbes Basin, Peru – Block Z-38 (KAR 75% subject to completion of farm-in obligations)

- Drill preparations are on-going, drilling is planned for 2015 following a farmout
- Farmout negotiations remain on-going

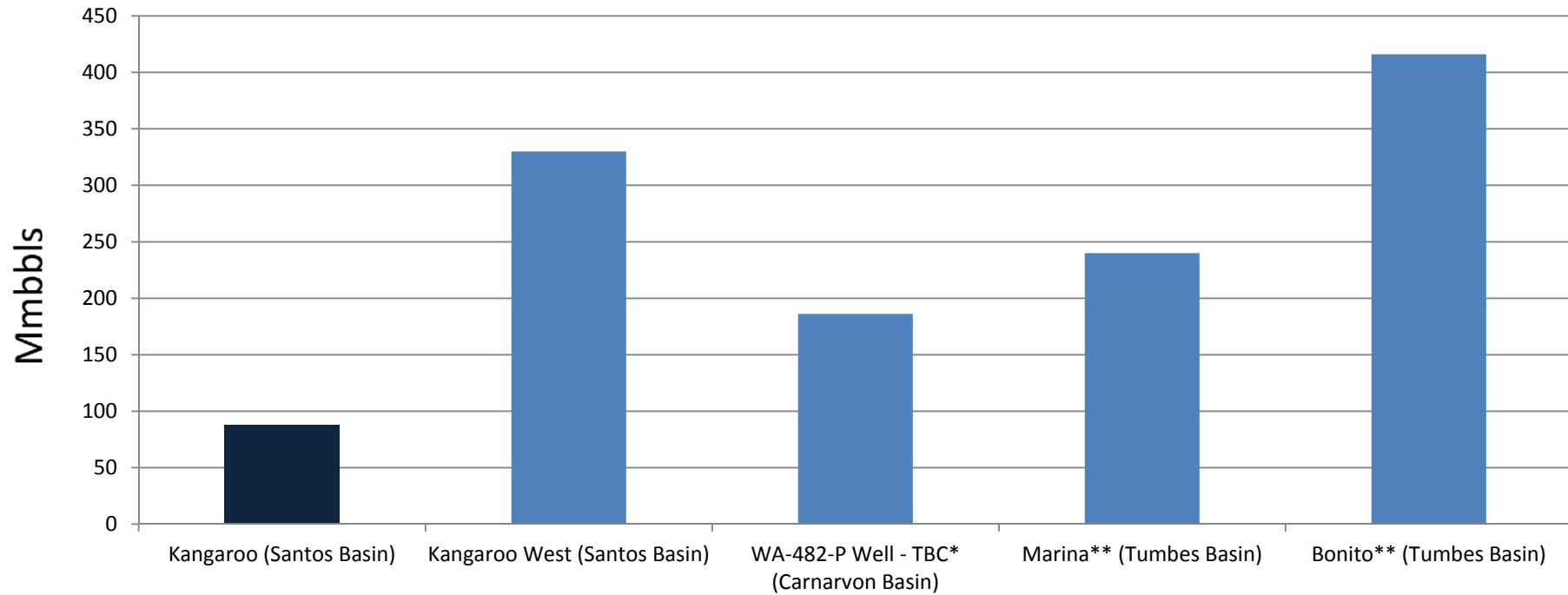
Other Permits / Blocks

- WA-314-P, Browse Basin, Australia (KAR 90%): Kraken 3D seismic survey processing and interpretation results expected over the coming months. Further exploration drilling is contingent on farmout success
- Block 144, Marañón Basin, Peru (KAR 100%): Data room visits scheduled with interested parties



