

Karoon Gas Australia Ltd

Corporate and Operations Review

September 2015



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*"Olinda Star" Semi Submersible Drilling Rig,
Echidna-1 Production Test*

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Resource Summary



Prospective Resources Cautionary Statement: 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.

Internal Management Assessment*					NET Contingent Resource			NET Un-risked Prospective Resource		
Discovery	Interest	Basin	Country		1C	2C	3C	Low	Best	High
Kangaroo (S-M-1101, S-M-1165)	65%	Santos	Brazil	Oil (mmbbls)	13	35	65	-	-	-
Echidna (S-M-1037, S-M-1102)	65%	Santos	Brazil	Oil (mmbbls)	16	49	99	-	-	-

Independent Assessment - DeGolyer & MacNaughton**					NET Contingent Resource			NET Un-risked Prospective Resource		
Block	Interest	Basin	Country	Type	1C	2C	3C	Low	Best	High
Block Z-38	75%	Tumbes	Peru	Oil (mmbbls)	-	-	-	686	1,686	3,764
Block 144	100%	Marañón	Peru	Oil (mmbbls)	-	-	-	53	107	195

Note: The Santos Basin contingent resource volumes presented represent Karoon's internal management estimates and have not necessarily been validated or agreed by joint venture partner Pacific Exploration and Production Corporation.

* The Kangaroo and Echidna contingent resource volumes were prepared on a probabilistic basis and have been disclosed in Karoon's announcement 'Contingent Resource Volume Update: Santos Basin Brazil', 17 September 2015. Karoon is not aware of any new information or data that materially affects the resource estimates and all material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

** Prospective resource volume estimates have been independently assessed by DeGolyer and MacNaughton on a probabilistic basis and disclosed in Karoon's 30 April 2014 announcement. 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.

Australian Exploration Permits WA-482-P and WA-314-P

Following the drilling of Levitt-1 (WA-482-P) and thermal modelling and interpretation of the final Kraken 3D seismic survey data (WA-314-P), new data is available that could materially impact assumptions and technical parameters underpinning previously announced prospective resource estimates. Karoon needs to interpret and consider this new data prior to publishing revised prospective resources estimates.

Corporate Overview

Karooon seeks to create shareholder value through an exploration led growth strategy

- Karoon is a global oil and gas independent
- Current market cap A\$465 million
- A\$553 million cash at bank as at 30/6/15, no debt
- 246.8 million ordinary shares on issue, 6.2 million unlisted rights and options
- Member S&P / ASX 200 Index



