



February Review 2013

Karoon Gas - Snapshot

1

Brazil farmed-out 35% equity to Pacific Rubiales Energy Corp*

Three well Santos Basin Exploration Drilling Campaign commenced December 2012

- Oil discovery at Kangaroo-1
- Emu-1 spud February 2013

*Subject to regulatory approval

Australian Browse Basin Drilling progressing – 5-8 wells

Poseidon field:

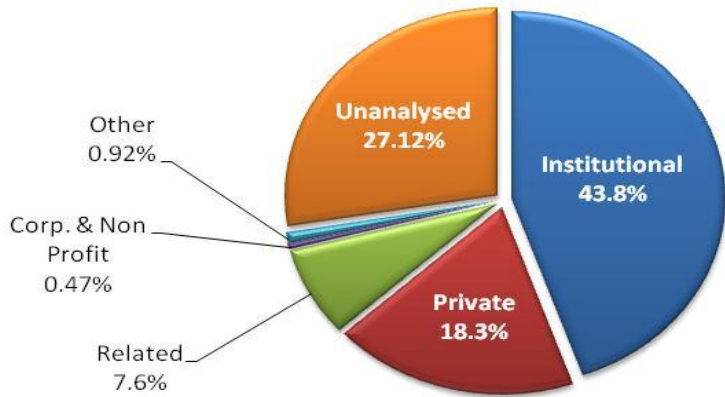
- Boreas-1 intersects target objective. Drill stem test – flows at 30.2 mmscf per day (facility constrained)
- Kronos-1 well flows at 26 mmscf per day (facility constrained)
- Zephyros-1 spudded November 2012

New North Carnarvon Basin Exploration Block WA-482-P acquired

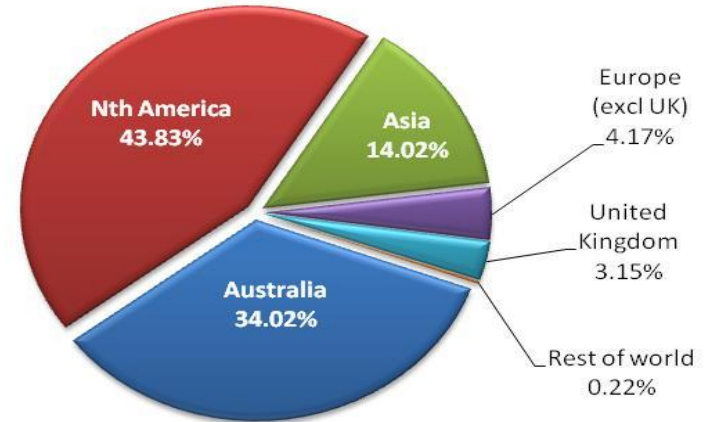


Investor Information

Total Shareholder Composition



Institutional Shares by Geography



Substantial Shareholders

Rank	Name	%ISC
1	Wellington Management Company LLP	12.72
2	Talbot Group	11.89
3	Robert Hosking	5.66
4	FMR LLC	5.34

- 221 million shares
- 11 million unlisted options
- Market capitalisation approx A\$1.46 billion @ A\$6.60
- Cash at bank A\$228 million as at 31st December 2012
- Company in S&P/ASX 200 Index

What we have done

Australia

- ❑ 2005 - Acquired WA-314-P and WA-315-P (100%)
- ❑ 2006 - Farm-out to ConocoPhillips
- ❑ 2007 - Acquired WA-398-P (40%)
- ❑ 2009 - Discovery of Poseidon
- ❑ 2010 - Discovery and production test at Kronos-1
- ❑ 2012 - Discovery and production test at Boreas-1
- ❑ 2012 - Farm-in to North Carnarvon Basin WA-482-P (100%)

Brazil

- ❑ 2007 - Awarded 5 Blocks in the Santos Basin Brazil
- ❑ 2010 - Acquired wide azimuth 3D seismic survey (first in Brazil)
- ❑ 2010 - Farm-in to Petrobras block S-M-1352 (20%) Maruja discovery*
- ❑ 2012 - Farm-out 35% to Pacific Rubiales Energy Corp*
- ❑ 2013 – Discovered 42 API oil column at Kangaroo-1

Peru

- ❑ 2008 - Farm-in to Z-38
- ❑ 2010 - Acquired 3D seismic

*Subject to regulatory approval

What we are doing

Australia

- ❑ Appraisal and exploration drilling 5-8 wells 2012-2014
- ❑ Browse Basin - farming-out an interest in WA-314-P

Brazil

- ❑ Santos Basin, drilling of 3 wells. Commenced December 2012
- ❑ Commence, Emu-1, February 2013
- ❑ Preparing for Kangaroo-2 appraisal well

Peru

- ❑ Tumbes Basin-farming-out an interest in Z-38
- ❑ Preparations continuing for a minimum two well drilling program expected to commence in late 2013 in Peru Tumbes Basin Z-38

Where we are going

- ❑ Early entry into highly prospective basins, with high equity, larger potential targets and a proven petroleum system
- ❑ Realise value from prospective areas by managing equity positions and financing alternatives to provide the highest economic value for shareholders
- ❑ Leverage off high equity ownership positions in discoveries to provide the greatest value for shareholders through commercial outcomes

Key personnel

BOARD AND SENIOR MANAGEMENT

ROBERT HOSKING – EXECUTIVE CHAIRMAN

Founding Director and shareholder of Karoon Gas with 35 years of commercial experience. Involved in the oil and gas industry for 18 years. Founding Director and shareholder of Nexus Energy

CLARK DAVEY – INDEPENDENT NON-EXECUTIVE DIRECTOR

30 years oil and gas accounting experience with PWC and private consulting. Energy and Resources tax specialist including experience with structuring and PRRT

MARK SMITH – EXECUTIVE DIRECTOR AND EXPLORATION MANAGER

30 years experience as a Geologist and Exploration Manager in petroleum exploration and development, mainly with BHPB in Australia, Southeast Asia and North America

SCOTT HOSKING – COMPANY SECRETARY AND CFO

International financial and commercial management background with corporate finance expertise

JOSE COUTINHO BARBOSA – NON-EXECUTIVE DIRECTOR

38 years experience in Petrobras Group, including director of Exploration and Production, CEO of Braspetro, the international subsidiary of Petrobras, and acting CEO of Petrobras SA in several instances and Managing Director.

EDWARD MUNKS – SOUTH AMERICA DIRECTOR AND COO OF KGA

31 years international experience. Was fundamental in the acquisition of the Karoon Group's exploration portfolio in South America. Also responsible for the company's South American operations

STEPHEN POWER – NON-EXECUTIVE DIRECTOR

25 years as a commercial lawyer providing advice to participants in the resources industry in Australia and overseas

TIMOTHY HOSKING – GENERAL MANAGER – SOUTH AMERICA

Over 10 years experience. Instrumental in the acquisition and consolidation of the South American assets including responsibility for the government and private oil and gas company relationships, which have resulted in Karoon's current South American portfolio. Coordinated all field operations in Peru and Brazil

GEOFF ATKINS – INDEPENDENT NON-EXECUTIVE DIRECTOR

40 years experience in investigation planning design, documentation and project management of significant port harbour and maritime projects.

KEY PEOPLE

DENNIS HINING – DRILLING MANAGER – SOUTH AMERICA

40 years experience in the oil and gas industry. Former head of ExxonMobil Worldwide Ventures Group for Deepwater Exploration Drilling, Drilling Engineer for Shell Oil. Experienced in Brazilian deep pre-salt development projects

JORGE CAMERGO – ADVISOR TO THE BOARD

34 years of experience in the oil and gas industry. Former President of Statoil and ASA in Brazil. Worked for Petrobras for 27 years

BRIAN LUECKE – EXPLORATION MANAGER – SOUTH AMERICA

40 years International and US experience in the oil and gas industry with Phillips Petroleum, IEDC, ARCO and Anzoil

GERMAN BARRIOS – ADVISOR TO THE BOARD

25 years experience. Partner of Barrios Fuentes Abogados – a law firm in Peru specialising in oil and gas law

Brazil assets – Regional Activity

Location:
Santos Basin, Brazil. 300-400m water depth.

On trend with Piracuca, Newton, Muluza, Maruja, Tiro and Sidon fields

Prospective resource:
15 prospects and leads firmed up including 2 in pre-salt section

Current Karoon Net Unrisked Mean Prospective Resource in the Post salt, total 942 million barrels

