



KAROON GAS AUSTRALIA LTD



November Review 2012

Karoon Gas – snapshot

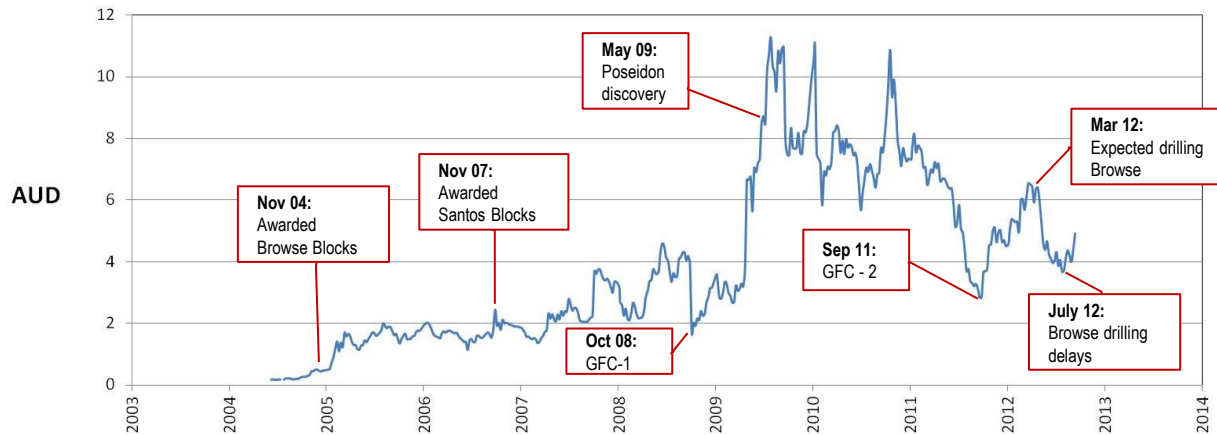
- Brazil Farm-out completed - 35% equity to Pacific Rubiales Energy Corp *
 - US \$40 million as consideration for the assignment of the Blocks
 - Executed final agreements for Pacific Rubiales to acquire a 35% interest in the Karoon's wholly owned Santos Basin Exploration Blocks, S-M-1101, S-M-1102, S-M-1037 and S-M-1165 with an option to acquire a 35% interest in S-M-1166
- Three well Santos Basin Exploration Drilling Campaign set to commence 4th quarter 2012

* Subject to regulatory approval

- Australian Browse Basin Drilling progressing – 5-8 wells
- Poseidon field:
 - Boreas-1 intersects target objective. Drill stem test confirmed – flows at 30.2 million scf per day (facility constrained)
 - Kronos-1 well flows at 26 million scf per day (facility constrained)
- New North Carnarvon Basin Exploration Block WA-482-P acquired



Karoon Share Price Movement

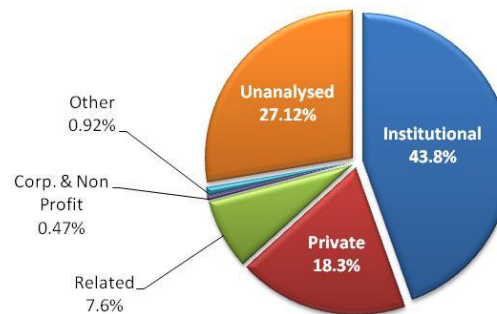


- ❑ 221 million shares
- ❑ 12 million unlisted options
- ❑ Market capitalisation approx A\$1.2 billion @ A\$5.40
- ❑ Cash at bank A\$243 million as at 31st October 2012
- ❑ Company in S&P/ASX 200 Index

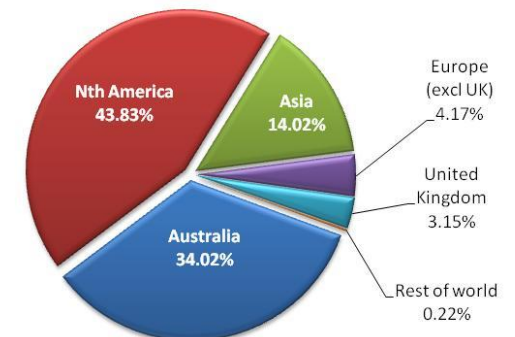
Substantial Shareholders

| Rank | Name | % ISC |
|------|-----------------------------------|-------|
| 1 | Wellington Management Company LLP | 12.09 |
| 2 | Talbot Group | 11.89 |
| 3 | Robert Hosking | 5.66 |
| 4 | FMR LLC | 5.34 |

Total Shareholder Composition



Institutional Shares by Geography





What we have done

- 2004 – ASX Listing
- Australia- Browse Basin
 - 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 at Kronos-1
 - 2012 - Discovery at Boreas-1
 - 2012 - Farm-in to North Carnaron Basin WA-482-P (100%)
- South America – 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*
- Peru – Tumbes Basin
 - 2008 - Farm-in to Z-38
 - 2009 - Acquired 2D seismic
 - 2010 - Acquired 3D seismic

*Subject to regulatory approval

What we are doing

- Australia, Browse Basin - Appraisal and exploration drilling 5-8 wells 2012-2014
- Browse Basin - farm-out of an interest in WA-314-P
- South America - Brazil, Santos Basin, drilling of 3 wells commencing 4th quarter 2012
- Peru - Tumbes Basin
 - Data room to be open 1st quarter 2013 - farm-out to follow
 - Preparations continuing for a minimum two well drilling program in late 2013

Where we are going

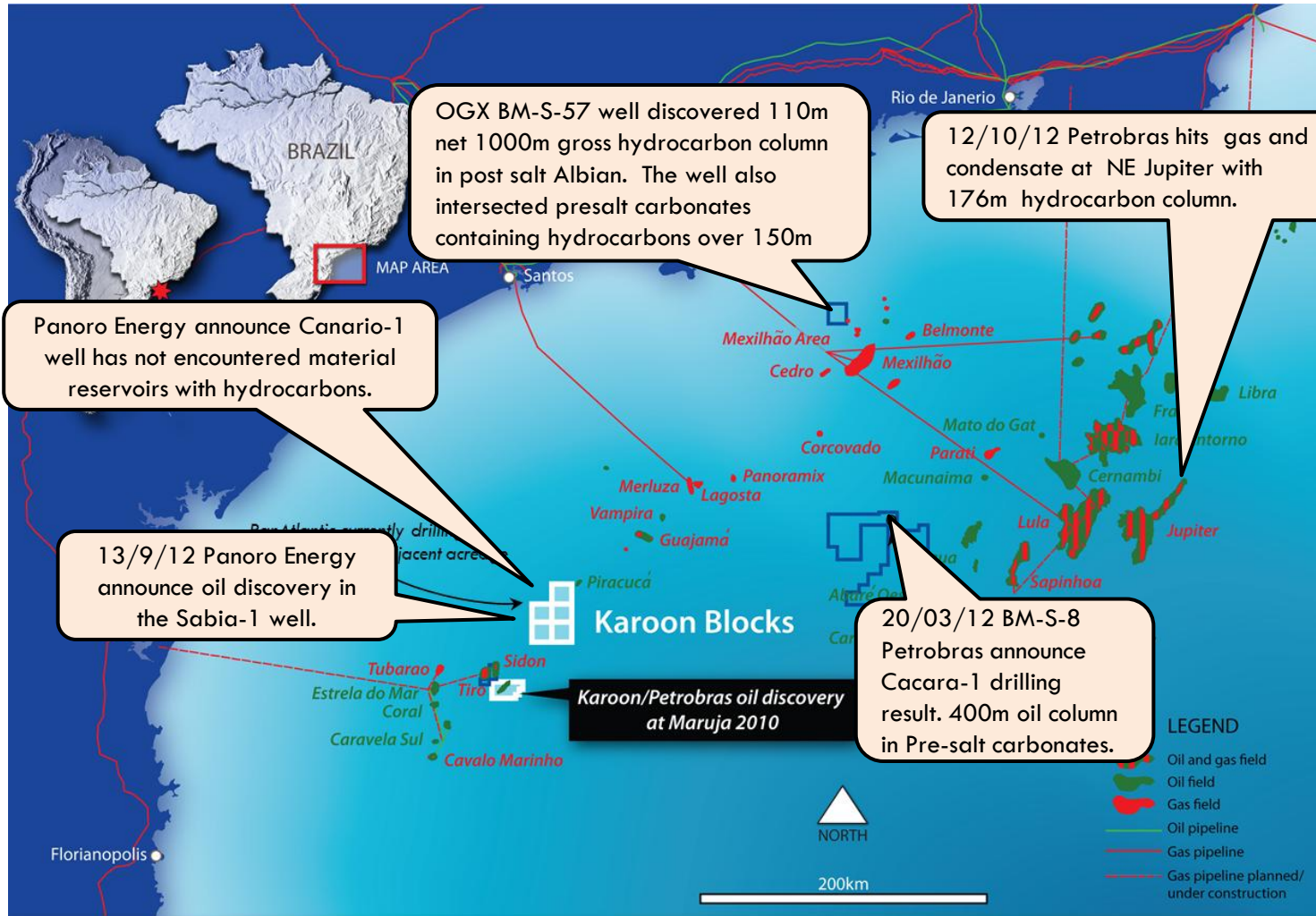
- Early entry into highly prospective basins, with high equity, larger potential targets and a proven petroleum system
- Realise value from prospective areas by managing equity positions and financing alternatives to provide the highest economic value for shareholders
- Leverage off high equity ownership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

Key personnel



| BOARD AND SENIOR MANAGEMENT | |
|--|--|
| <p>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</p> | <p>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</p> |
| <p>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</p> | <p>SCOTT HOSKING – COMPANY SECRETARY AND CFO International financial and commercial management background with expertise in corporate finance</p> |
| <p>JOSE COUTINHO BARBOSA – NON-EXECUTIVE DIRECTOR 38 years experience including roles as Exploration Director for Petrobras International and Braspetro. Rising to interim CEO of Petrobras</p> | <p>EDWARD MUNKS – DIRECTOR OF KEI 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</p> |
| <p>STEPHEN POWER – NON-EXECUTIVE DIRECTOR 25 years as a commercial lawyer providing advice to participants in the resources industry in Australia and overseas</p> | <p>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</p> |
| <p>GEOFF ATKINS – INDEPENDENT NON-EXECUTIVE DIRECTOR 35 years experience as a Marine Engineer with involvement with design and construction of LNG facilities</p> | |
| KEY PEOPLE | |
| <p>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</p> | <p>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</p> |
| <p>BRIAN LUECKE – EXPLORATION MANAGER – SOUTH AMERICA 40 years International and US experience in the oil and gas industry as Chief Geologist, Country Manager for Phillips Petroleum, IEDC and ARCO and Chief Executive for Anzoil</p> | <p>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</p> |

Brazilian assets- Regional Activity



Location:

- Santos Basin, Brazil. 300-400m water depth.
- On trend with Piracuca, Newton, Muluza, Maruja, Tiro and Sidon fields

Karoon discovered resource:

- Maruja oil field

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 0.94 billion barrels
- Pre-salt values subject to additional work

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)