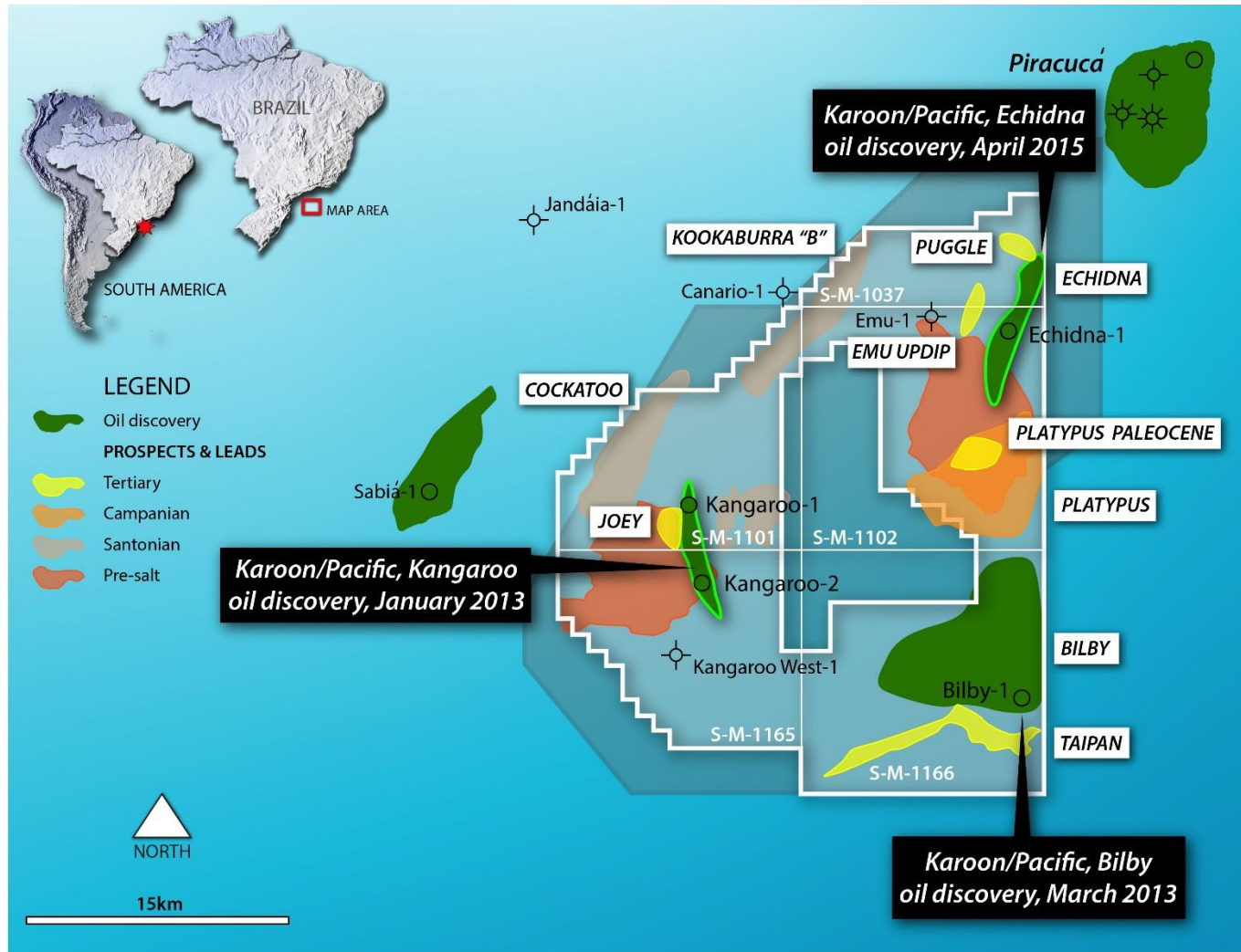
Upon appraisal success in the Santos Basin Brazil, Karoon is looking to transition into an oil producer

Value Proposition



Exploration Led Growth	<ul style="list-style-type: none"> - Approximately 62% exploration drilling success rate since IPO - Discovered contingent 2C resource 84mmbbls# net to Karoon, Santos Basin Brazil
Appraisal Success Proves Deliverability	<ul style="list-style-type: none"> - Reservoir deliverability in Kangaroo & Echidna oil fields, Santos Basin Brazil proven - Production testing indicates peak flow rates per well in excess of 10kbpd are achievable
Targeted CY16 Work Program	<ul style="list-style-type: none"> - CY16 forward program focused on appraisal of Echidna and Kangaroo - Capitalising on falling drilling and development costs
Phased Development Plan	<ul style="list-style-type: none"> - Appraisal program followed by early production system followed by full field development - Size of development is manageable and appropriate for Karoon's size
Well Funded Exploration	<ul style="list-style-type: none"> - A\$553million cash at bank (as at 30/06/15); current market cap A\$465 million - US\$200m of contingent milestone cash receivables remain outstanding
High Impact Exploration Exposure	<ul style="list-style-type: none"> - Multi billion barrel net prospective resource exposure in Brazil, Australia and Peru
World Class Project Team	<ul style="list-style-type: none"> - Drilling Team: Former Exxon deep water drill team, collectively drilled over 500 wells globally - Project Management Team: Established a highly experienced Brazilian development team

Brazil: Santos Basin



Santos Basin - 5 Blocks



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

Equity Interests:

- Karoon 65% (Operator), Pacific Exploration and Production Corporation (formerly Pacific Rubiales) 35%.