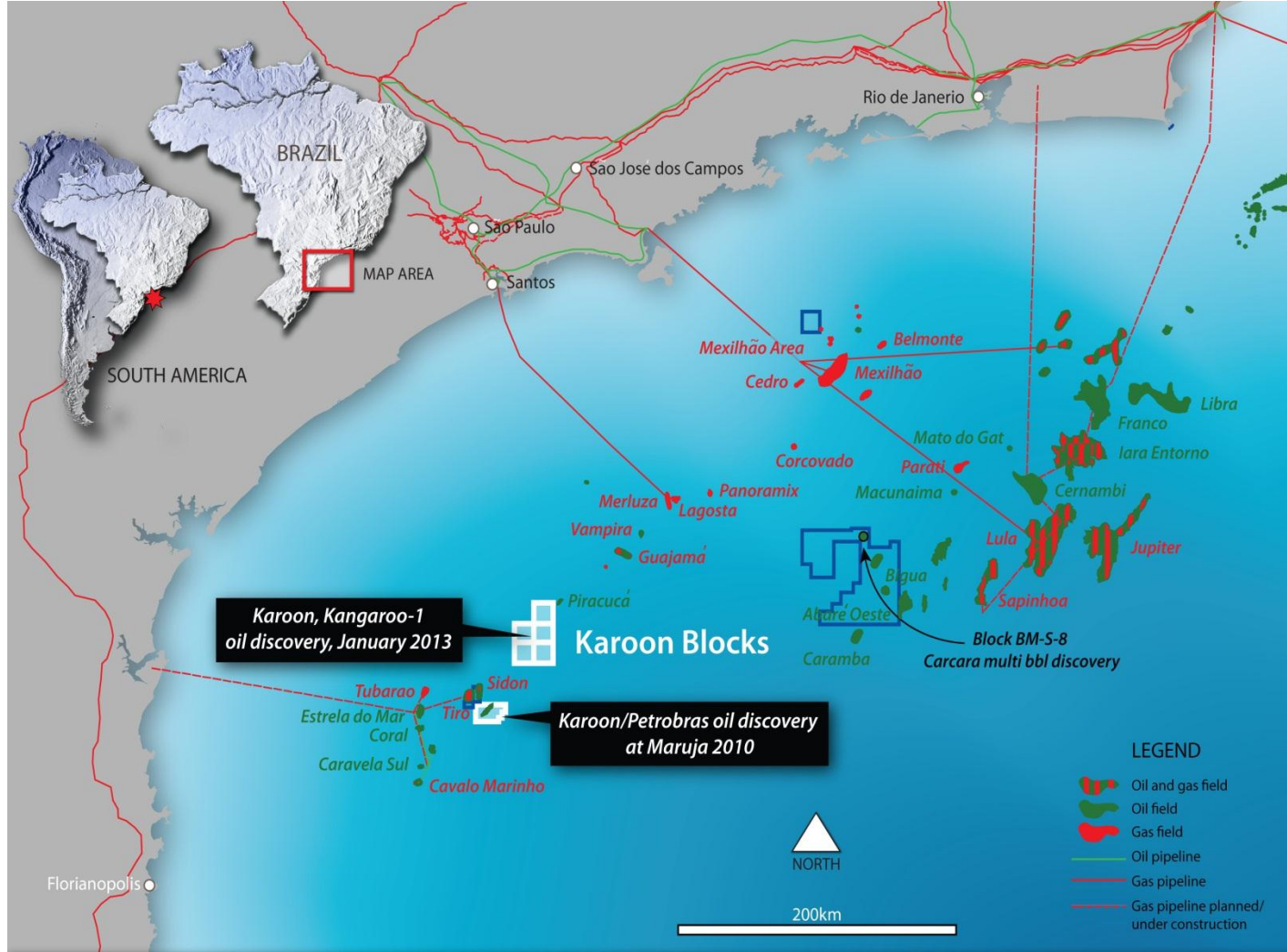
Pre-salt values subject to additional work

Karoon discovered resource:
Kangaroo oil field (to be appraised)
Maruja oil field

Interest:
100% interest in 5 blocks (reducing to 65% subject to regulatory approval and options in the farm-out to Pacific Rubiales Energy Corp)

20% interest in Block S-M-1352 (Subject to final regulatory approval)

Forward plans:
Drilling of 3 wells, program to last 6 to 9 months



Brazil assets – Activity Summary

6

Santos Basin Farm-out

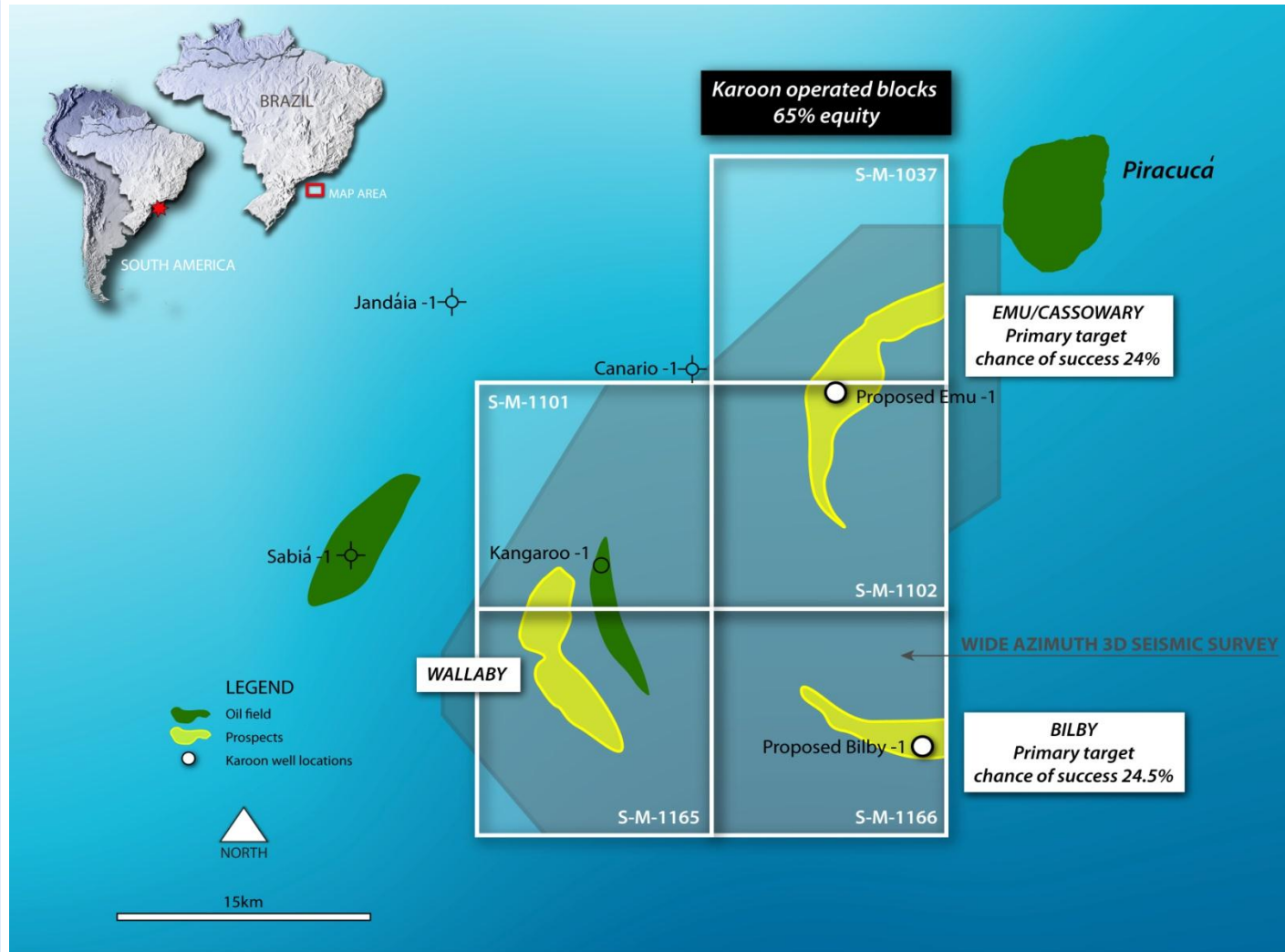
Agreement for Pacific Rubiales Energy Corp to acquire a 35% interest in Karoon's wholly owned Santos Basin Exploration Blocks, S-M-1101, S-M-1102, S-M-1037 and S-M-1165 with an option to acquire a 35% interest in S-M-1166

Pacific Rubiales Energy Corp:

- Pay US\$40 million in cash consideration
- US\$140-US\$210 million in carried well costs
- 35% of all costs over and above the well carry commitment

Drilling order:

1. Kangaroo (oil discovery)
2. Emu/Cassowary (now drilling)
3. Bilby



Brazil Santos Basin – Drilling results

7

Kangaroo Oil Discovery

Pressure data confirms a 25 metre oil column in Eocene interbedded sands

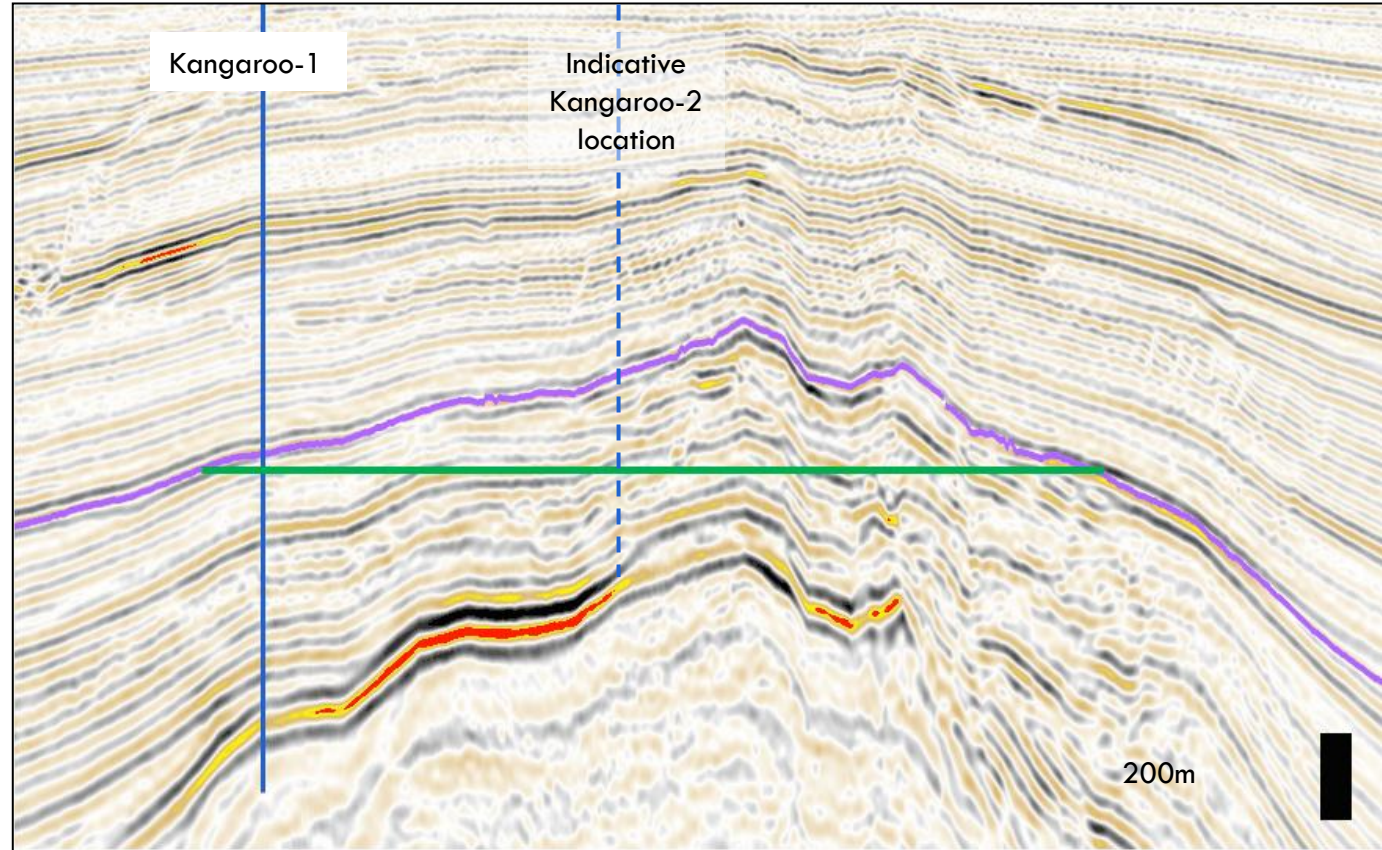
Oil measured at 42 degrees API

Petrophysical analysis estimates reservoir porosities in the range 25 to 32% with permeabilities tested in two sands at 100 to 300md

Seismic interpretation indicates additional updip hydrocarbon potential of over 300 metre with a gross column in the structure of over 350 metre.

Deeper Eocene to Maastrichtian interbedded sands are expected to be within the hydrocarbon column higher in the structure.

Negotiations are underway to secure a rig to drill an updip appraisal well as soon as possible.



Seismic strike section over the crest of the Kangaroo field. Purple horizon is Near Top Eocene reservoir. Green line shows Oil Water Contact extrapolated over the field.

Brazil Santos Basin – Drilling candidates

8

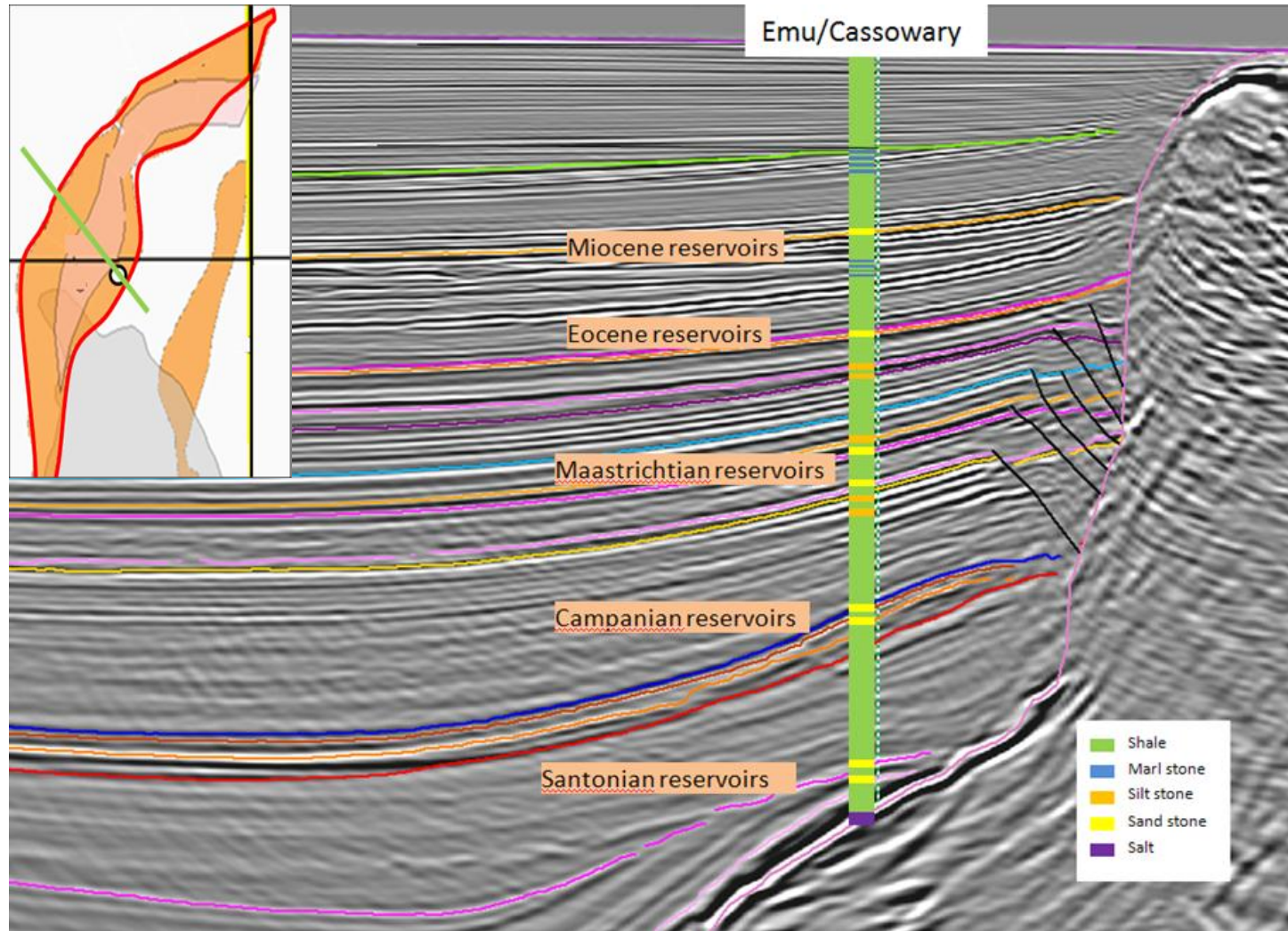
Emu/Cassowary Prospect

Target intervals indicated in yellow (sandstones)

Primary target is the Campanian and Santonian sand intervals

Gross Prospective resource total for all levels – Mean 350 mmbbls to High case 600 mmbbls

Primary target Mean 300 mmbbls to High case 500 mmbbls



Brazil Santos Basin – Drilling candidates

9

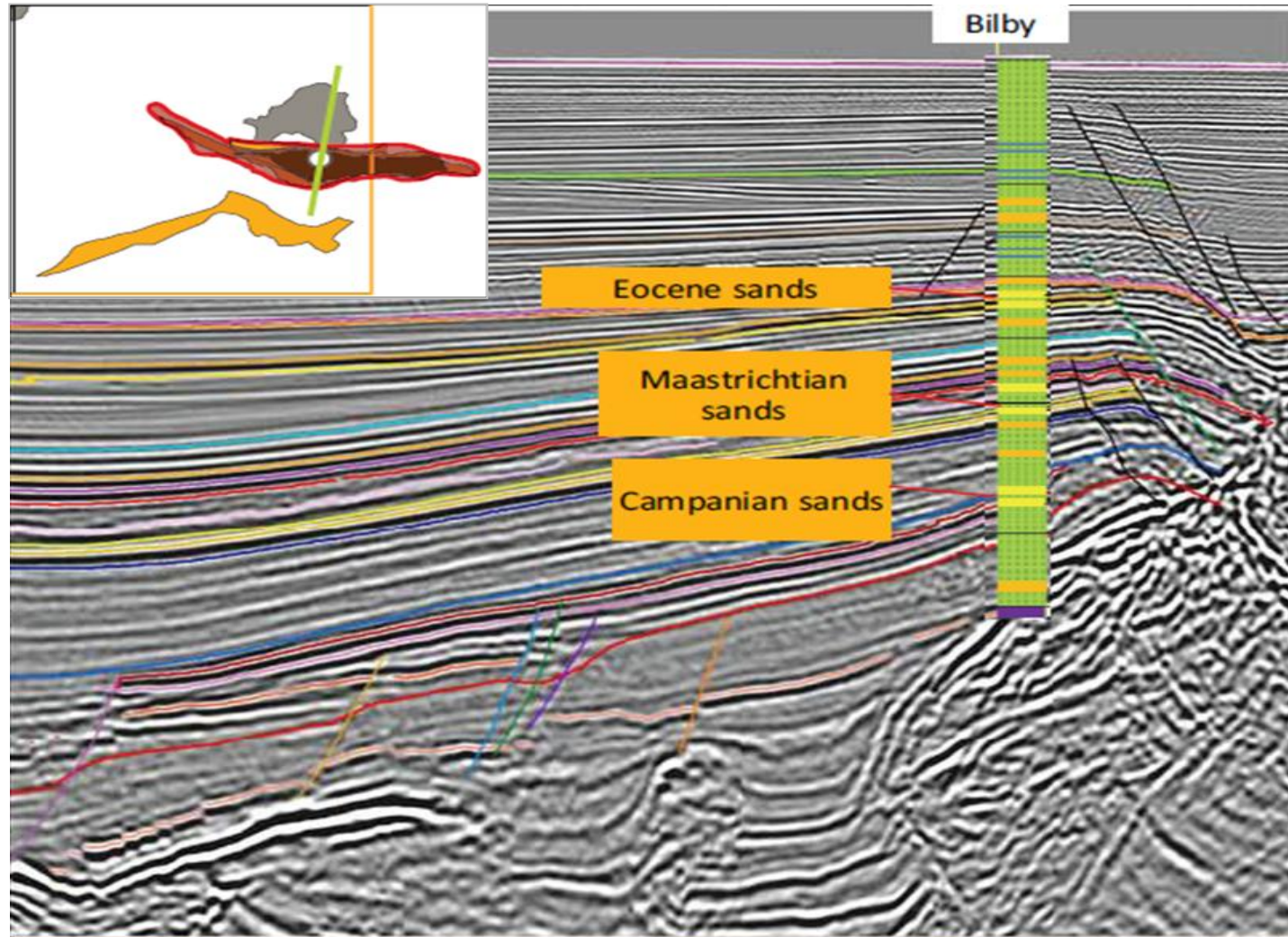
Bilby Prospect

Target intervals indicated in yellow (sandstones)