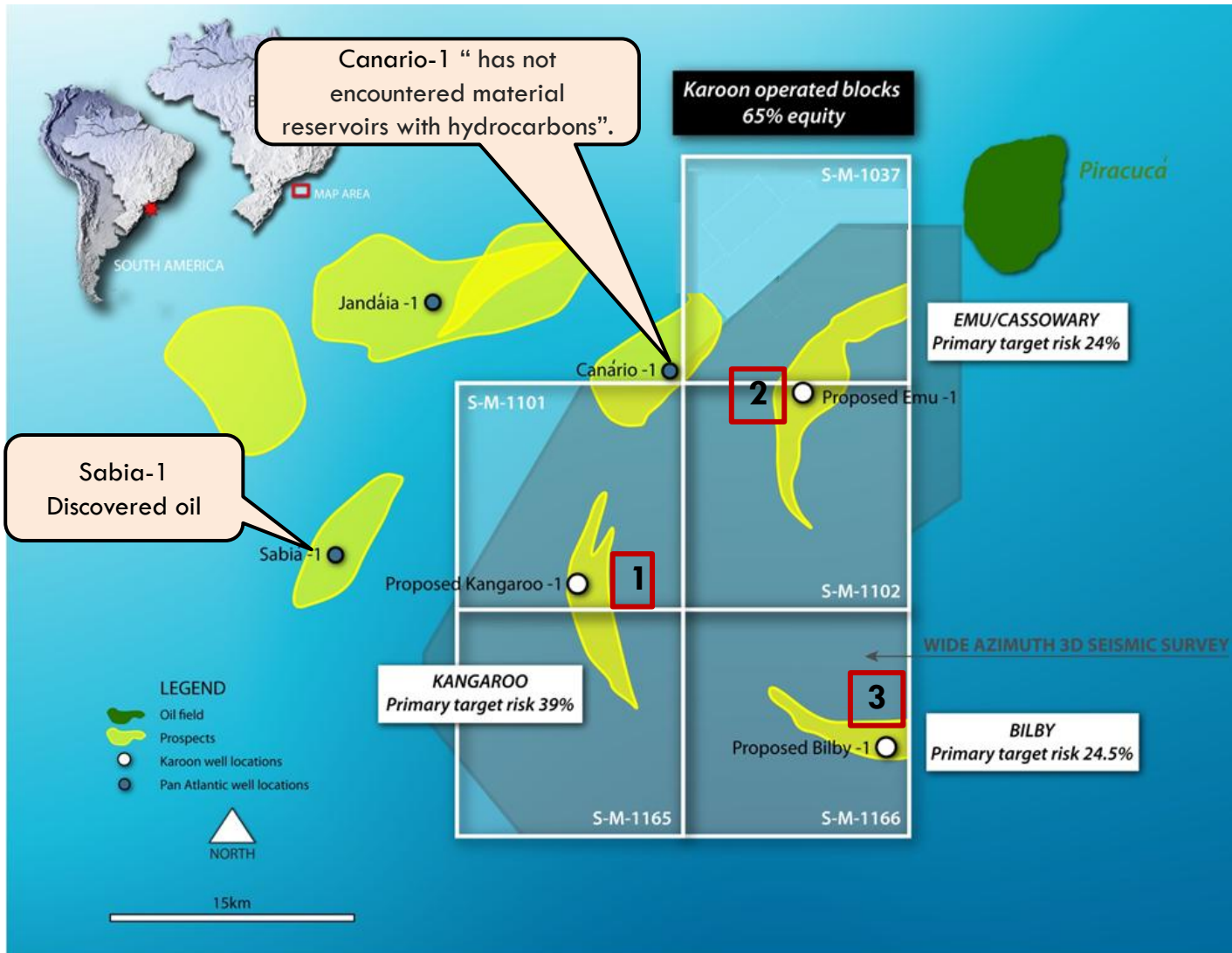
Forward plans:

- Drill 3 wells start in 4th quarter of 2012
- Program to last 6 to 9 months
- Maruja field, define appraisal/development program

Prospect drilling order:

1. Kangaroo
2. Emu/ Cassowary
3. Bilby

Brazil assets – Activity Summary



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

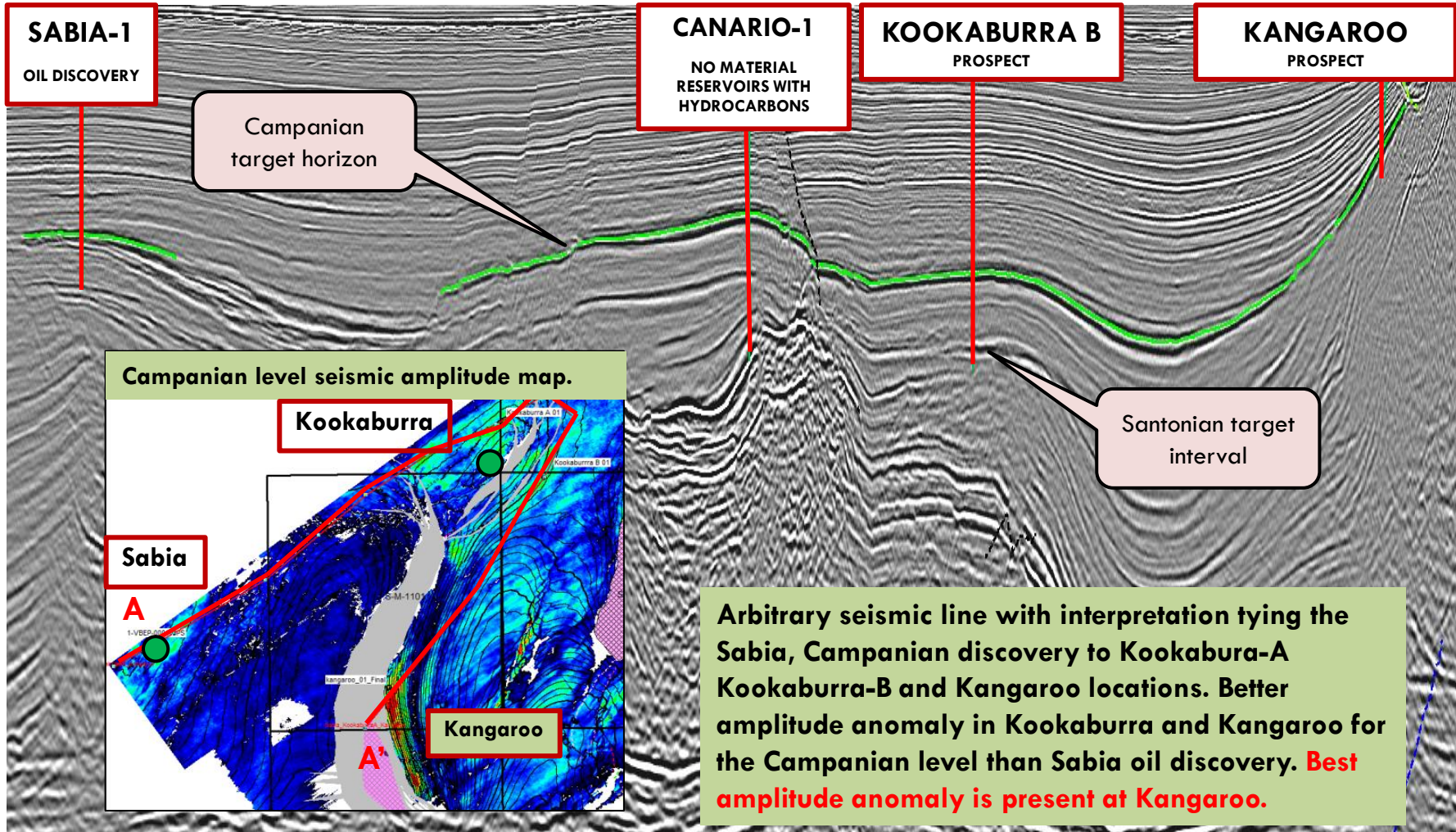
- Pacific Rubiales Energy Corp:
 - Pay US\$40 million in cash consideration
 - US\$140-US\$210 million in carried well costs
 - 35% of all costs over and above the well carry commitment

Adjacent acreage discovery

- Sabia-1, Panoro Energy announced a discovery in the well on the 13th Sept 2012. Scout reports indicate interbedded oil bearing sands over a 20m interval

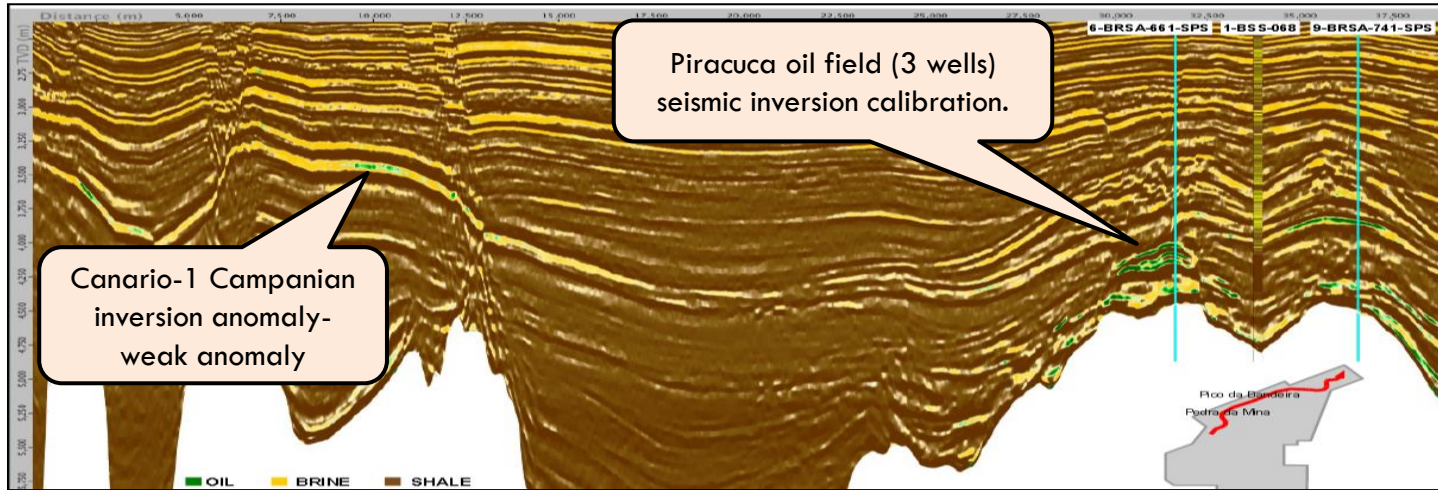
Brazil assets – Drill target comparison, seismic amplitude

A



A'

Brazil assets – Drill target comparison, seismic inversion



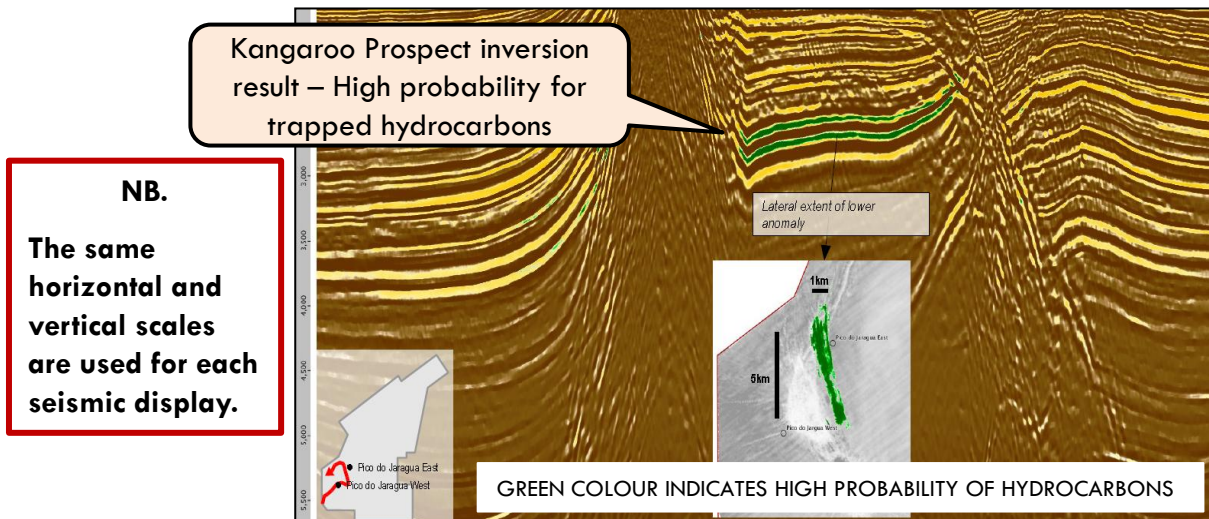
Seismic attribute study results

Seismic amplitude and inversion tools work best where rock and fluid properties are suitable.