Progress To Date:

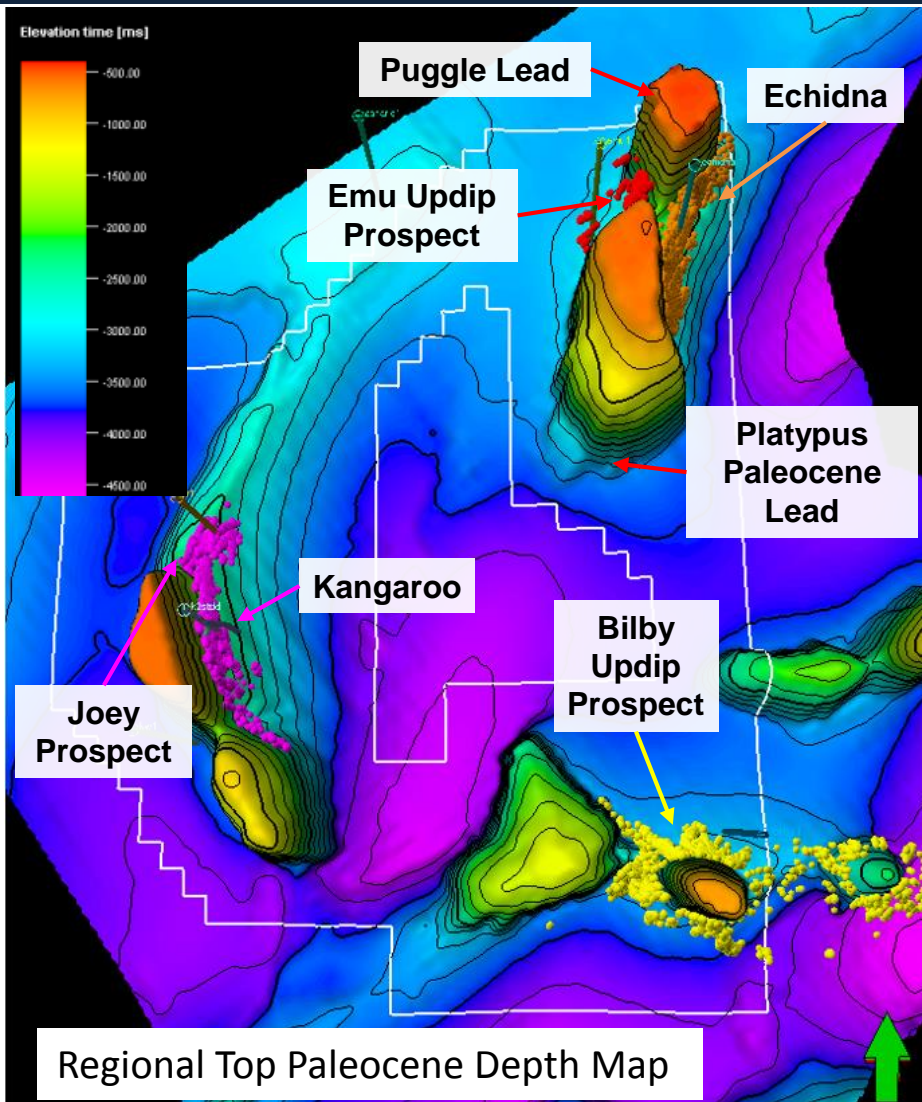
- 3 oil discoveries: Kangaroo, Bilby and Echidna
- Production testing confirmed reservoir productivity.
- Ongoing field evaluation using geotechnical and engineering data collected from drilling results and new re-processed 2 millisecond seismic information.

Contingent Resource Summary#:

Contingent Resource Volumes					
	Interest	Type	1C	2C	3C
Echidna	100%	Oil (mmbbls)	25	75	152
Kangaroo	100%	Oil (mmbbls)	20	54	100
Total			45	129	252
Echidna	65%	Oil (mmbbls)	16	49	99
Kangaroo	65%	Oil (mmbbls)	13	35	65
TOTAL NET TO KAROON	65%		29	84	164

Note: The contingent resource volumes represent Karoon's internal management estimates and have not necessarily been validated or agreed by joint venture partner Pacific Exploration and Production Corporation.

Mapping and Seismic Attributes



AVO (amplitude versus offset) calibrated at Paleocene level shows:

- Excellent match of AVO anomaly results with mapping and pressure data defining the distribution of oil at Echidna and Kangaroo
- Additional potential identified at the Emu Updip, Joey and Bilby Updip prospects to date
- Additional prospectivity possible at Puggle Lead and Platypus Paleocene Lead