18 mth Drilling Inventory – Oil

Oil (mmbbls) NET to Karoon



Resource Classification

- Contingent Resource – 2C
- Un-risked Prospective Resource – Best

Type

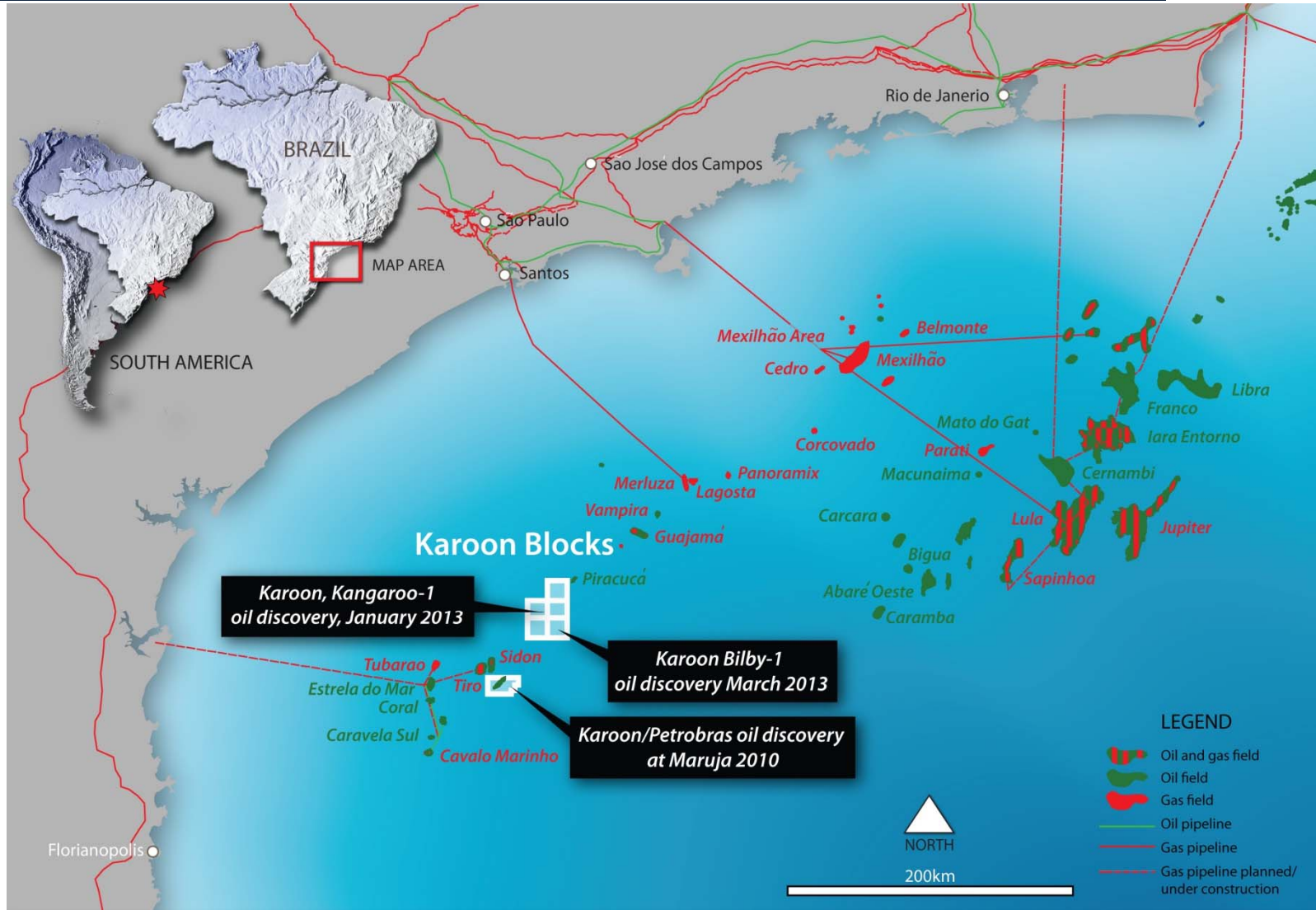
- Discovery - Kangaroo
- Prospects # - Kangaroo West, WA-482-P, Marina, Bonito

* Well location TBC. Chart reflects the average NET un-risked prospective resource Best estimate (across 6 prospects) of 186 mmbbls

** Exploration wells remain subject to farmout. Net prospective resource presented represents Karoon's 75% interest

Refer to End Note on page 20

Appraisal Phase – Santos Basin



Santos Basin - 5 Blocks



Santos Basin, Brazil - Blocks S-M-1037, 1101 , 1102, 1165, 1166

Equity Interests: Karoon 65% (Operator), Pacific Rubiales 35%

Progress to Date:

- Oil discoveries made at Kangaroo-1 and Bilby-1
- The Discovery Appraisal Plan is designed to confirm the size of the oil column, reservoir continuity and properties, and flow rates at Kangaroo, along with testing additional nearby targets
- Pre-FEED studies have commenced

Forward Plan:

- The Kangaroo discovery appraisal is a key operational objective in 2014 due to: favourable contingent resource size in shallow water depth; good quality light oil (40 degree API); limited appraisal drilling required to progress into FEED and, upon success, into production
- The appraisal drilling campaign scheduled to commence September 2014 Quarter with Kangaroo-2 appraisal well, followed by Kangaroo West-1 exploration well.
- Pending success at Kangaroo-2, FEED is expected to commence at Kangaroo
- Rig tender selection is complete and a rig contract expected during June 2014 (2 firm well and 2 option wells)

Farmout:

- Farmout discussions are on-going

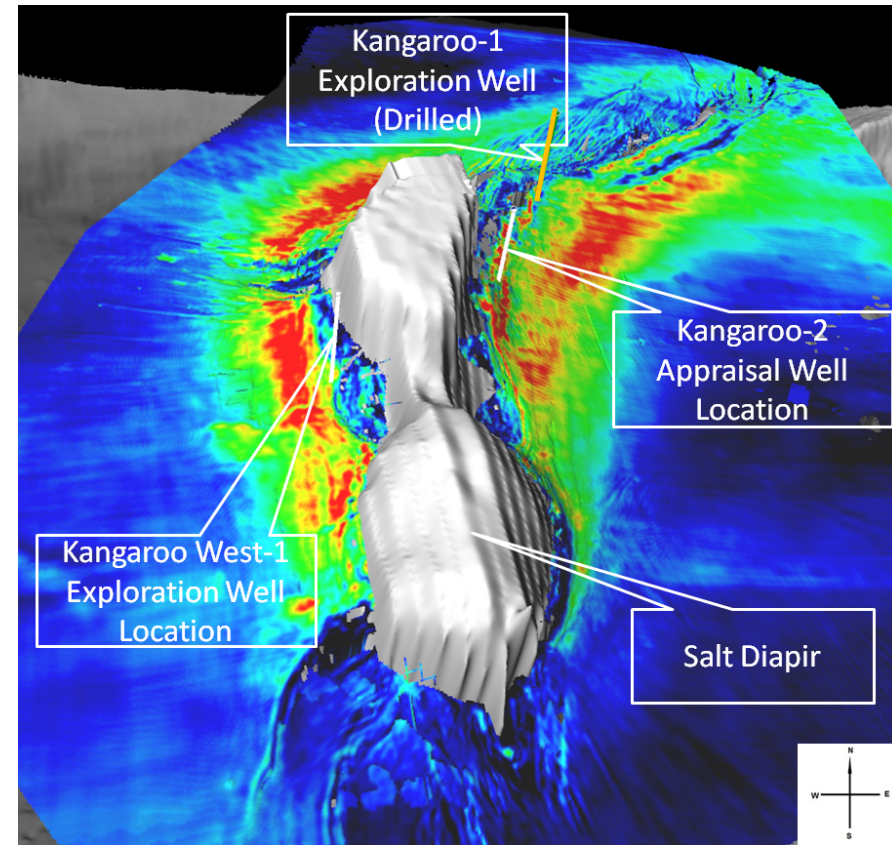
Santos Basin - Well Locations

3D image of Kangaroo discovery and Kangaroo West prospect location, showing the salt diapir forming the structure

- Excellent 3D seismic data quality
- The structure is an elongate salt diapir with two similar dipping flanks, Kangaroo and Kangaroo West
- The reservoirs and seals identified in Kangaroo-1 can be correlated on seismic around the salt diapir to Kangaroo West, making for an excellent exploration target

Note:

- The Kangaroo Contingent Resource estimates in the table below are NET to Karoon. The gross contingent resource range is 1C:11 mmbbls, 2C:135 mmbbls, 3C:487 mmbbls.