Ambiguous results can occur with thin and interbedded sands (a seismic resolution limitation).

Beware that these tools do not provide a unique solution.

Seismic amplitude and inversion results are calibrated to the same aged rocks at Piracuca and have produced encouraging results for the Kangaroo prospect and to a lesser extent for the Emu- Cassowary and Bilby prospects.

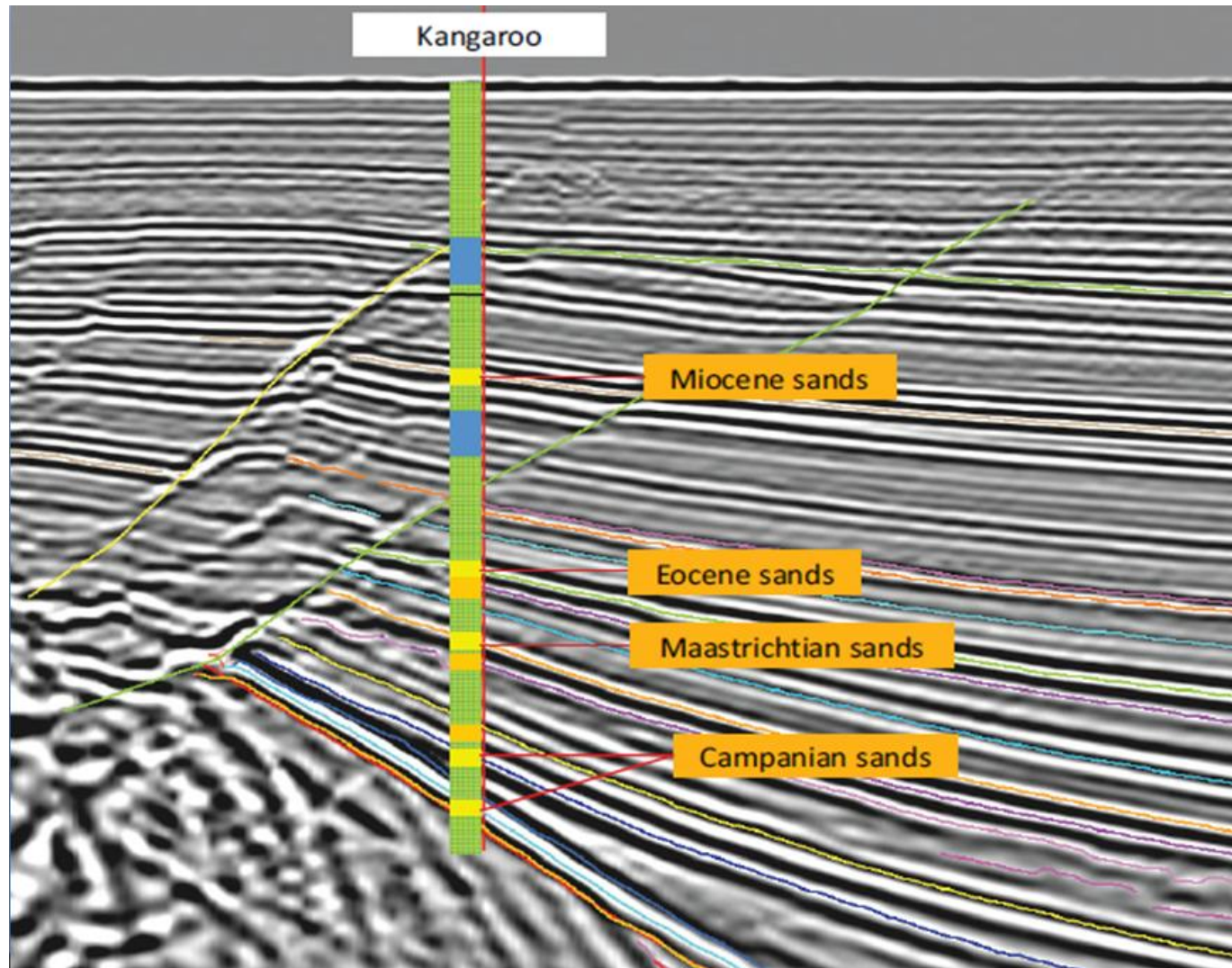


Adjacent acreage comparison

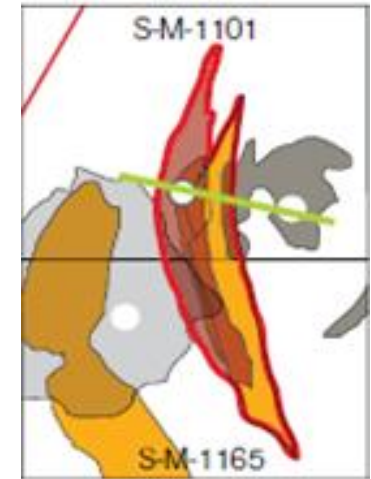
The main differentiating points between Karoon acreage and prospects and those of the blocks to the west are;

- Better setting for thick reservoir development
- Better supporting seismic anomalies
- Better access to oil from presalt source rocks.

Brazil Santos Basin - Drilling candidates



Kangaroo Prospect (formerly Pico do Jaraguá E.)

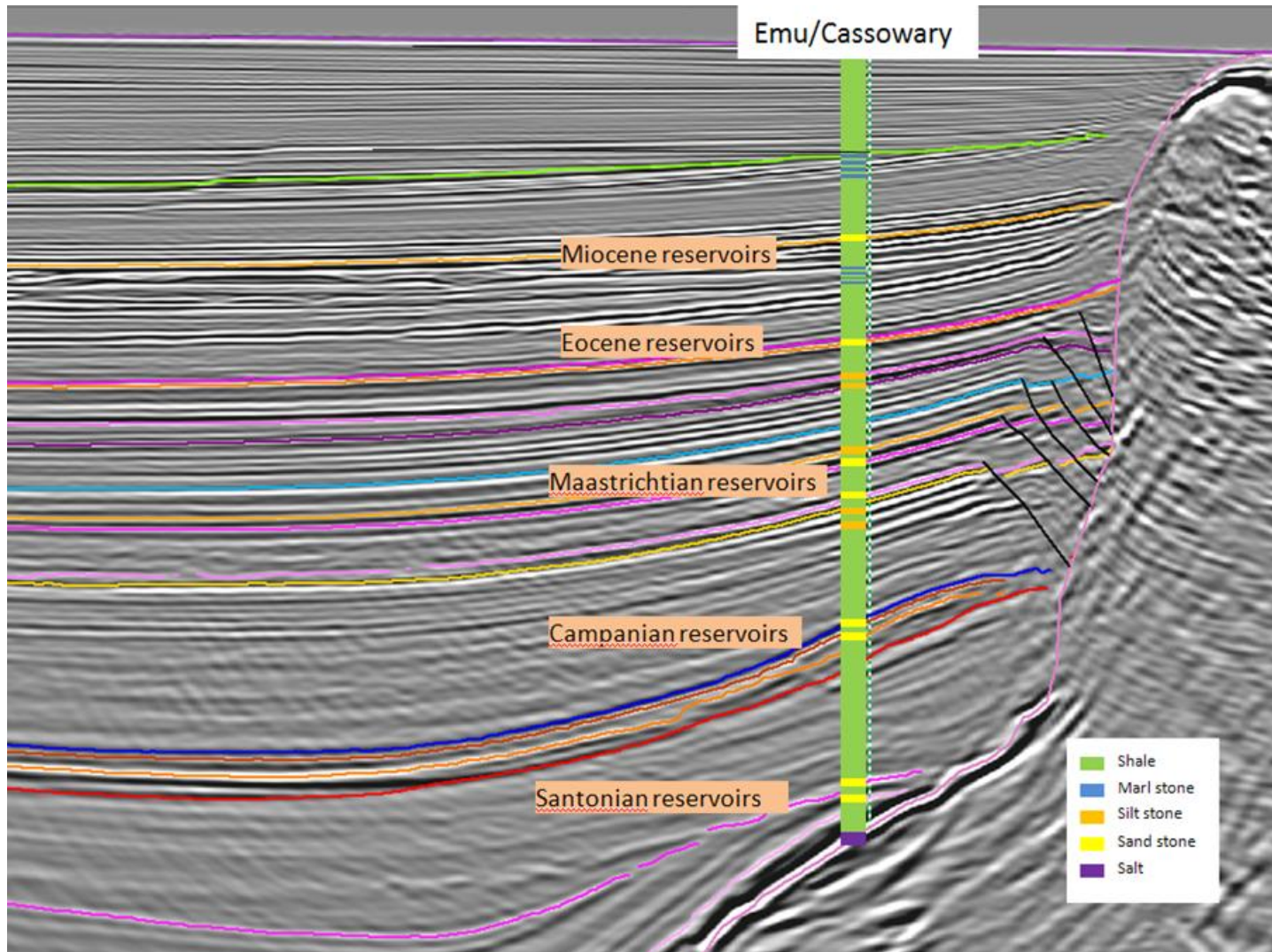


Primary target is the Campanian sands interval which show a good seismic DHI (Direct Hydrocarbon indicator)

Gross Prospective resource total for all levels -Mean 272mmbls to High case 387 mmbls.

Primary target Mean 146 mmbls to High case 229 mmbls

Brazil Santos Basin - Drilling candidates



Emu/Cassowary Prospect

Target intervals indicated in yellow (sandstones)