Targets are the Eocene Campanian and Santonian sand intervals which show a good seismic DHI (Direct Hydrocarbon Indicator)

Gross Prospective resource total for all levels – Mean 110 mmbbls to High case 170 mmbbls

Primary target Mean 50 mmbbls to High case 110 mmbbls



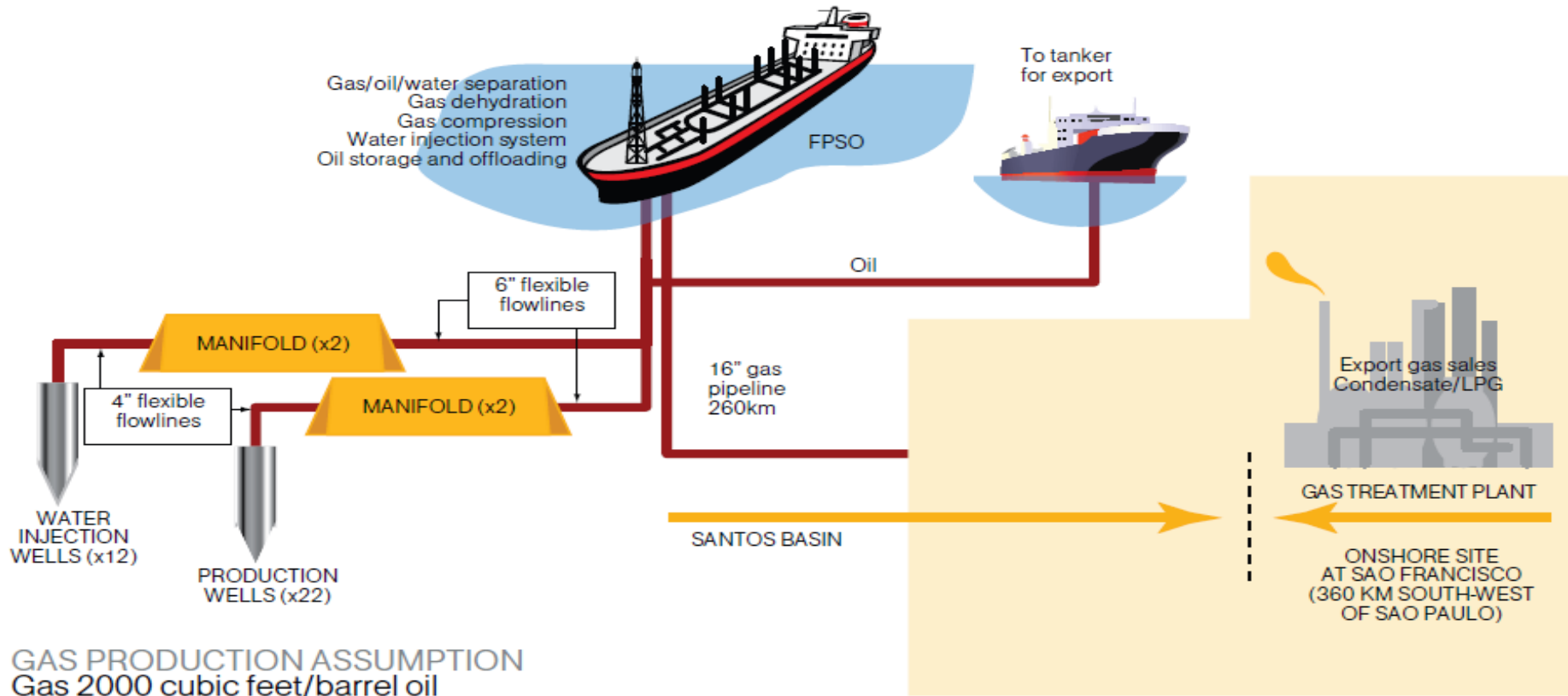
Santos Basin

Indicative development model and economics



Karooon oil and gas indicative development model economics (assuming a discovery of 250 million barrels and based on independent third party design concepts).

Field development, pipeline and gas plant facilities schematic (80,000 b/d oil, 160 mil scf/d gas).

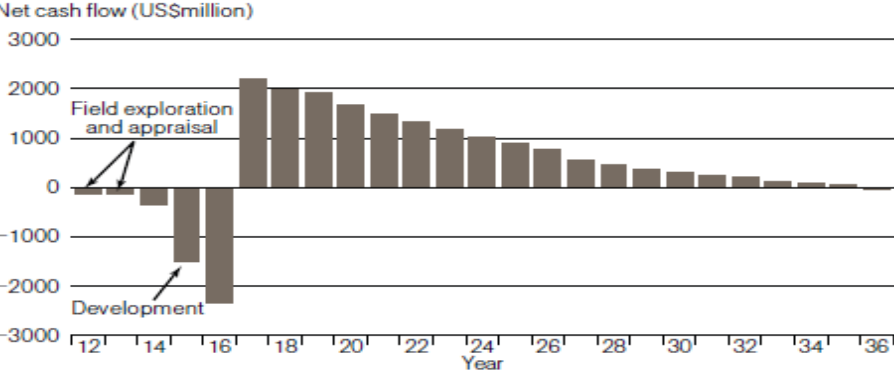


Santos Basin

Indicative development model and economics

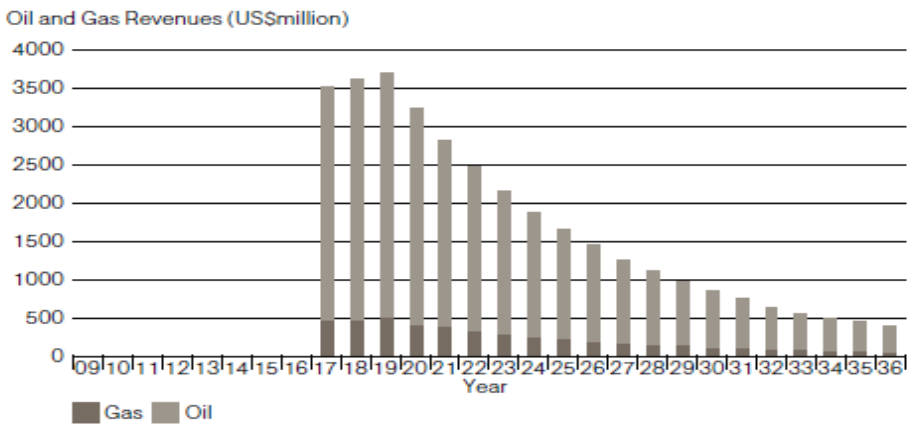
Net cash flow

Karoon oil and gas production indicative development model economics. 100% share.

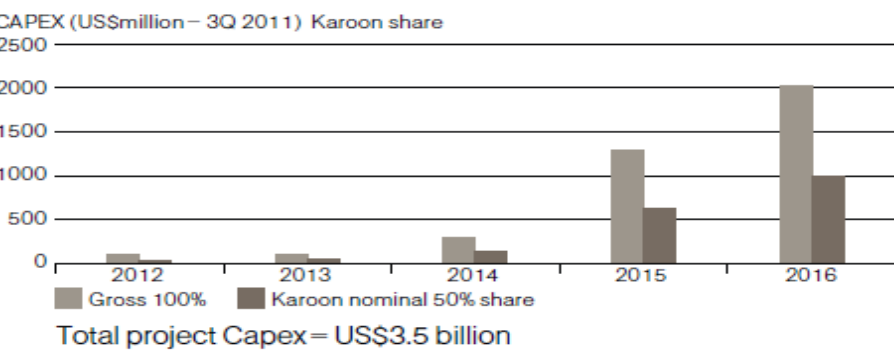


Product revenues

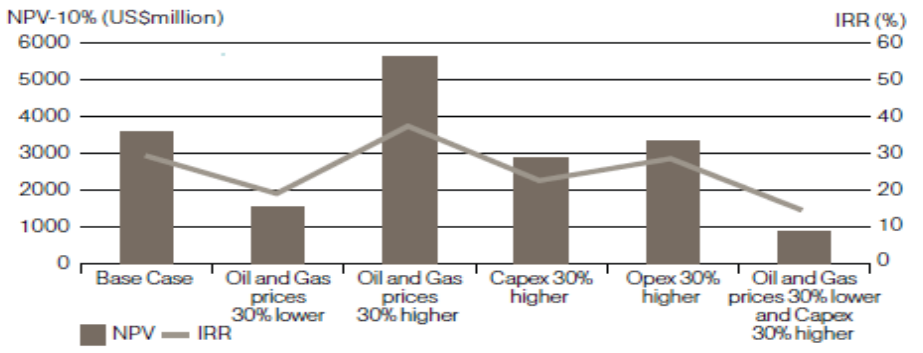
Oil and Gas Revenues- 100% share.