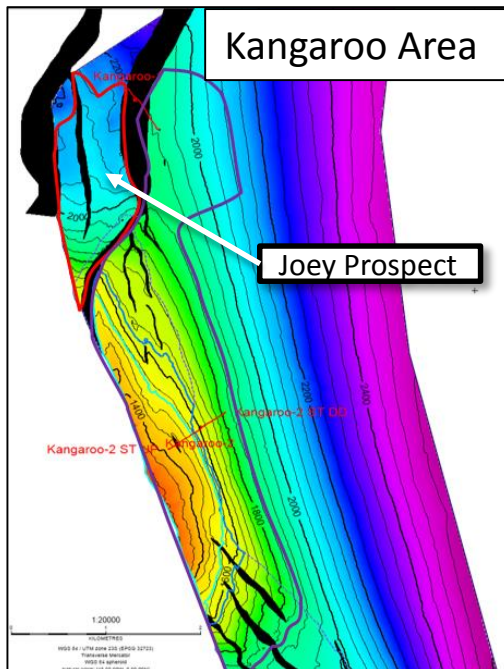
Field Mapping: Kangaroo and Echidna

Greater confidence in resource certainty due to:

Kangaroo Area Top Paleocene Depth Map

- Greater well control
- Higher quality 2 millisecond 3D seismic data
- Core samples (MSCT*) provide good reservoir characteristics data

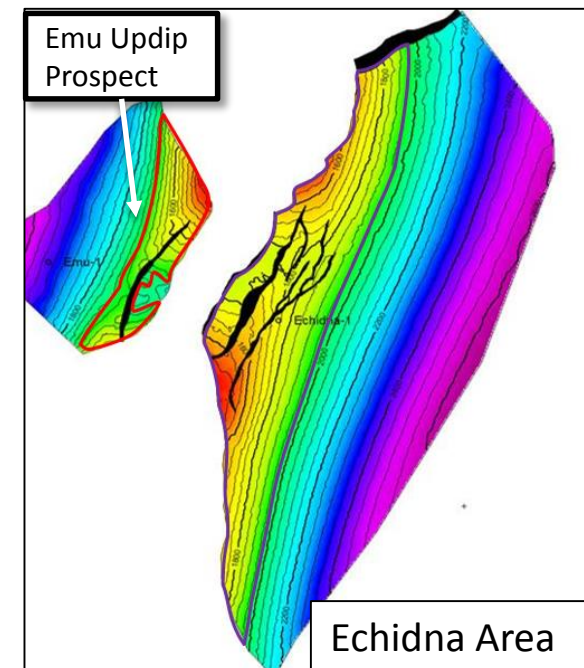
This new data results in a model that shows a close correlation between the observed oil columns and the seismic attributes.



Note: Poorer quality seismic data near salt wall due to lower reliability seismic attribute

Echidna Area Top Paleocene Depth Map

- Good match between seismic amplitude anomalies and OWCs calculated from pressure data.
- Higher quality seismic indicates faulting intensity and steepness of dips significantly less than at Kangaroo
- Core samples (MSCT*) provide good reservoir characteristics data



5 Blocks – Forward Plan

Objective: To better define the contingent resources and recovery factors through further appraisal drilling, required prior to moving into an early production system

Next 12-18 Months

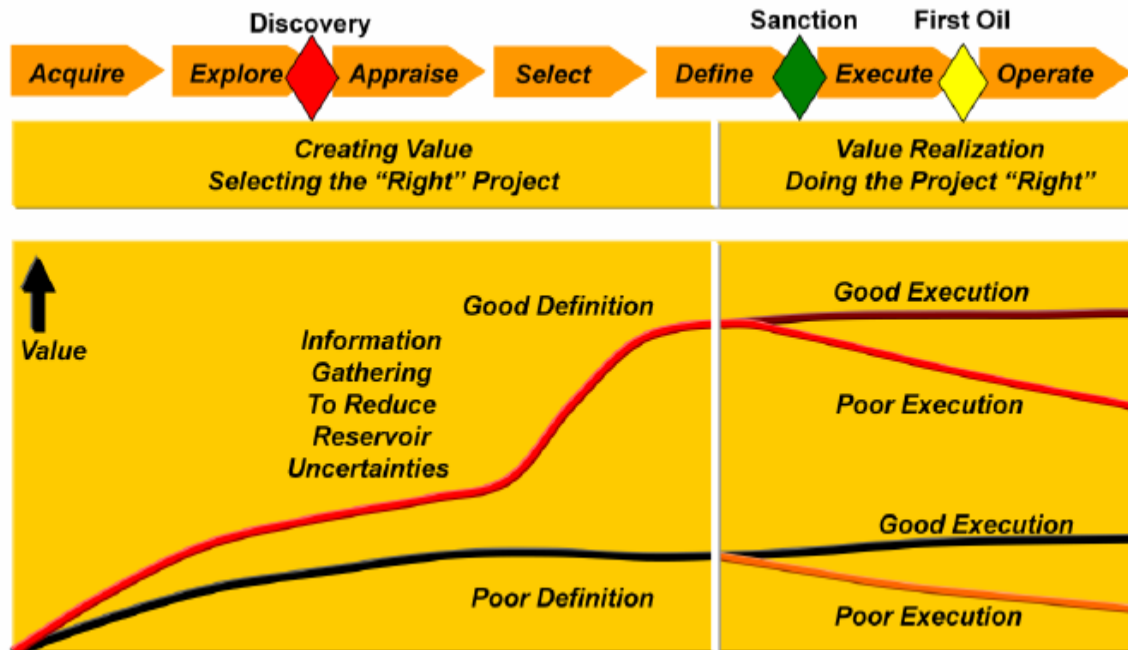
- The Appraisal Plan ('PAD') was approved by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ('ANP') during August 2015
- Firm PAD commitments include 2 wells (expected) in the Emu / Echidna area, the acquisition and processing of a 3D seismic survey over the acreage and pre-stack depth migration of existing 3D seismic data in 2 millisecond frequency to be completed by 31 December 2018
- CY16 drilling is expected to consist of between 2 and 4 wells