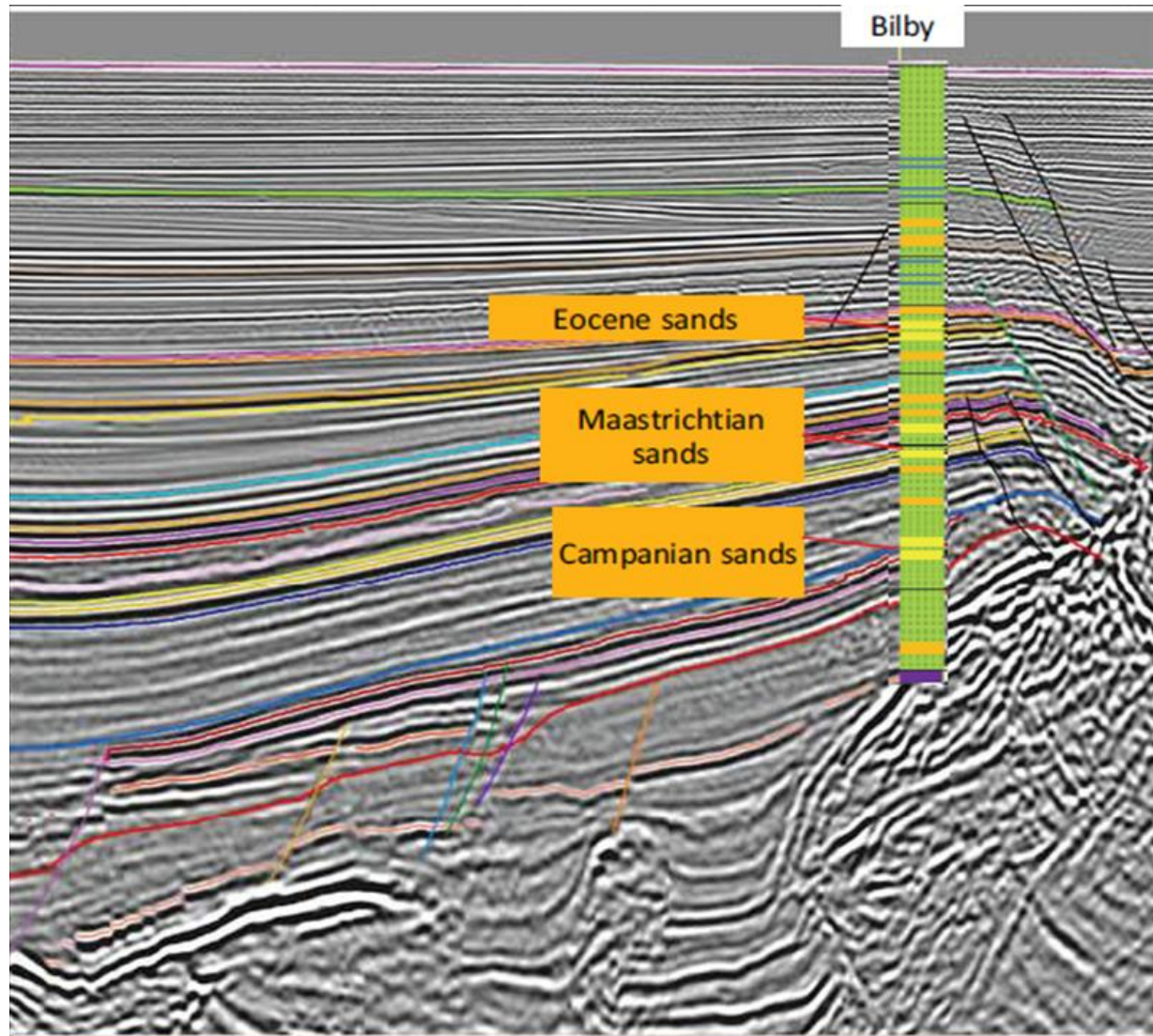


Primary target is the Campanian and Santonian sand intervals

Gross Prospective resource total for all levels - Mean 350mmbls to High case 600mmbls.

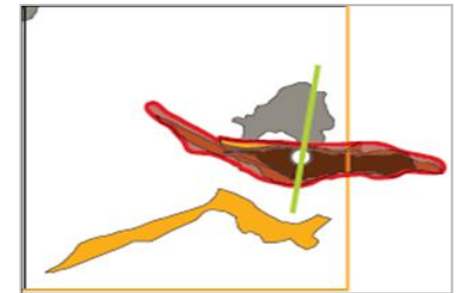
Primary target Mean 300 mmbls to High case 500 mmbls

Brazil Santos Basin - Drilling candidates



Bilby Prospect

Target sand intervals indicated in yellow (sandstones)



Primary target is the Campanian sand intervals which show a good seismic DHI (Direct Hydrocarbon Indicator)

Gross Prospective Resource total for all levels -Mean 110mmbls to High case 170 mmbls.

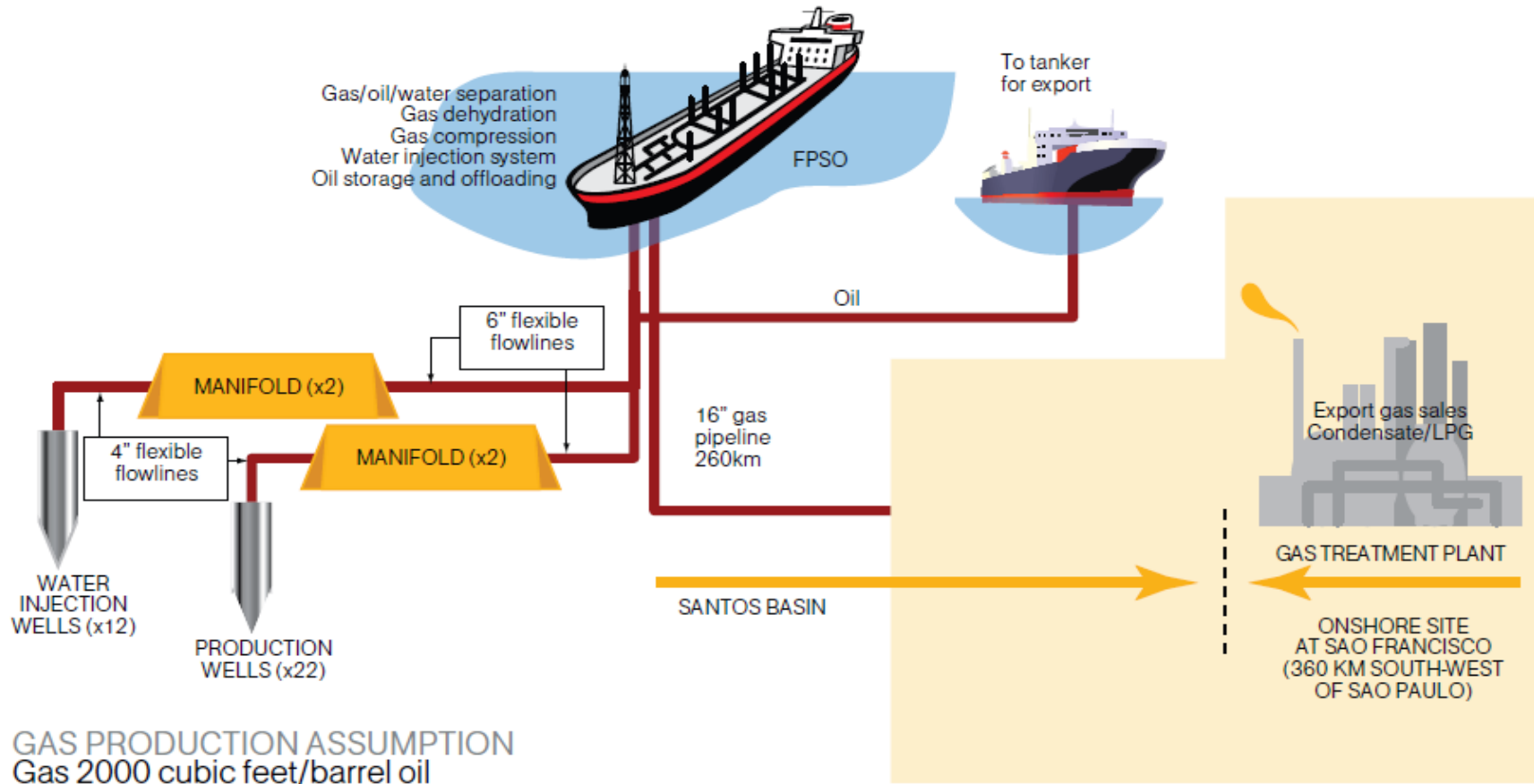
Primary target -Mean 50 mmbls to High case 110 mmbls

Santos Basin

Indicative development model and economics

Karoon 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).



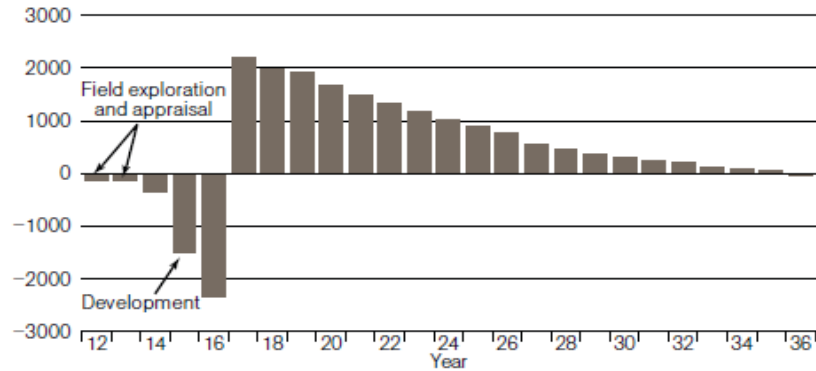
Santos Basin

Indicative development model and economics

Net cash flow

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

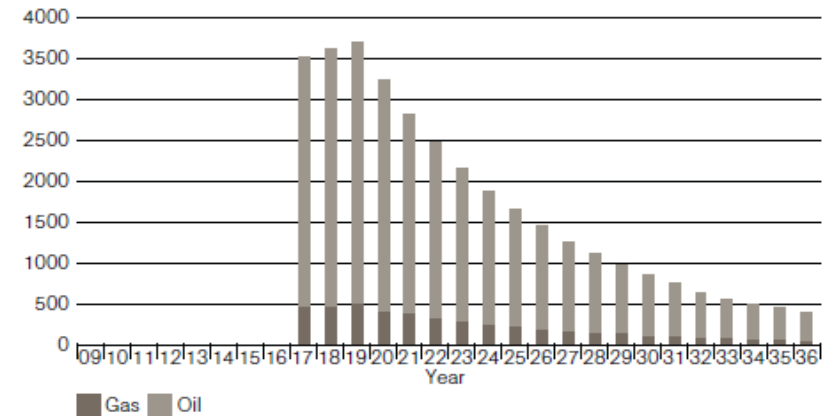
Net cash flow (US\$million)



Product revenues

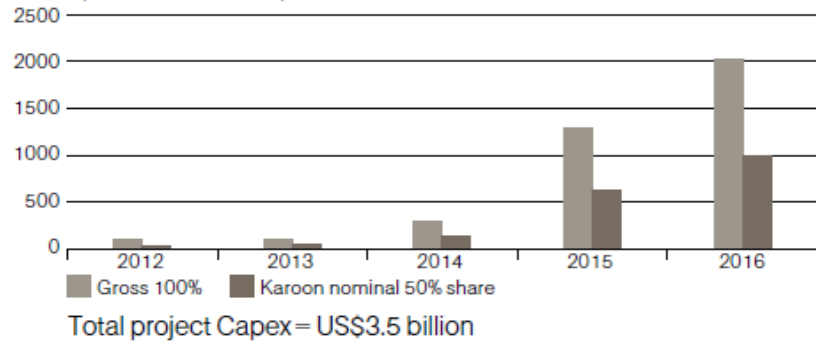
Oil and Gas Revenues- 100% share.