Capex profile

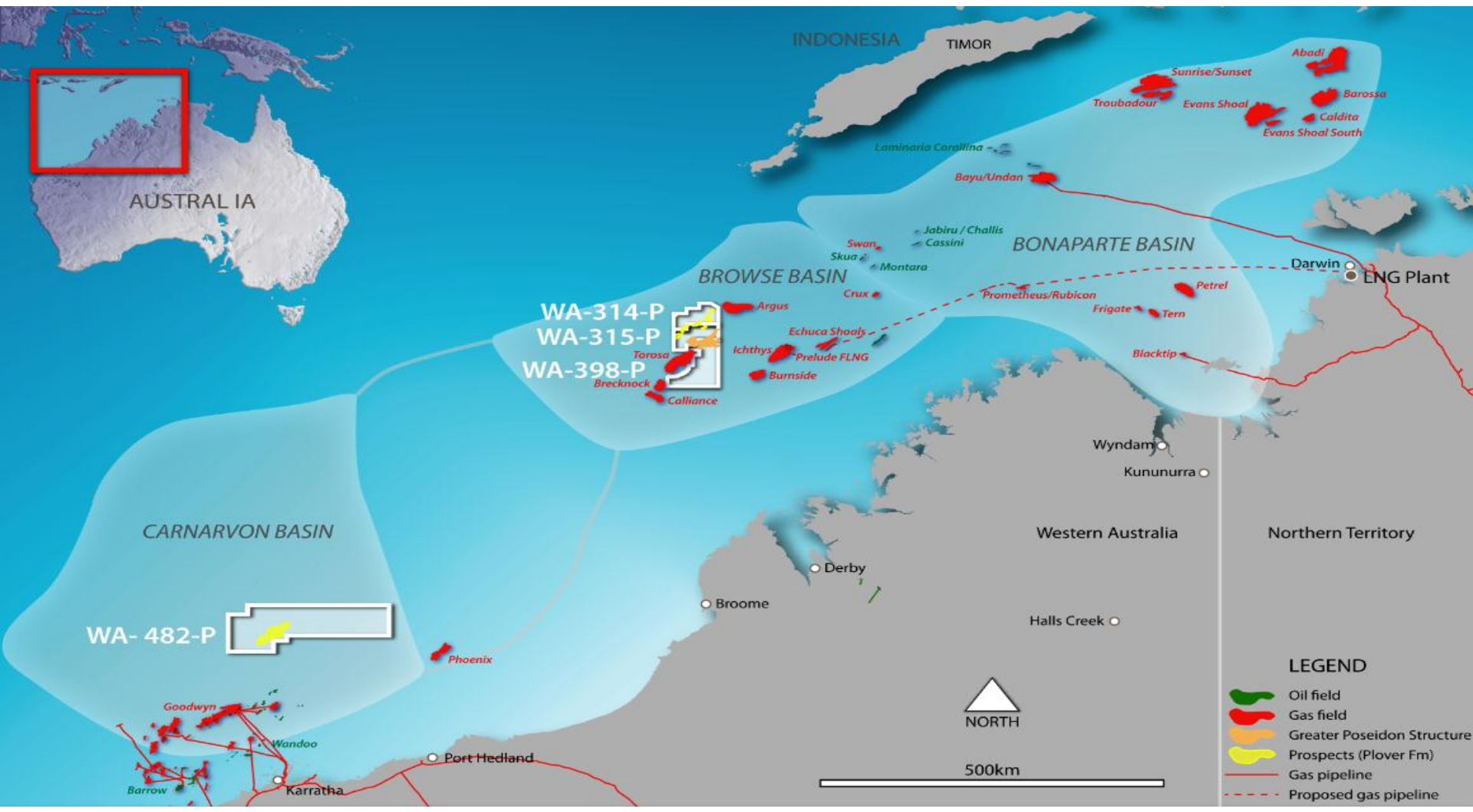


Economic sensitivity analysis



Project NPV US\$3.6 billion, IRR 29%
 Assumptions: Oil US\$90/bbl, Gas US\$7/mmbtu

Australian Assets



Australian assets – Browse Basin

Location:

Browse Basin, Australia. 450-600m water depth. On trend with Torosa, Brecknock and Calliance gas condensate fields. Other fields: Ichthys, Argus, Prelude and Burnside

Karoon discovered resource:

Previously announced Contingent Resource Range will be subject to ongoing review as results for the current drilling programme are received and assessed. Updated third party reviewed Contingent Resource assessments are expected to be available towards the end of the drilling programme.

Prospective resource:

Outside greater Poseidon trend 8 prospects identified with Total Mean Unrisked Prospective Resource of 15 tcf

Interest:

40% in WA-315-P and WA-398-P
90% in WA-314-P

Forward Plans:

Drilling order:

1. Zephyros
2. Proteus
3. Grace

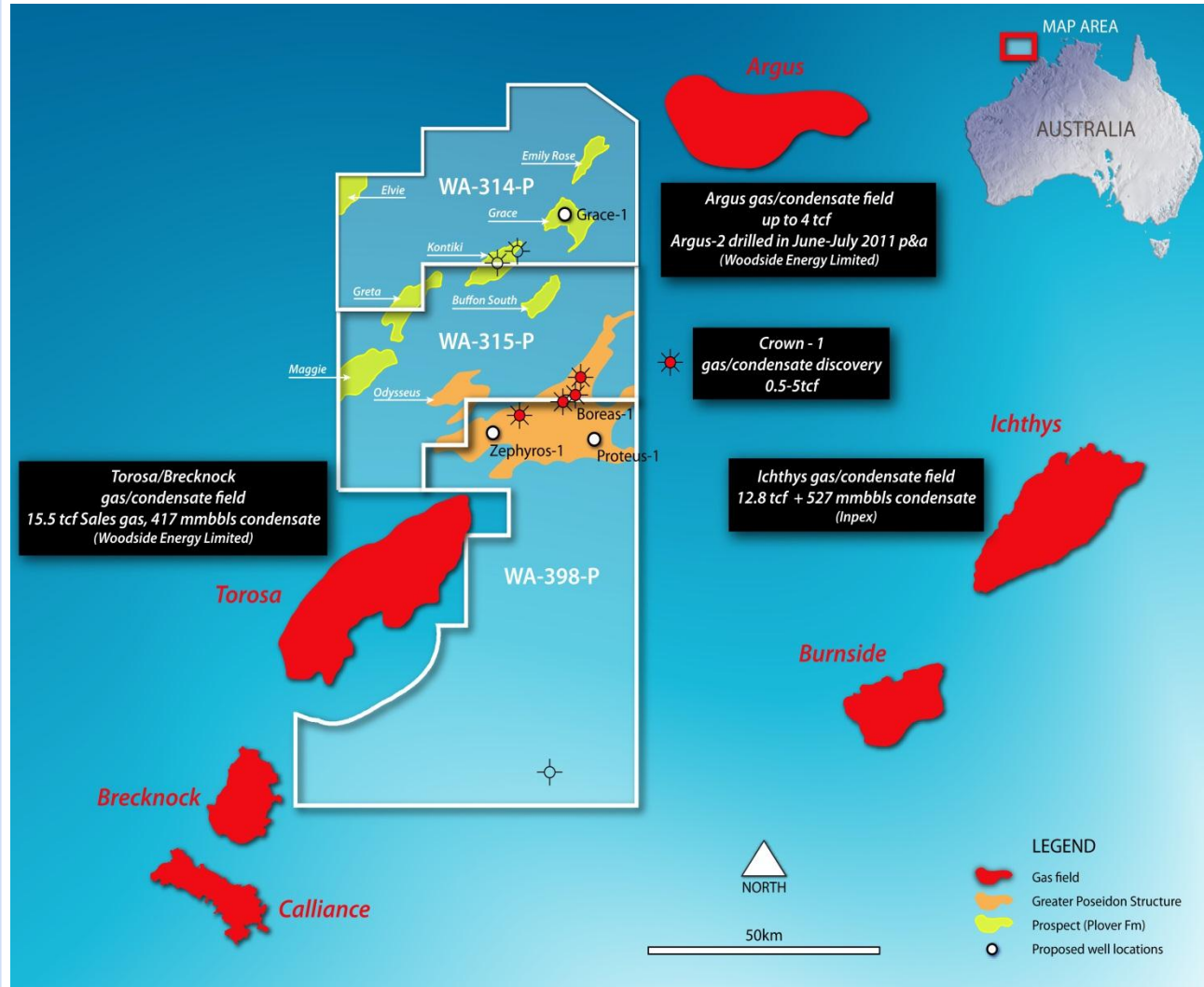
*Additional wells to be determined

Program to last 18-24 months

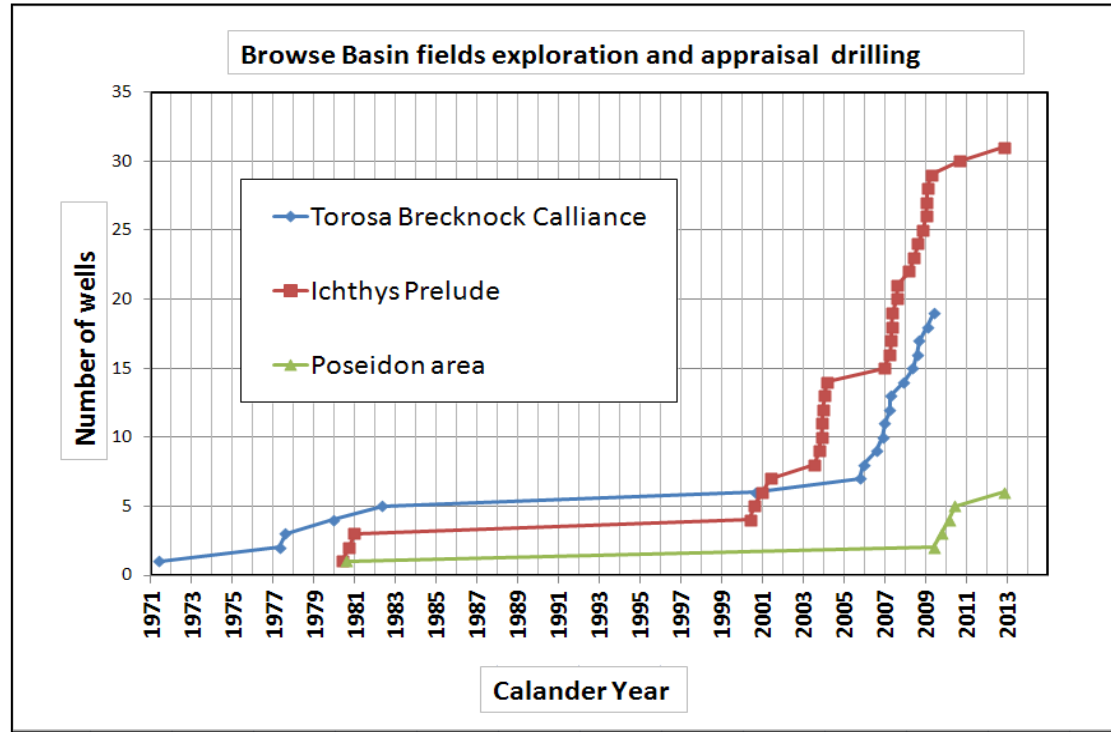
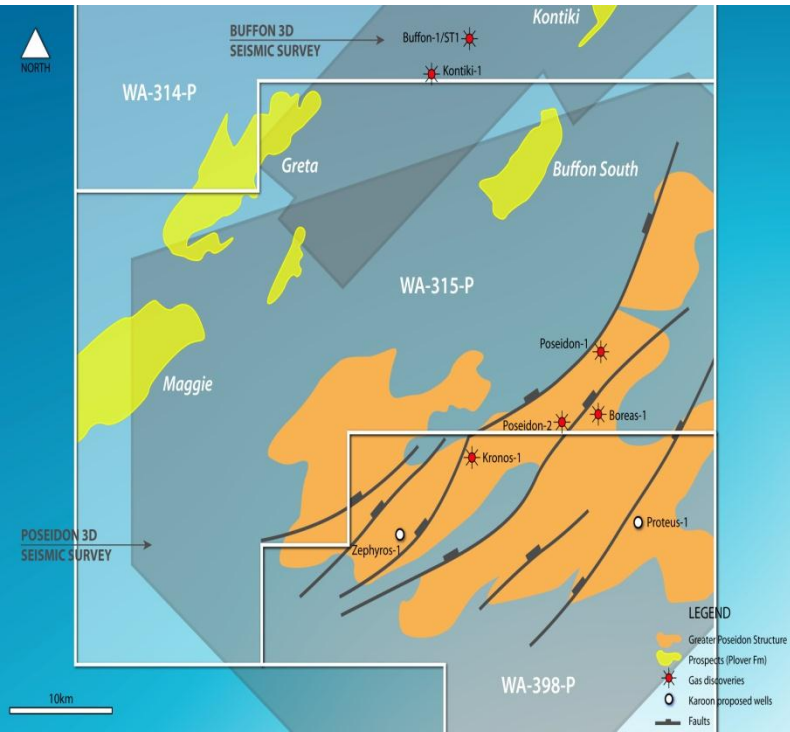
Farm-out an interest in WA-314-P

Objective:

Define resource and progress to LNG development FEED stage



Australian assets – Browse Basin



Boreas-1 test results:

Pressure and flow data modelling by Karoon indicates that the Boreas test interval could flow at rates between 100 and 250 mmscfpd in a development case using 7” tubing above the bottom production liner if operated at 500-1000 psia surface pressure.

Condensate 18 bbls per mmscf (final number expected later from PVT analysis of down-hole samples). Carbon dioxide 16%.

Note: This data represents the views of Karoon Gas and do not necessarily represent the view of ConocoPhillips.

Australian assets – North Carnarvon Basin

15

WA-482-P

Location:

North Carnarvon Basin, Australia. 400-2000m water depth. On trend with North Carnarvon Basin Mungaroo plays and Phoenix gas discovery

Prospective resource:

10 prospects and leads with multiple tcf potential

Interest:

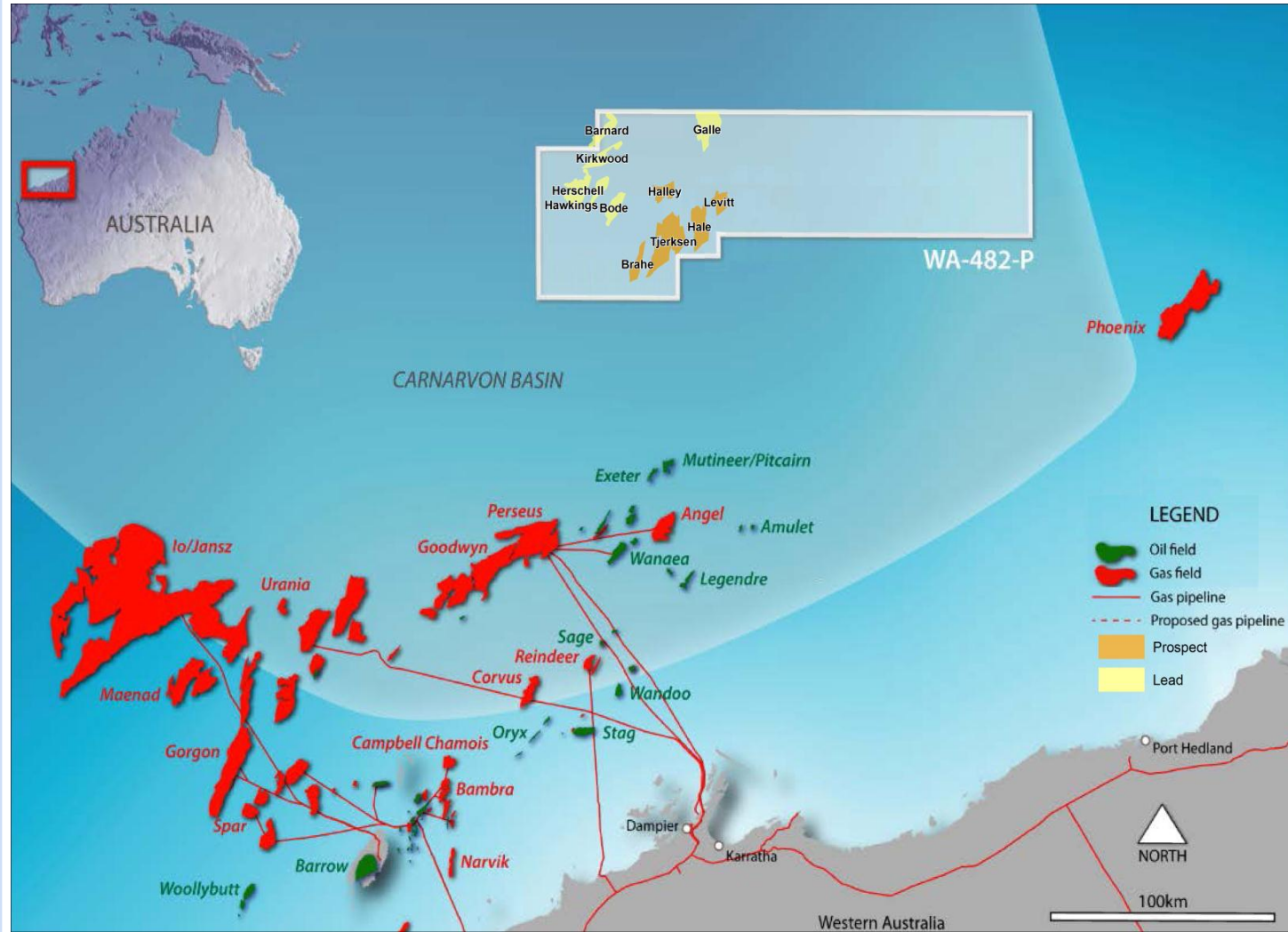
Earning 100%

Terms:

Farm-in from Liberty Petroleum Corp

Earn 100% by completing years 1 and 2 work program of geological and geophysical studies and acquisition of 2010 sq km 3D seismic

On completion of first and second year work program, option to acquire 100% interest and enter year 3 well commitment