Beyond 18 Months

- A staged appraisal and development program is planned with a decision point for an early production system expected post the 2016 appraisal program. Staged approach is optimal for managing project risk and capital requirements
- On success first oil from an early production system ('EPS') is expected early 2019, with a decision on a full field development ('FFD') following 12 months thereafter

Brazil: Planning the Field Development

Offshore projects are capital intensive and complex undertakings requiring a phased 'gated' process to select and execute on development.



Key Phases and Elements:

Appraisal and Selection:

- Develop a robust reservoir model
- Maximise well performance
- Select the right subsea and surface facility

Selection:

- Establish the design basis
- Generate development scenarios
- Develop decision drivers

Project Development Team



José Formigli
*Project Development
Advisor*

- A petroleum engineer with over 30 years experience in planning, designing, implementing and operating production systems in shallow, deep and ultra-deep waters in Brazil.
- Worked for 32 years with Petrobras in several activities related to well construction, subsea and topsides engineering. Occupied managerial positions mostly in the Campos and Santos Basins, including Pre-salt Executive Manager.
- Held position of Chief Exploration & Production Officer at Petrobras, becoming a member of the Executive Board and supervised all domestic E&P activities for 3 years.
- Key responsibilities include oversight of the overall project and due diligence review

Ricardo Abi-Ramia
Project Manager

- Petroleum Engineer with Petrobras for 22 years. Roles included General Manager of Rio de Janeiro Business Unit, the biggest Production Unit of Petrobras, Operations Manager for 3 years at Petrobras America in Houston and Asset Manager of the Manati field (210 MMscf/d offshore gas field in northeast Brazil), the Marlim field, and the Albacora Leste field (160,000bbl/d field in Campos Basin Brazil) including the responsibility for the field development.
- Production Development Executive Manager for OGX for 3 years in charge of all installation of Tubarão Azul facilities.
- Key responsibilities include project design, and implementation along with ongoing maintenance

Oliver Seybold
Reservoir Team Leader

- Reservoir Engineer with 25 years experience as Reservoir / Simulation Engineer in Australasia, Europe, the Middle East, Africa and South America
- Reservoir experience includes work on clastic and carbonate reservoirs, fractured basements and oil (light, heavy, sour), gas and gas condensate fields.
- Key responsibilities include leading reservoir modelling for Echidna and Kangaroo