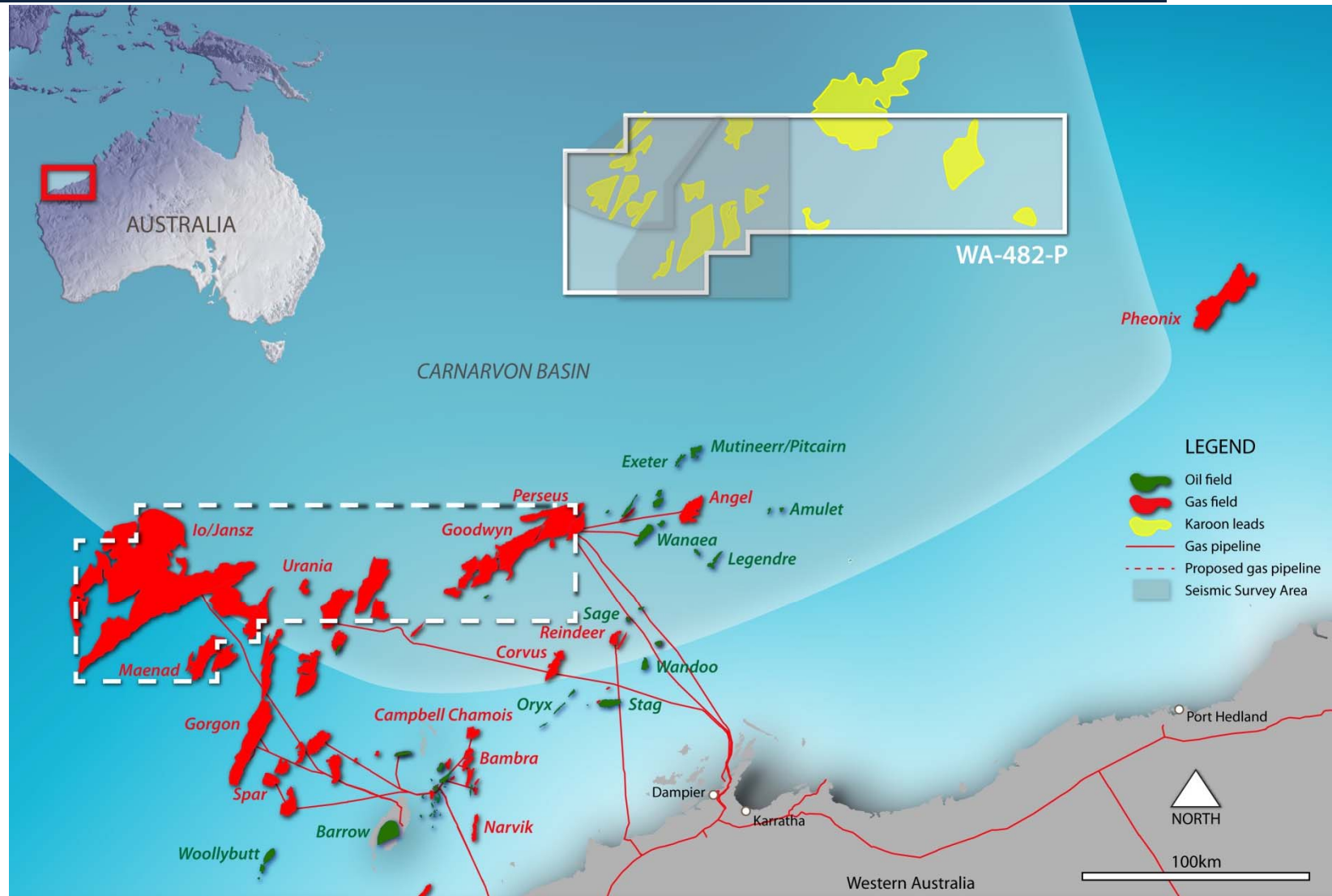


Resource Summary - Oil (mmbbls)*		Net Contingent Resource - Discovered			Net Un-risked Prospective Resource - Undiscovered		
Discovery / Prospect	Equity Interest	1C	2C	3C	Low	Best	High
Kangaroo (Discovered)	65%	7	88	317	-	-	-
Kangaroo West (Undiscovered)	65%	-	-	-	15	330	1,193