Oil and Gas Revenues (US\$million)



Capex profile

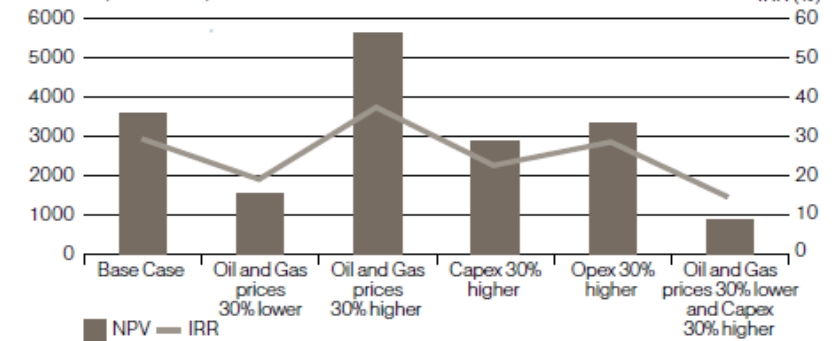
CAPEX (US\$million - 3Q 2011) Karoon share



Economic sensitivity analysis

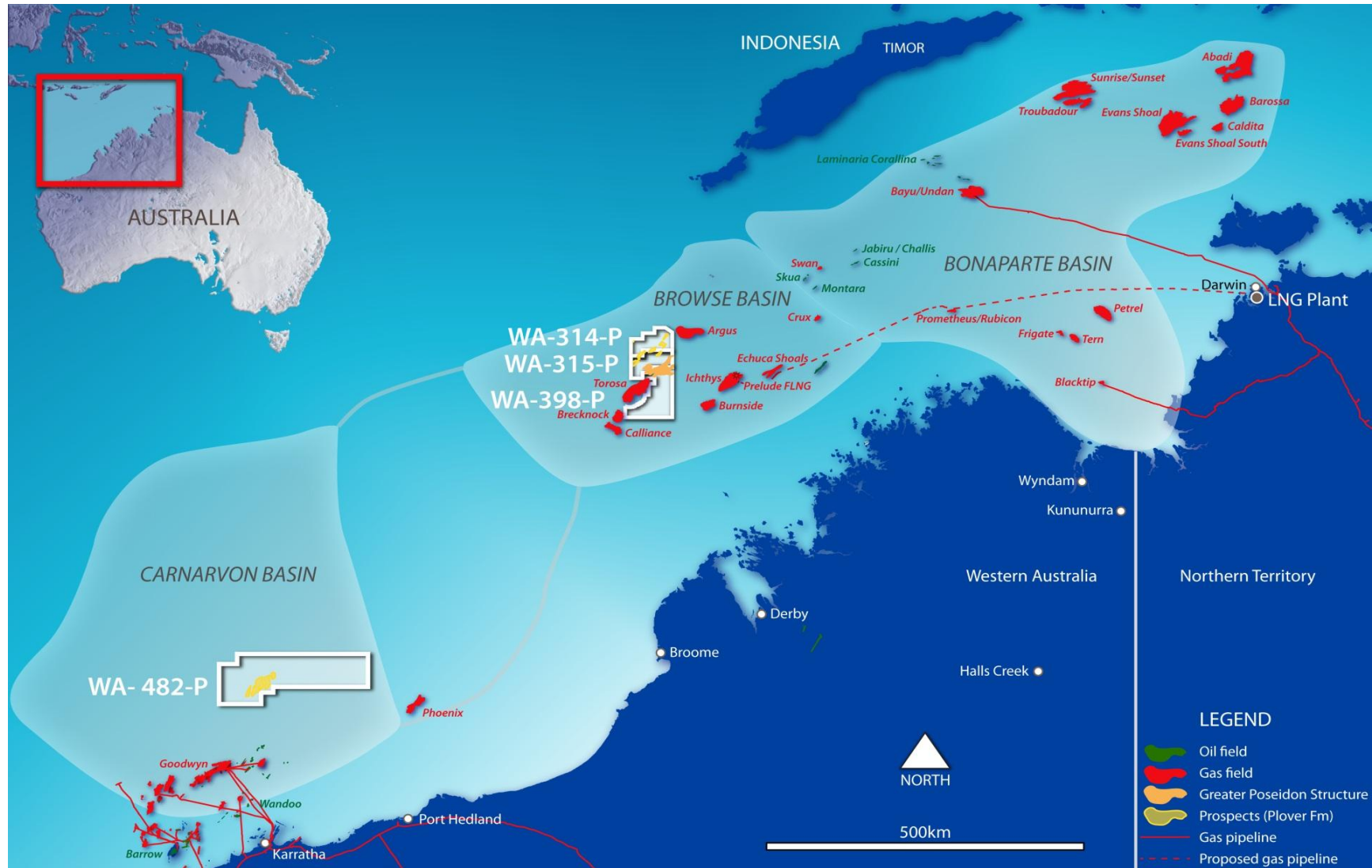
NPV-10% (US\$million)

IRR (%)

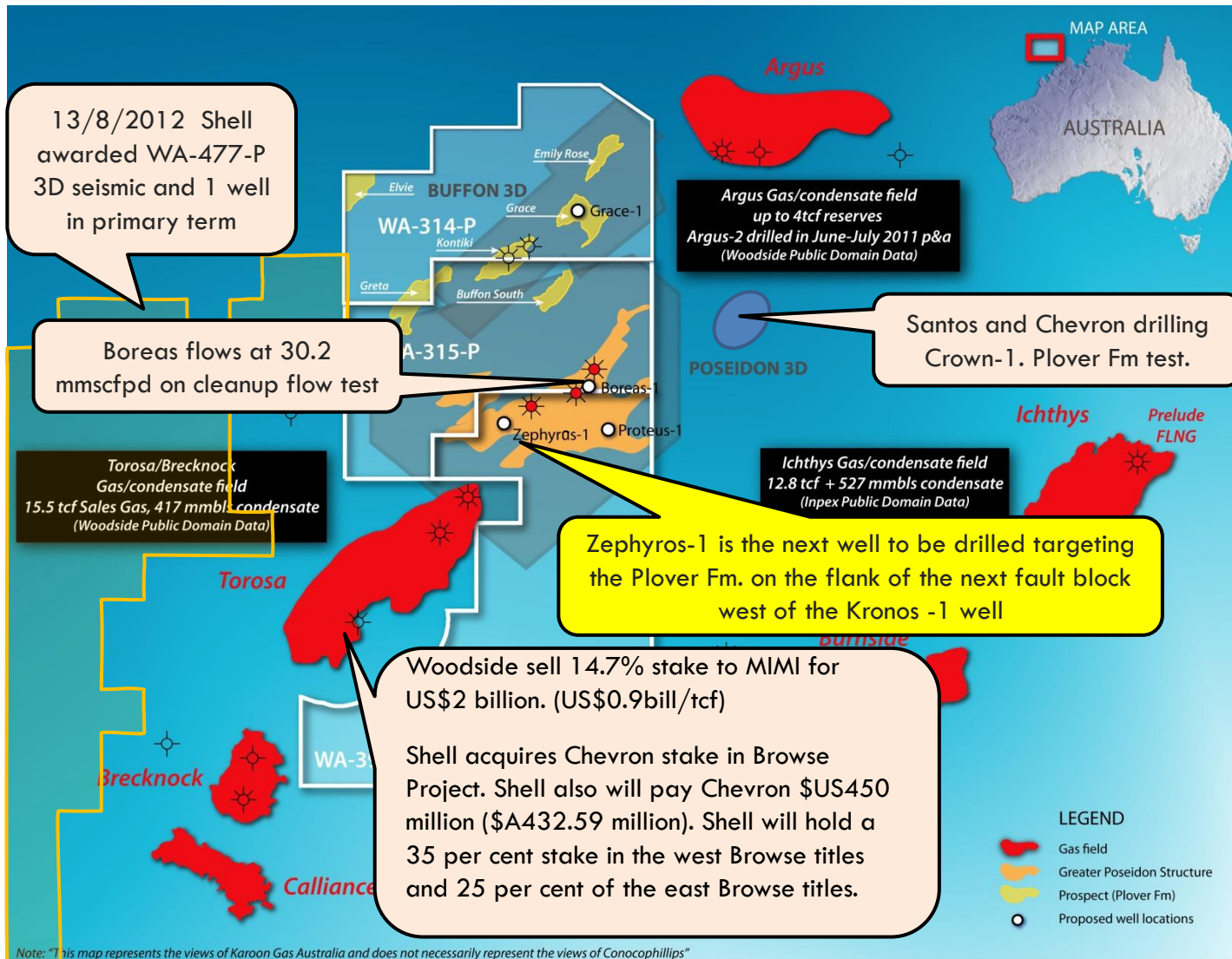


Project NPV US\$3.6 billion, IRR 29%
Assumptions: Oil US\$90/bbl, Gas US\$7/mmbtu

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:

- Poseidon/Kronos Contingent Resource Range; P90 - 3 tcf P50 - 7 tcf and P10 - 15 tcf

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

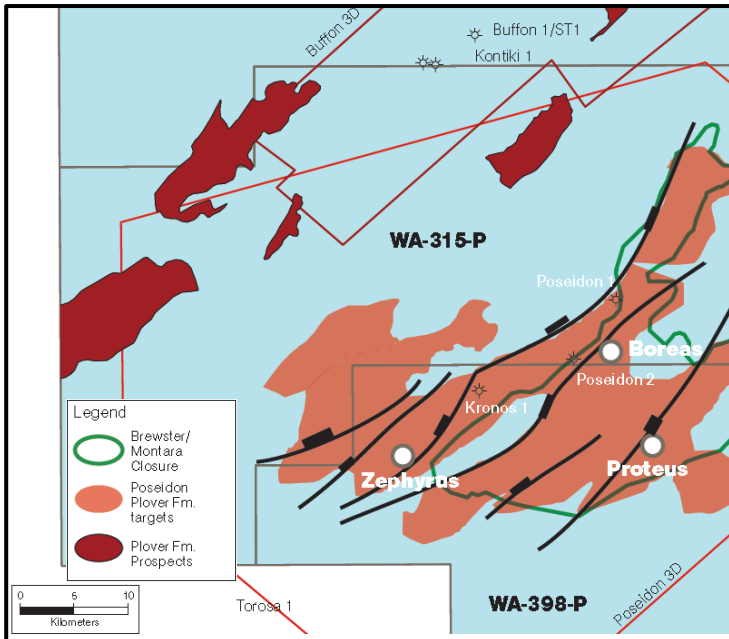
Forward Plans:

- Drilling order:
 1. Boreas
 2. Zephyros
 3. Proteus
 4. 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

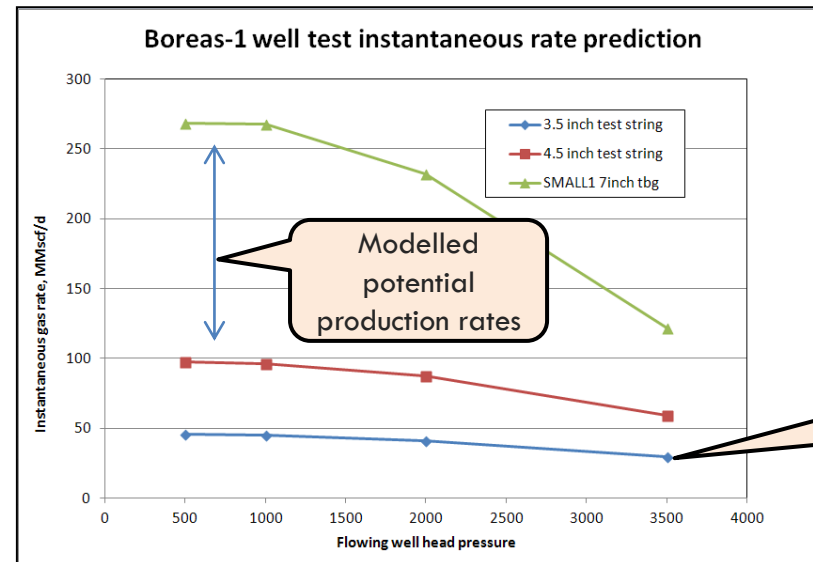
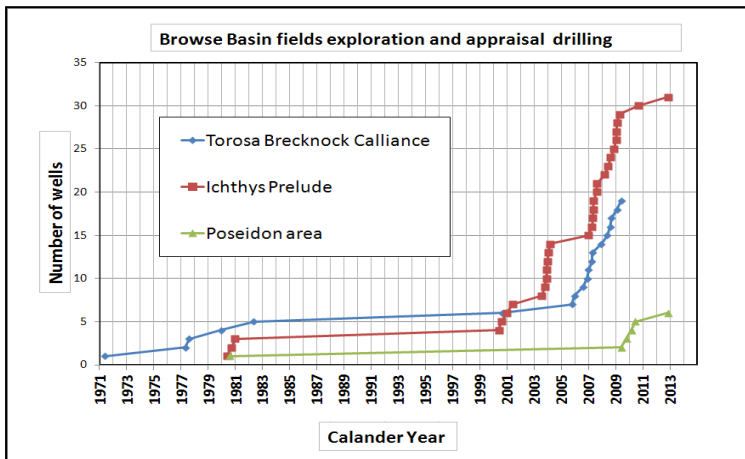
Australian assets – Browse Basin



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 million scfpd 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%.