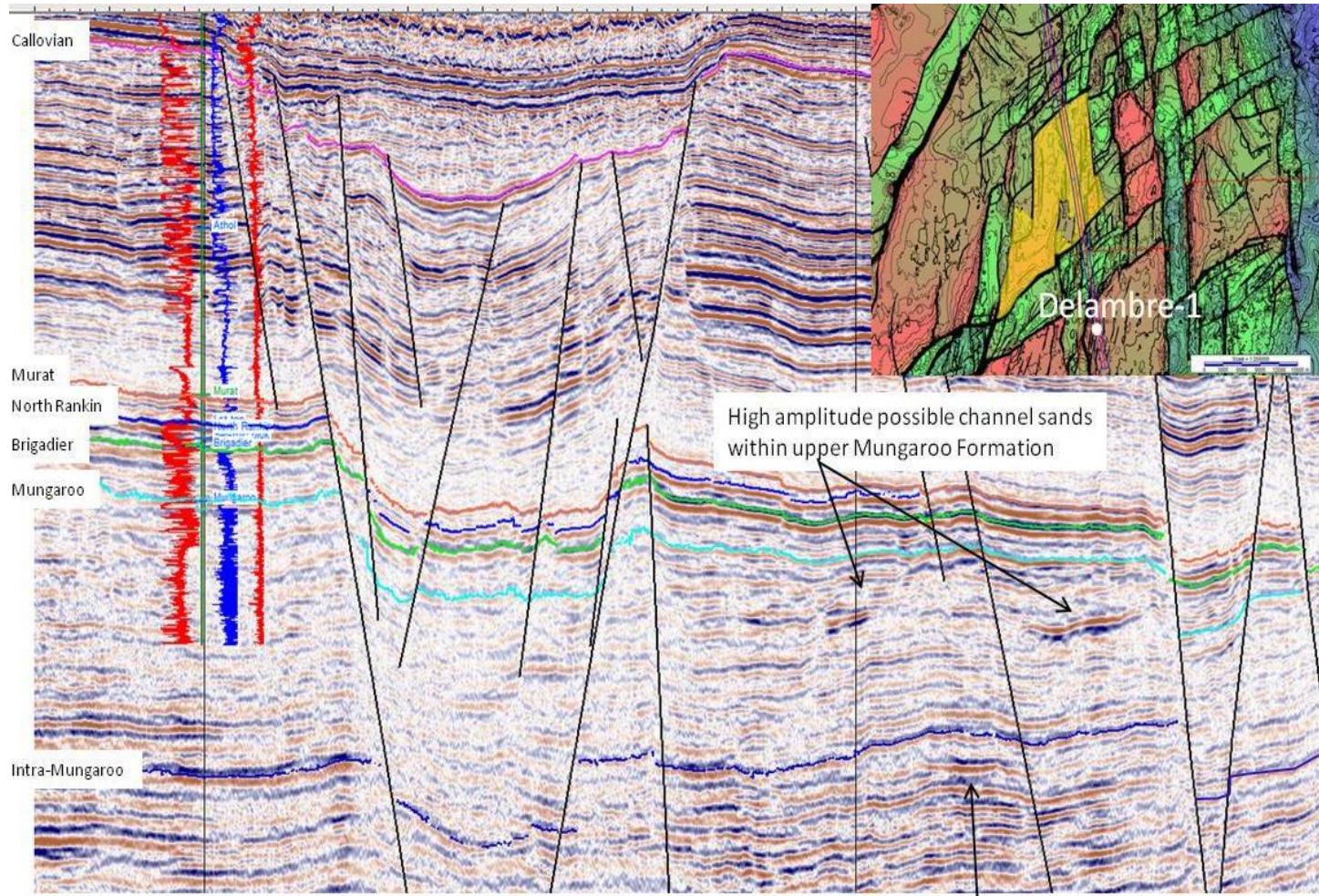
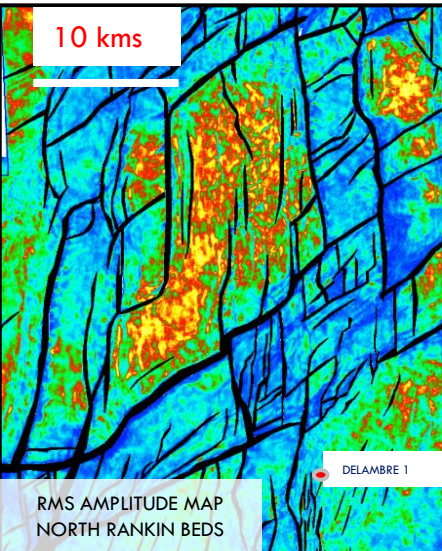
Australian assets – North Carnarvon Basin

16

WA-482-P

Prospect example:

Prospective at a number of levels from Lower Jurassic Nth Rankin beds to Triassic, Top and Intra-Mungaroo Formation levels.



High amplitudes within lower Mungaroo Formation

Peru assets – Block Z-38 – Tumbes Basin

17

Location:

Tumbes basin water depths 300-1000m. Close to fields that have produced over 1.6 billion barrels of oil

Prospective resource range:

16 prospects and leads identified with current Net Unrisked Mean Prospective Resources totalling 1.92 billion barrels

Interest:

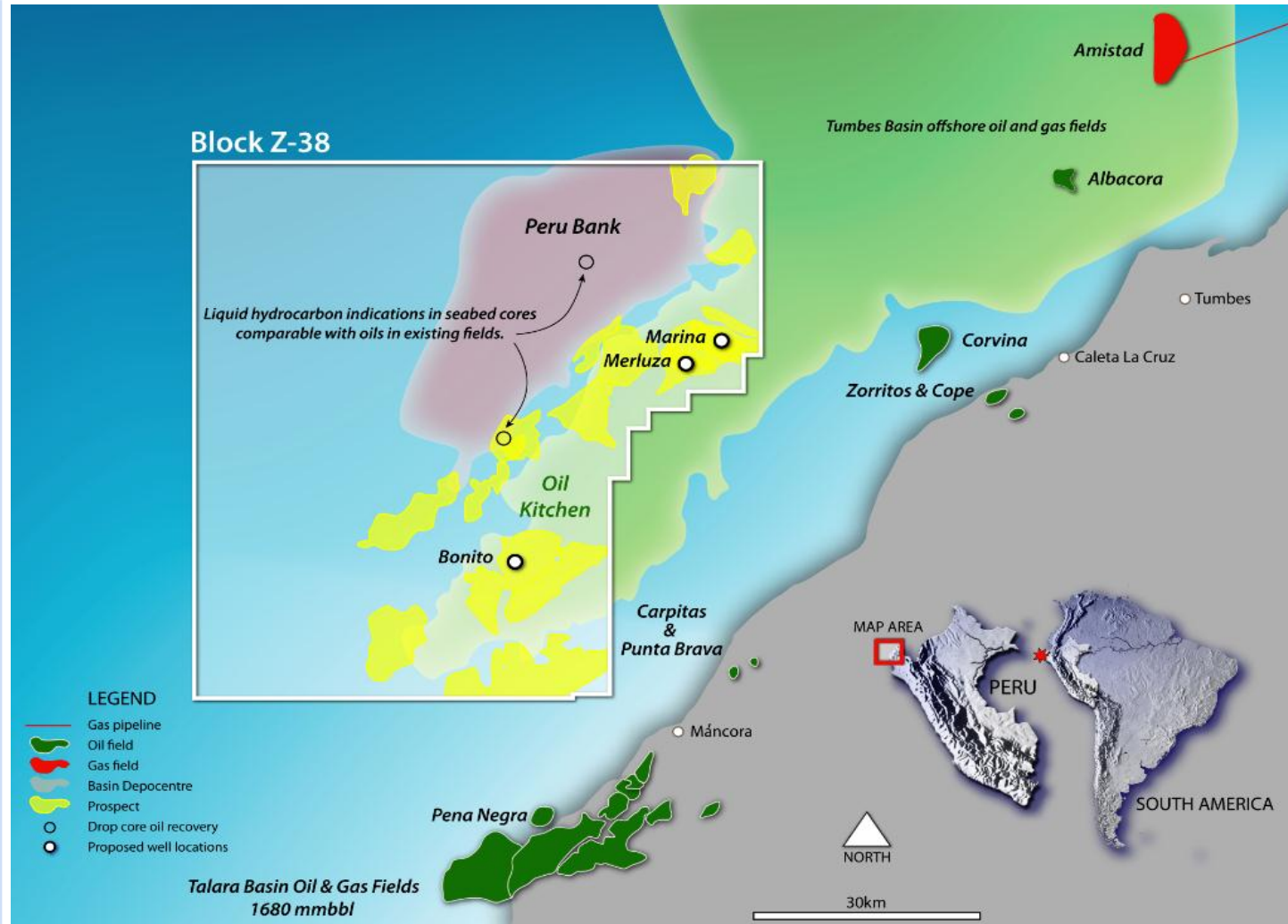
75% equity in Z-38 subject to completion of farm-in terms with Pitkin Petroleum Plc (formally Vamex)

Forward Plans:

Farm-out to begin 1st quarter 2013

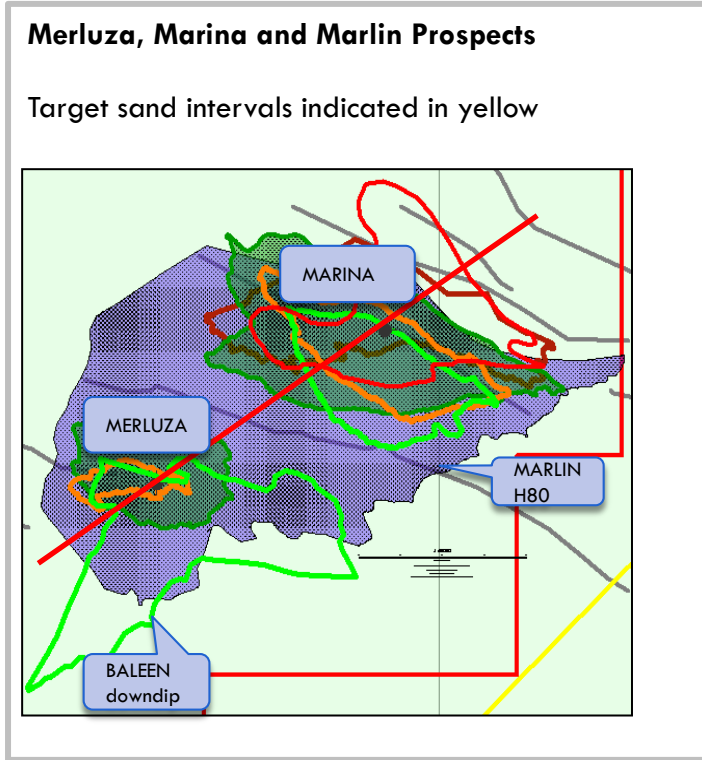
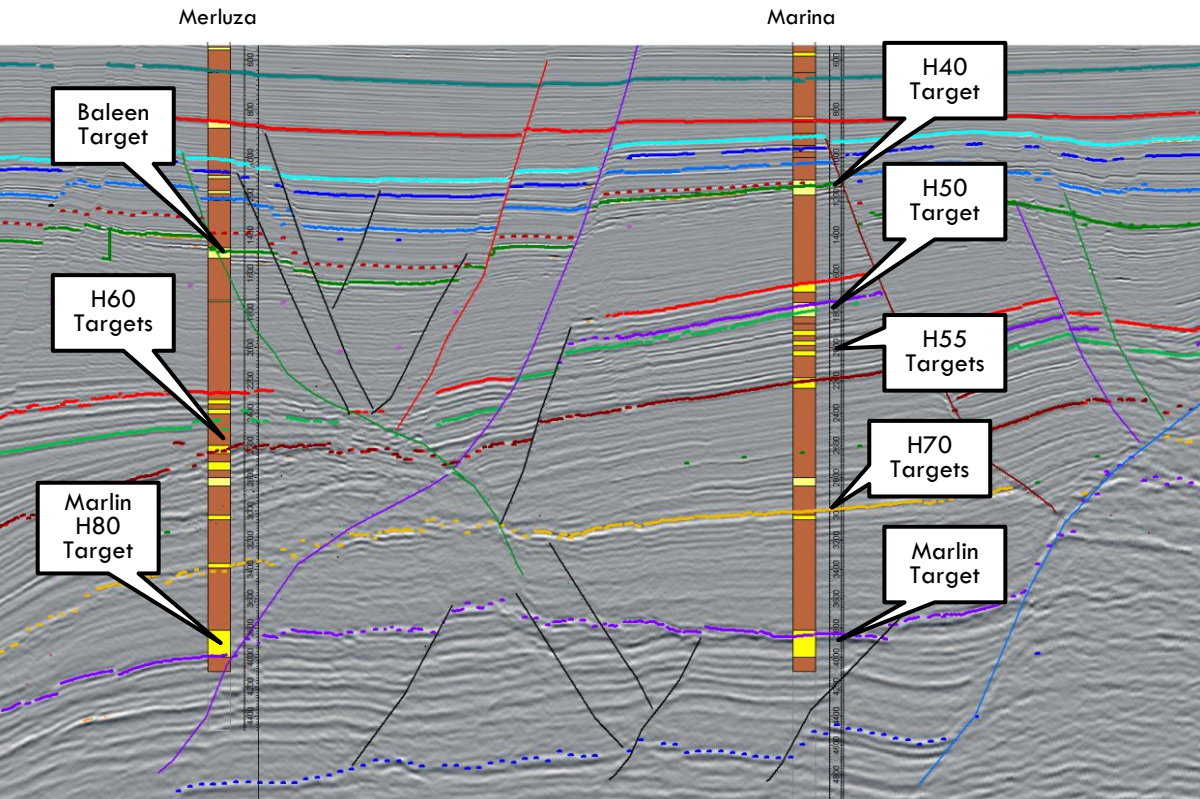
Drill up to 3 wells expected to start 2nd half 2013. Rig currently being sourced

Program to last 6 to 9 months



Perspective resource estimates represent current interpretations by Karoon of available exploration data and are subject to material change and reinterpretation as exploration and appraisal proceeds

Peru assets – Tumbes Basin Drilling candidates



Merluza-1 will test three overlying prospects, Balenn, Merluza H60 Mean Prospective Resource 51 mmbls

Baleen (all) – Mean Prospective Resource 189 mmbls

Marina-1 will test five overlying prospect levels, H40, H50, H55, H70.

Mean Prospective Resource 392 mmbls

Marlin Prospect Zoritos level

Mean Prospective Resource 124 mmbls

Bonito Prospect

Mean Prospective Resource 360 mmbls

Peru Marañon Basin – Block 144

19

Location:

Marañon Basin, Peru. On trend with Situche Central oil field. Close to under-capacity oil export pipeline and major navigable rivers

Prospective resource range:

3 prospects being evaluated

Interest:

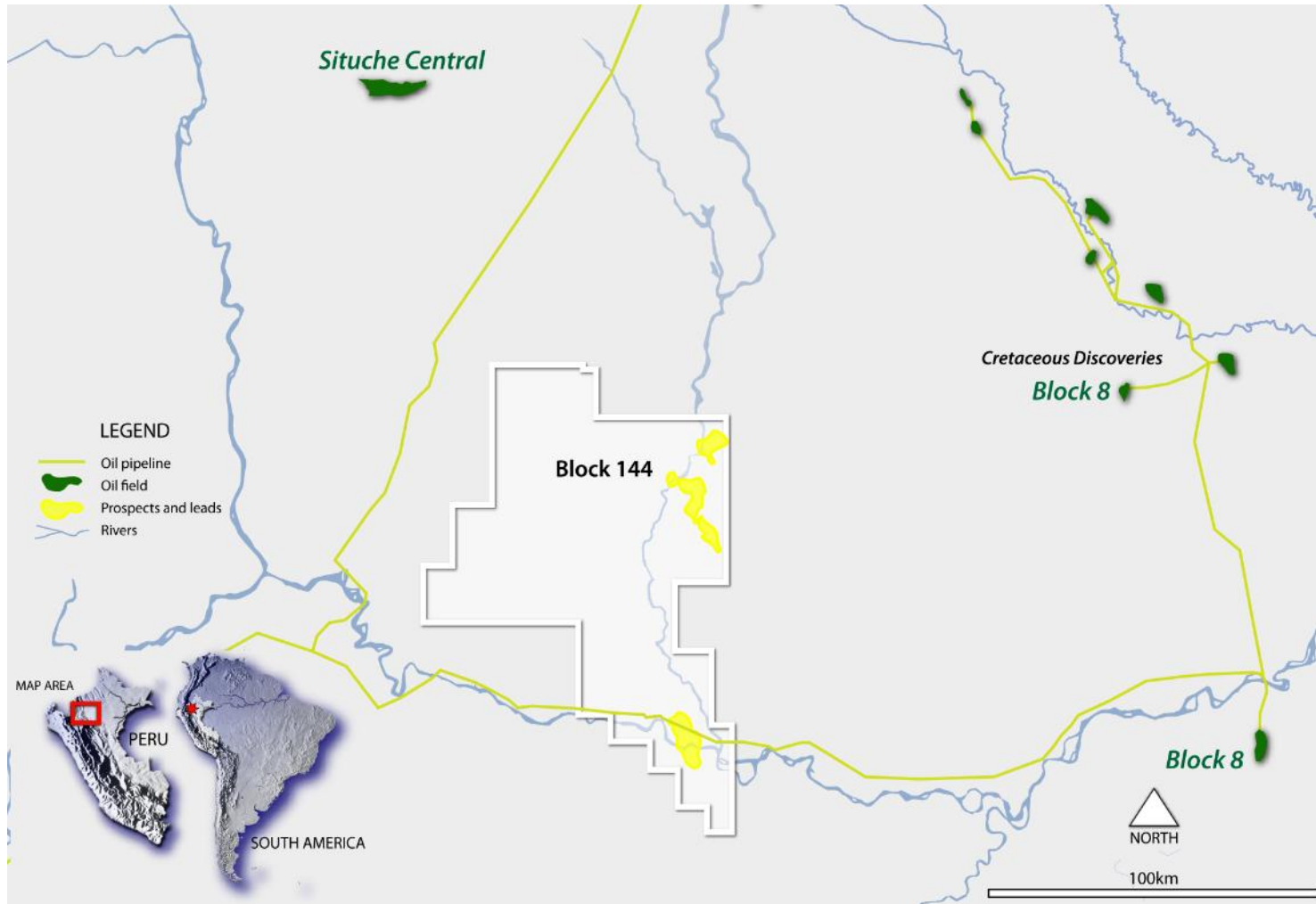
100% equity

Forward Plans:

Acquire 2D seismic in the south and east to better define structure

Objective:

Define prospective resource size prior to drilling



Perspective resource estimates represent current interpretations by Karoon of available exploration data and are subject to material change and re-interpretation as exploration and appraisal proceeds

Activity summary

20

KAROON ACTIVITY	2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Indicative time line (@ October 2012)												
BROWSE BASIN (Aust)												
Drilling (firm)												
Boreas-1												
Zephyros-1												
Proteus-1												
Drilling options												
3D Seismic interpretation												
NORTH CARNARVON BASIN (Aust)												
Acquired permit												
3D Seismic acquisition												
Processing 3D Seismic data												
3D Seismic interpretation												
Well option												
SANTOS BASIN (Brazil)												
Drilling - planning & approvals												
Drilling (firm)												
Kangaroo-1												
Emu/Cassowary-1												
Bilby-1												
TUMBES BASIN (Peru)												
3D Interpretation												
Drilling - planning & approvals												
Drilling												
MARANON BASIN (Peru)												
Drilling - planning & approvals												
New 2D Seismic acquisition												
Interpretation												

DeGolyer & MacNaughton Assessment

21

Summary of DeGolyer and MacNaughton assessments of Karoon's Prospective and Contingent Resource Base as of 30th September 2009 and September 2012			Low Estimate	Best Estimate	High Estimate	Mean Estimate	Risked Mean Estimate	Number of Prospects and Leads
GAS	Net Contingent Gas Resource							
	Assessment date							
	September 2009	Poseidon Wet Gas (Tcf)			7.60			1
	Net Prospective Oil Resources							
	September 2009	Total Net Australia Browse Basin Wet Gas (Tcf)	1.80	4.50	11.20	5.80	1.60	7
OIL	Net Prospective Oil Resource							
	September 2012	Brazil, South America Oil (billion barrels)	0.46	0.86	1.54	0.94	0.25	12
	September 2012	Peru, South America Oil (billion barrels)	0.59	1.59	3.71	1.92	0.32	19
		Total Net Prospective Oil Resource (billion barrels)	1.04	2.45	5.25	2.86	0.56	31

Note: Excludes North Carnarvon Basin Permit WA-482-P, Maruja and Pre-Salt Prospects in Brazil, and takes into account current interest in Z-38 and the Pacific Rubiales Energy Corp farm-out deal.

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22

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