*Contingent and prospective resource estimates certified by Karoon's Engineering Manager

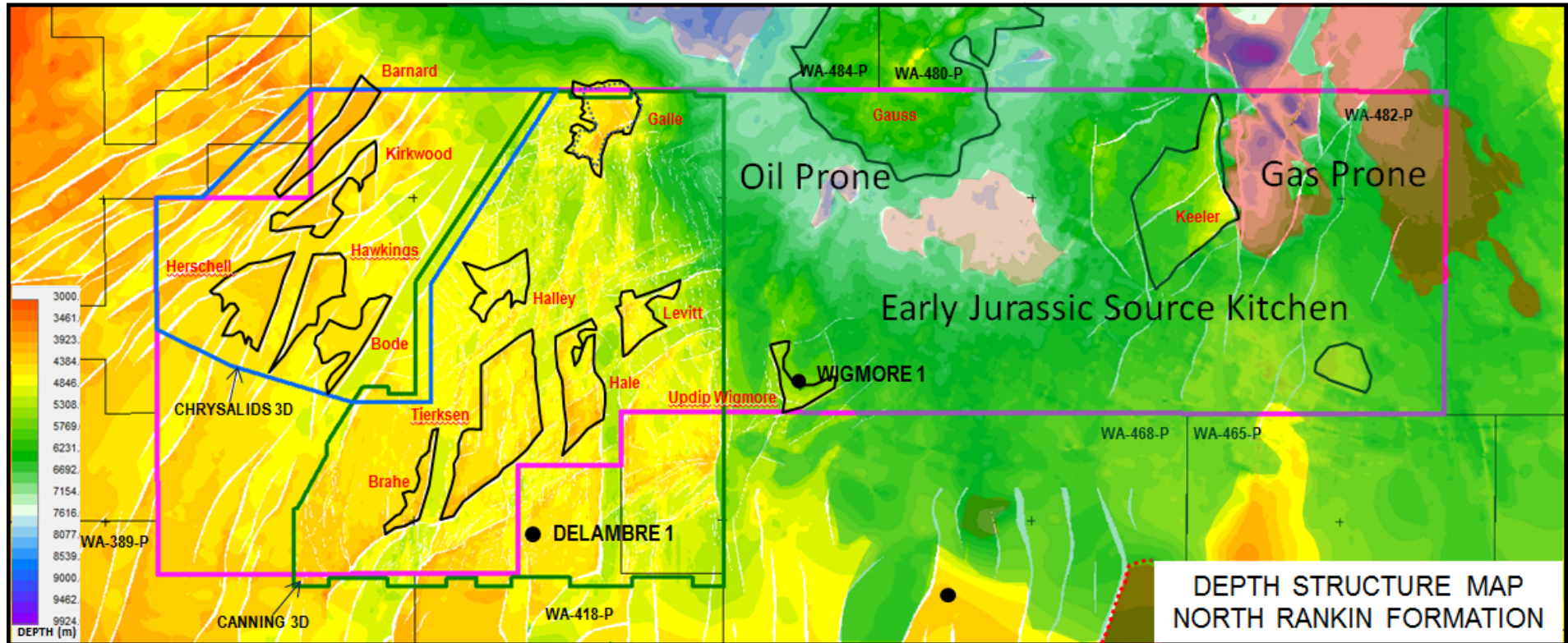
Refer to End Note on page 20

Exploration Pipeline – Carnarvon Basin



Note the dotted outline over the discovered gas fields to the south west of Karoon's permit is for size comparison purposes only

Carnarvon Basin – WA-482-P



LEAD / PROSPECT TARGETS

- The identified prospects and leads are mapped next to the oil prone kitchen

Oil (mmbbls)*		Net Un-risked Prospective Resource - Undiscovered		
Permit	Equity Interest	Low	Best	High
WA-482-P#	50%	375	1,117	2,837

* Prospective resource estimates independently certified by DeGolyer and MacNaughton

Refer to End Note on page 20

Carnarvon Basin – WA-482-P



Carnarvon Basin, Australia – Permit WA-482-P

Equity Interests: Karoon – 50%; Apache – 50% (Operator)