"We are encouraged by the results from the Boreas-1 well in the Browse Basin. However, we are still in the early phase of exploration, with up to a further seven wells to be drilled in the next two years. This exploration will help us to better define the size and quality of the hydrocarbon accumulations within the exploration permits."

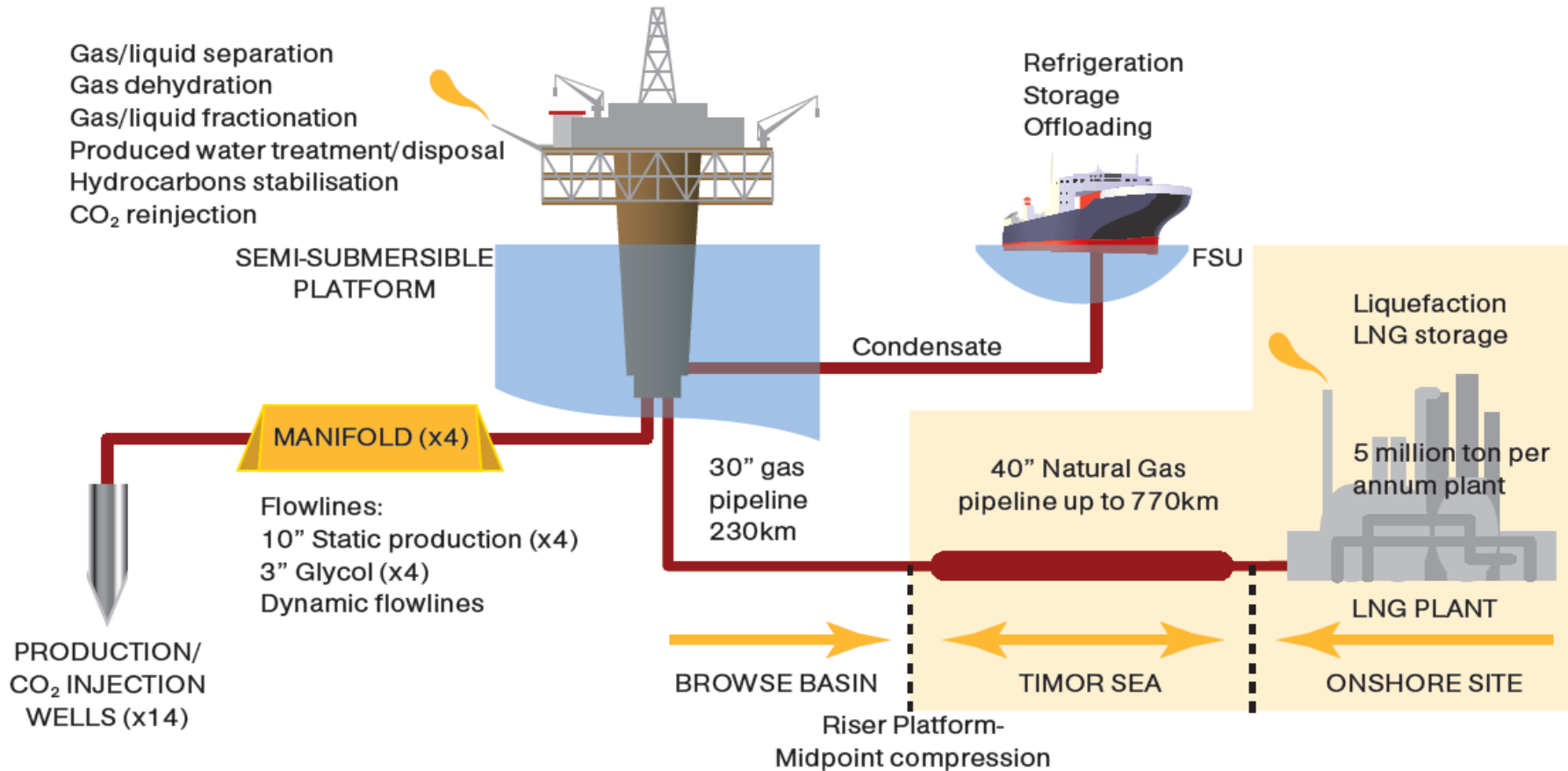


Note: This data represents the views of Karoon Gas and do not necessarily represent the view of ConocoPhillips.

Browse Basin

Indicative development model and economics

Karoon LNG/condensate indicative development model economics
 (assuming a discovery of 7 tcf and based on a leading third party design concept)



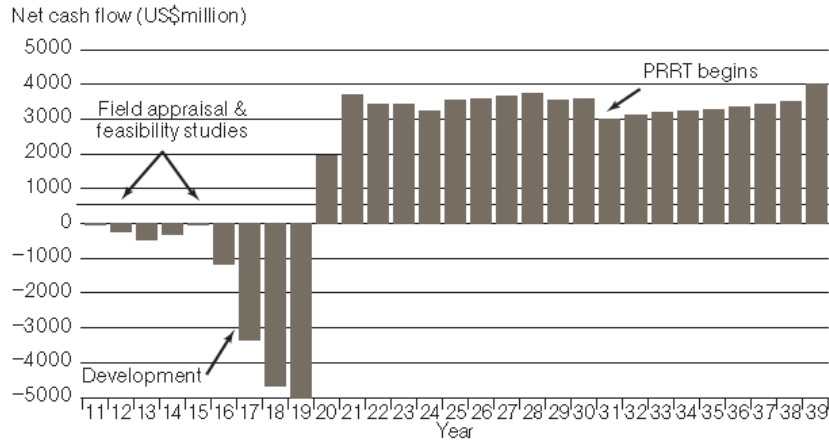
FIELD DEVELOPMENT, PIPELINE AND LNG FACILITIES SCHEMATIC (ONSHORE LNG OPTION)

Browse Basin

Indicative development model and economics

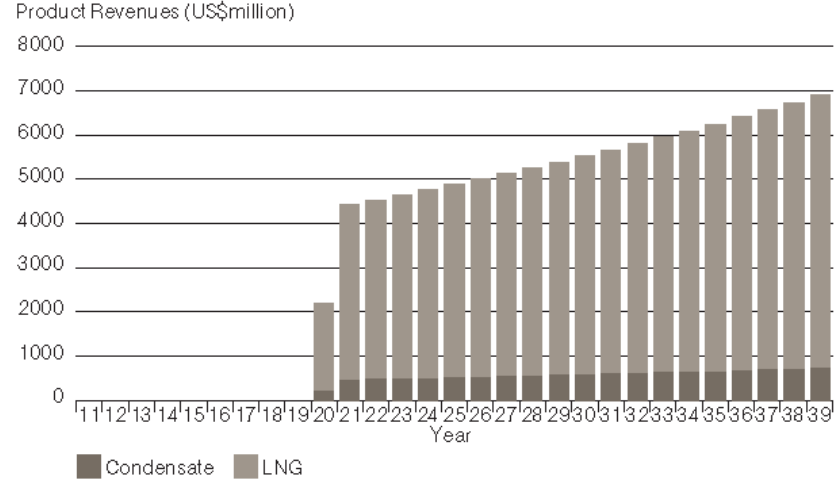
Combined Net Cash Flow

Net cash-flow for combined offshore liquids removal and onshore LNG – 100% share



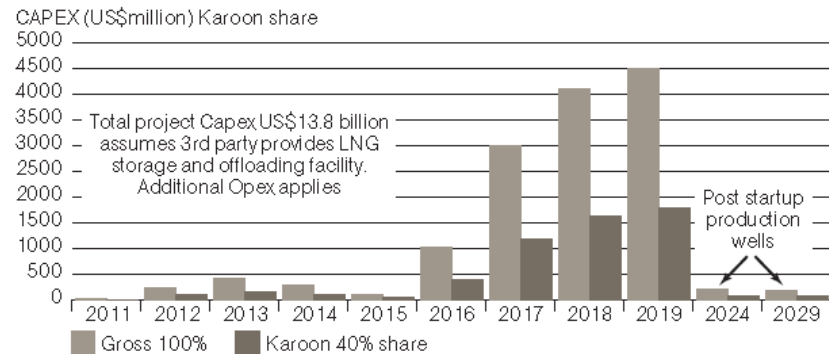
Product revenues

Product revenues for combined offshore liquids removal and onshore LNG – 100% Share.



Capex profile

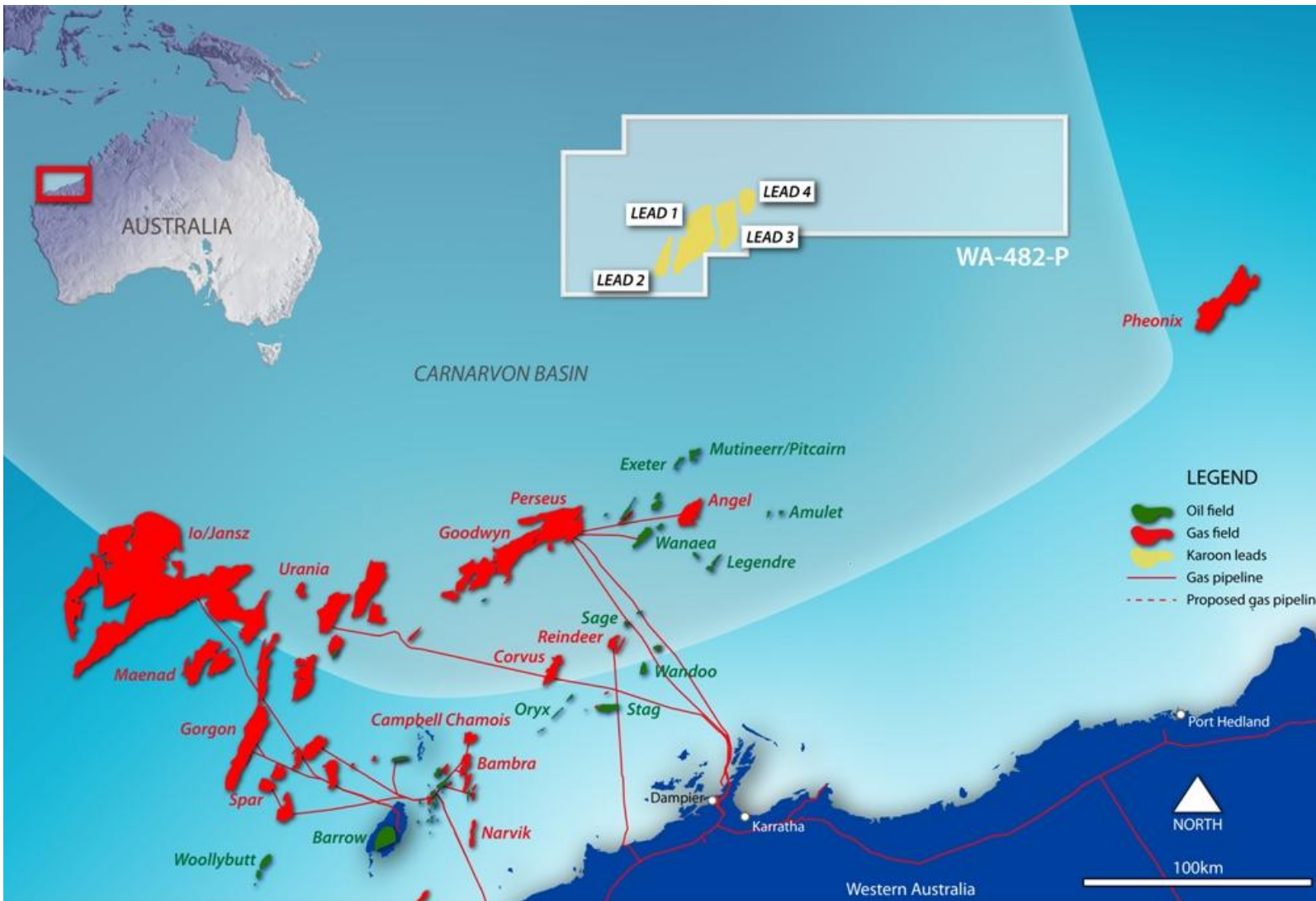
– 2011 US dollars



Total Karoon Capex = US\$5.5 billion
Total Capex = US\$13.8 billion

Project NPV US\$5.8 billion, IRR 16%
Assumptions: Condensate US\$90/bbl, LNG US\$12/mmbtu
Royalty: 1.5% ORR for first 5 years going to 2% thereafter (not included)