Farmout:

During May 2014, Karoon farmed-out a 50% interest in WA-482-P to US independent, Apache on the following terms:

- US\$9 million upfront cash payment
- Apache will fund 90% of one exploration well capped at US\$63 million
- Apache will assume operatorship and committed to drilling an exploration well during 1H15

Farmout brings a world class partner and the next exciting leg of exploration led growth at a modest cost to Karoon

Progress to Date:

- WA-482-P is highly prospective for oil and gas with multi-billion barrel prospectivity
- Independently certified* NET un-risked prospective resource Best estimate is 1,117 mmbbls#, identified in 6 prospects covering only a third of the 13,539 square kilometre permit area
- New Chrysalids 3D seismic survey preliminary interpretation is encouraging, highlighting additional leads (not included in the current un-risked prospective resources estimates)

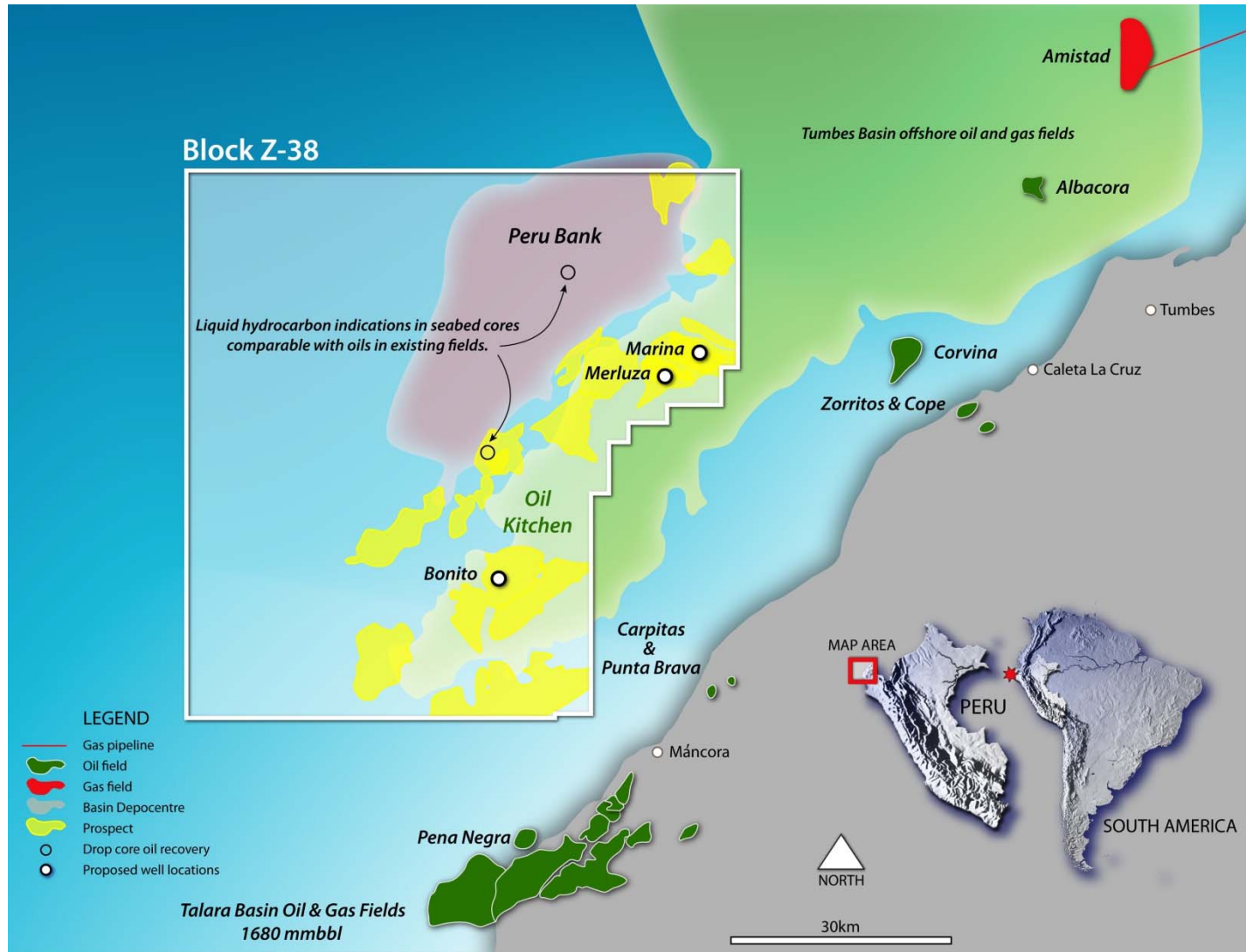
Forward Plans:

- High impact exploration well expected to be drilled during 1H 2015, location remains TBD. The exploration well will fulfill the Permit Year 3 work obligations

* Prospective resource estimates independently certified by DeGolyer and MacNaughton

Refer to End Note on page 20

Exploration Pipeline – Tumbes Basin



Tumbes Basin – Block Z-38



Tumbes Basin, Peru - Block Z-38

Equity Interests: Karoon – 75% (Operator); Pitkin Petroleum – 25%

Progress to Date:

- Independently certified* net un-risked prospective resource Best estimate is 1,686 mmbbls#, identified across 18 prospects
- Prospect evaluation is complete and preliminary drill locations have been selected
- Environmental Plan approval was received mid 2013

Forward Plan:

- Exploration drilling is planned to commence in 2015 but not expected to proceed before completion of a farmout
- Initial 2 well campaign planned with preliminary well locations at the Marina and Bonito prospects, with a combined NET un-risked prospective resource Best estimate of 656 mmbbls #

Farmout:

- Non-exclusive farm-out negotiations remain on-going along with discussions with other interested parties

* Prospective resource estimates independently certified by DeGolyer and MacNaughton

Refer to End Note on page 20

Other Assets



WA-314-P, Browse Basin, Australia

Equity Interests: KAR 90%, ConocoPhillips 10% (Operator)

- Processing and interpretation results from the Kraken 3D seismic survey over the Elvie prospect, acquired September 2013, expected over the coming months
- Farmout discussions remain on-going with interested parties
- Further exploration drilling in WA-314-P is subject to successful completion of farmout discussions

Block 144, Marañón Basin, Peru

Equity Interest: KAR 100% (Operator)

- Karoon has commenced a farm-out process with preliminary interest received from a number of parties. Data room slots are being scheduled
- Farm-out process expected to be complete by the end of 2014
- The Block is currently in force majeure

Block 1352, Santos Basin, Brazil

Equity Interests: KAR 20%, Petrobras 80% (Operator)

- Technical and commercial assessment of the Bauna Sul (formerly Maruja) oil discovery remains on-going

Corporate Social Responsibility



Karoon is committed to the equitable and sustainable development of the environment and the communities in regions where we operate



Corporate Social Responsibility



Peru was identified as the operational location where investment in social and environmental programs presented the best chance to make a significant positive contribution. The focus is on empowering individuals and communities by creating opportunities for improved healthcare, education, training and business.

Karoon implemented the Citizen Participation Plan, a program designed to allow frequent and transparent dialogue with local communities around planned exploration activities and to identify the best opportunities to support those communities.

Social and Environmental Programs:

Block Z-38, Tumbes Basin

- *Artisanal Fishermen Formalization:* Promote the formal identification through licensing of local fishermen and safety at sea
- *Micro Business Program:* Promote micro businesses in bijouterie (through the brand *Mutumbi*) managed by the local women of Tumbes
- *Frigatebird Project:* Promote sustainable tourism in the mangrove ecosystem of Puerto Pizarro, Tumbes, through researching and increasing the awareness and protection of the Magnificent Frigatebird and its habitat

Block 144, Marañon basin

- *Healthcare and Education Programs:* Promote health and education for disadvantage localities to support the local institutions and improve living condition
- *Land Titling Program:* Formalize community boundaries and publically register property to improve the land security
- *Natural Medicine Program:* Improve community knowledge and opportunities around the biodiversity in the Amazon

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End Note

This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page 2 that the estimated quantities of petroleum that may potentially be recovered by the application of a future development projects 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.