Australian assets – North Carnarvon Basin



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:

- 4 prospects and leads with multiple tcf potential

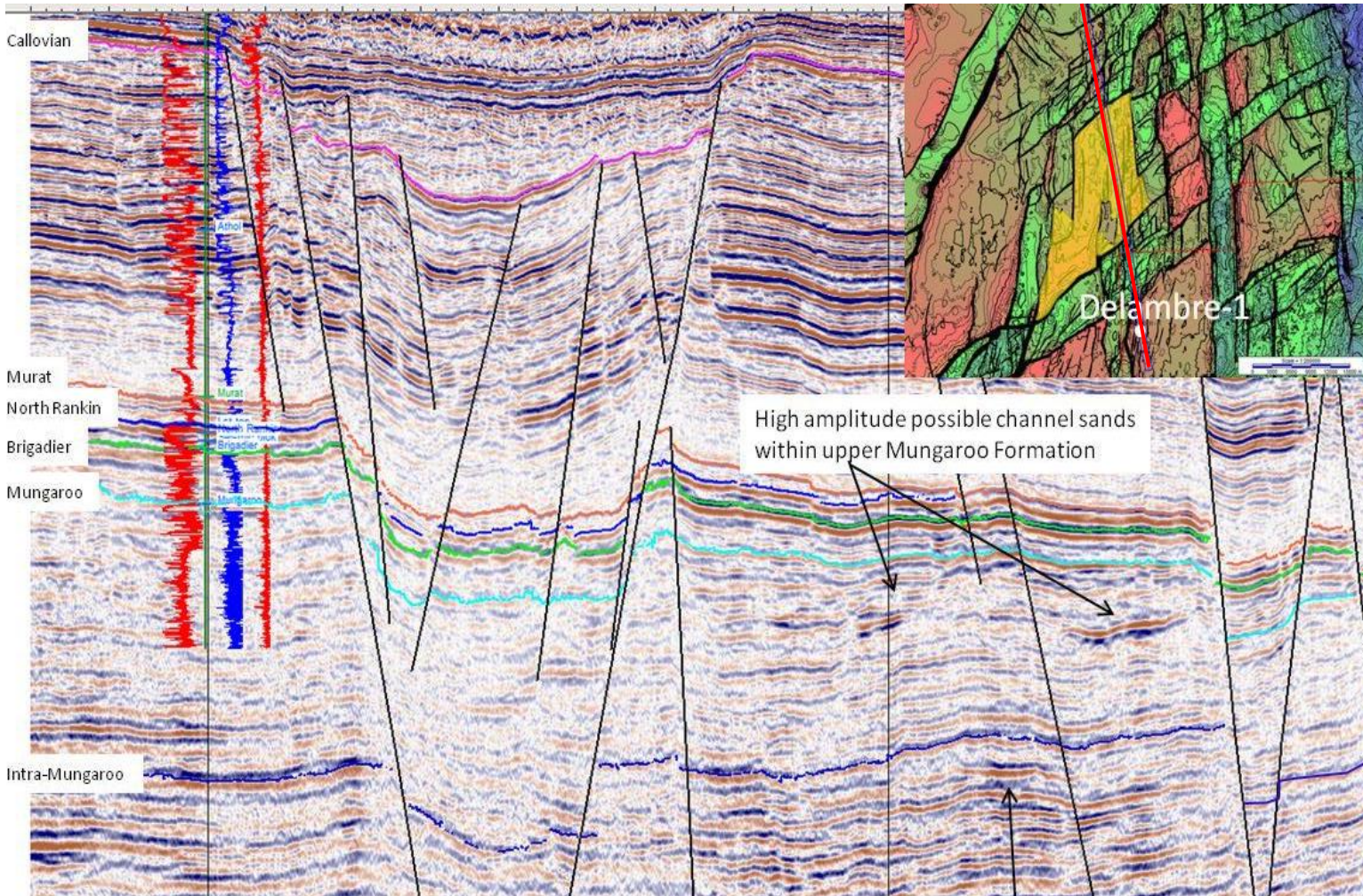
Interest:

- Earning 100% equity

Terms:

- Farm-in from Liberty Pet. Corp
 - Earn 100% by completing years 1 and 2 work program of geological and geophysical studies and 2010 sq Km 3D seismic
 - After completion of years 1 and 2 geological studies and 3D seismic, option to acquire 100% interest and enter year 3 well commitment

Australian assets – North Carnarvon Basin

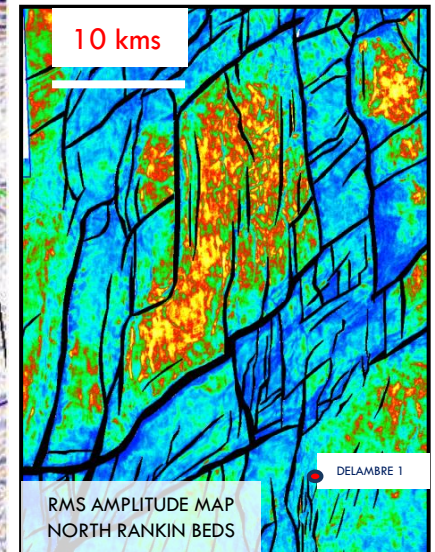


High amplitudes within lower Mungaroo Formation

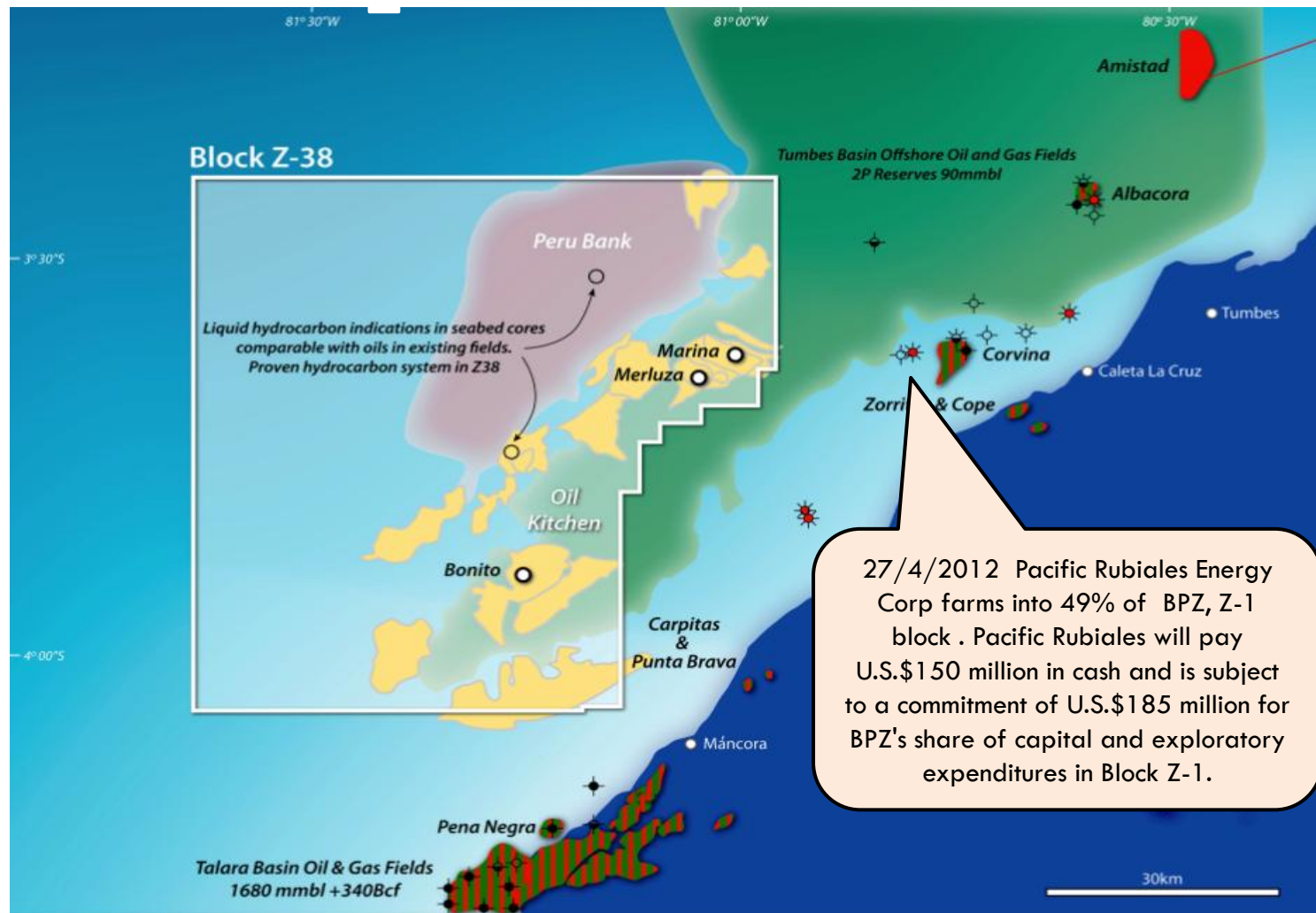
WA-482-P

Prospect example

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



Peru assets – Block Z-38 – Tumbes Basin



Location:

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

Prospective resource range

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

Interest

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

Forward plans

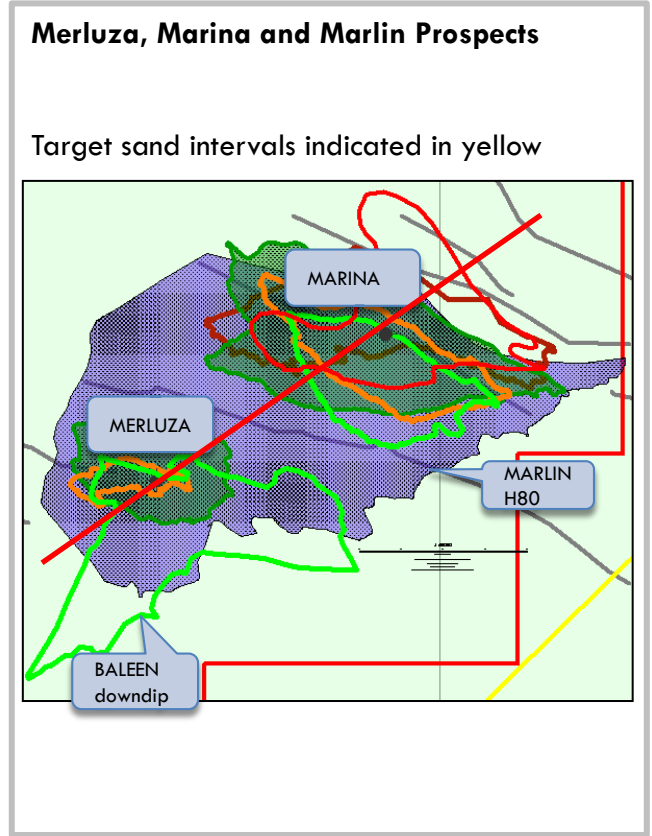
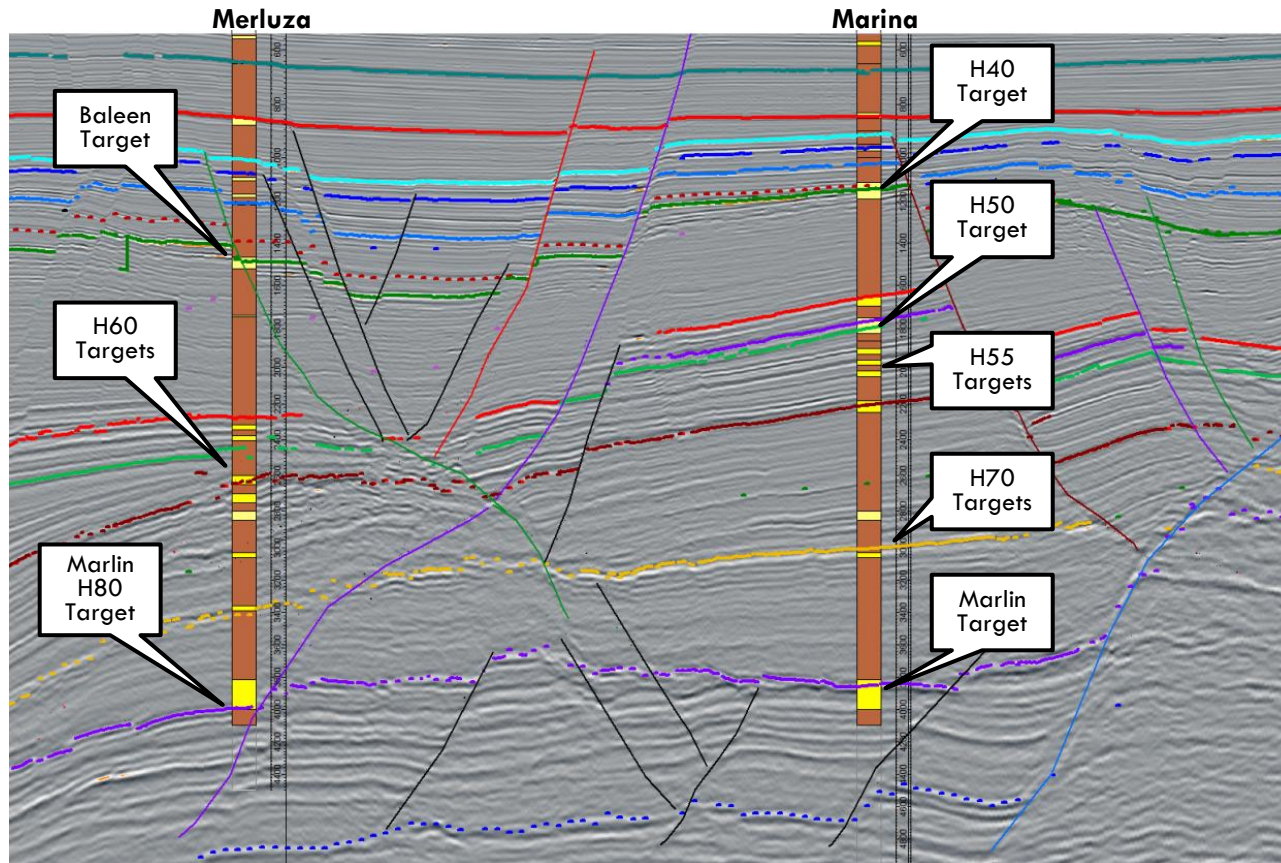
- Farm-out to take place 1st quarter 2013
- Drill up to 3 wells expected to start 2nd half 2013. Rig being procured
- Program to last 6 to 9 months

Objective

- Define resource size and progress to appraisal/development 2014

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, Baleen, Merluza H60. Mean Prospective Resource 51 mmbbls. Chance of success 17%

Baleen(all) -Mean Prospective Resource 189 mmbbls

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

Mean Prospective Resource 392 mmbbls. Chance of success 21%

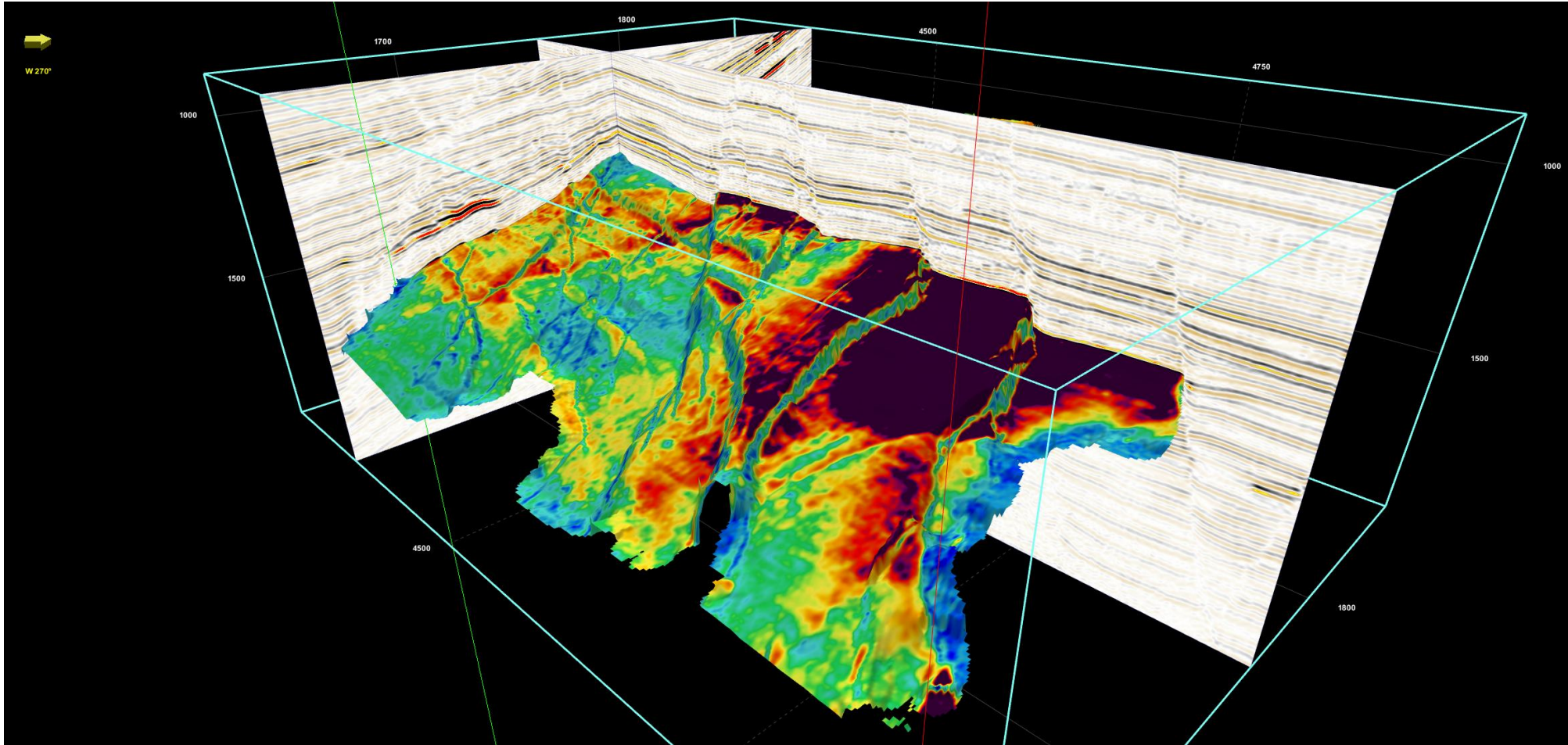
Marlin Prospect Zoritos level

Mean Prospective Resource 124 mmbbls. Chance of success 14%

Bonito Prospect

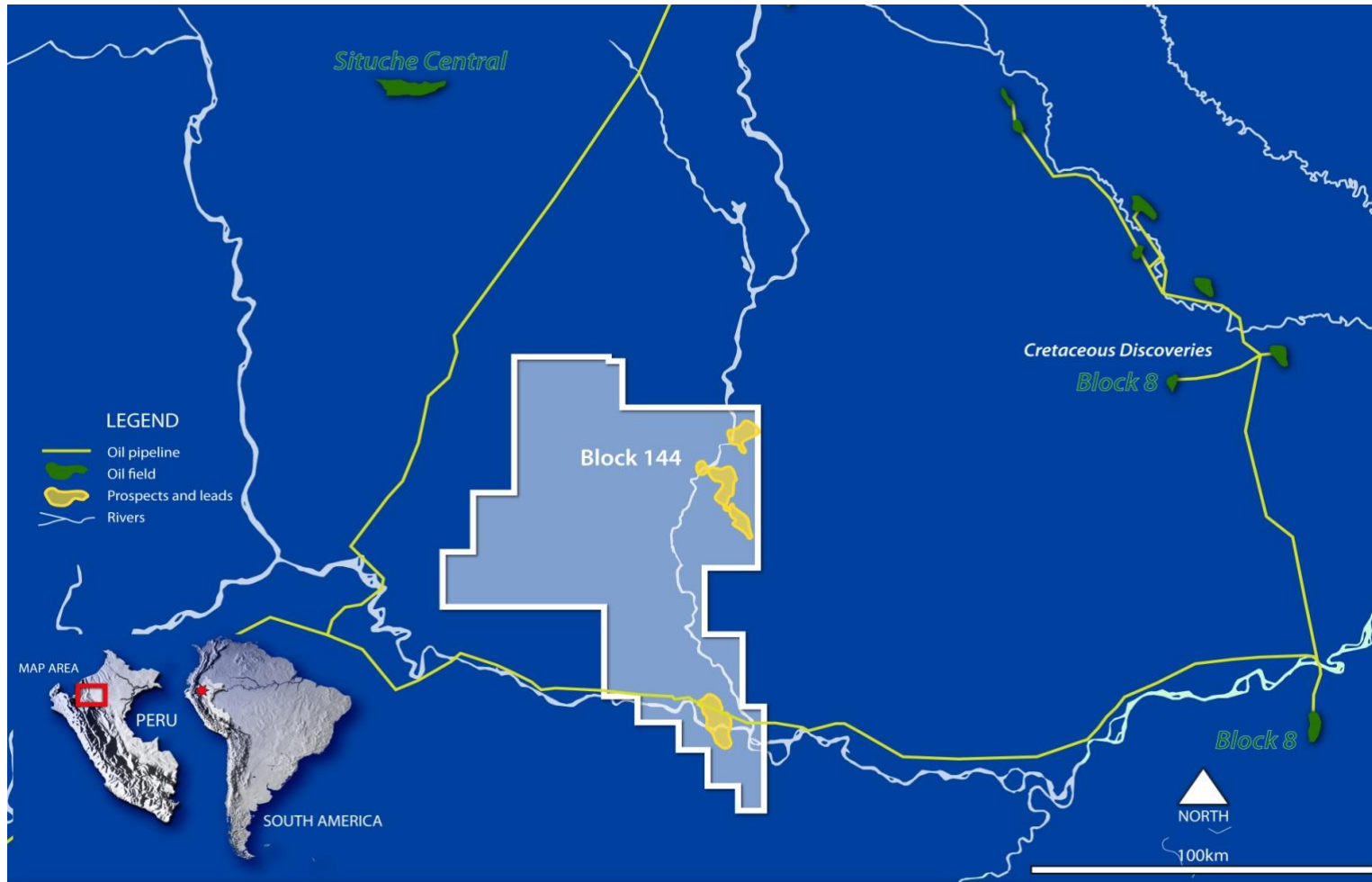
Mean Prospective Resource 360 mmbbls. Chance of success 14%

Peru Tumbes Basin - Drilling candidates



Baleen Prospect amplitude map. Red areas indicate potential hydrocarbons located in crestal areas of the prospect.

Peru Marañon Basin - Block 144



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
- Farm-out to take place in 2013

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

| 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

| 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 Contingent 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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