Lino Barro
*Engineering Manager
(based in Melbourne)*

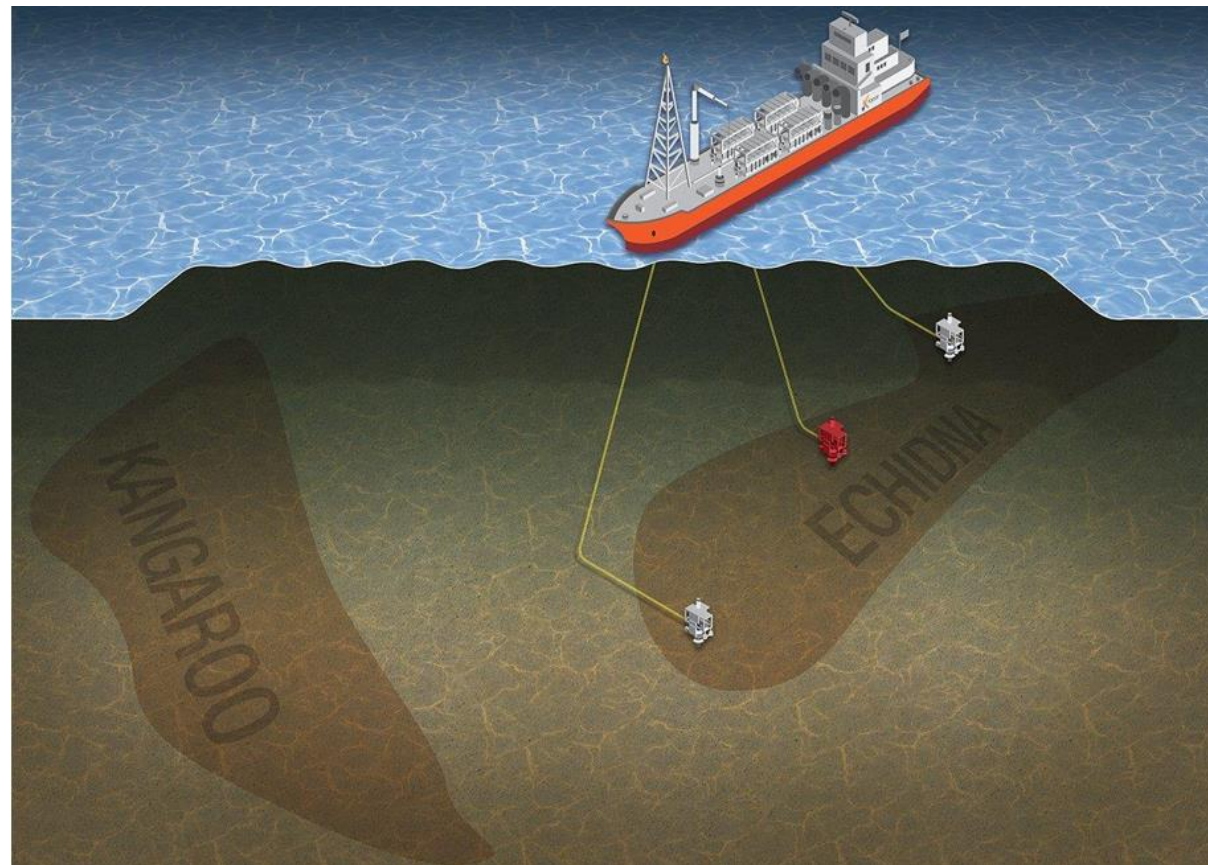
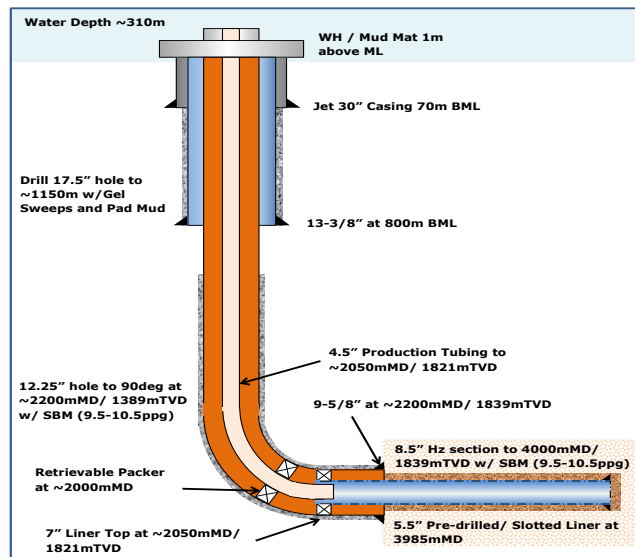
- Over 35 years experience in reservoir and development engineering and project economic evaluation
- Lead roles in subsurface development planning, field development plan preparation and implementation, and economic evaluation of projects located in Australia, the Persian Gulf, South America and Tunisia.
- Previously worked in Australia and internationally with BHPB, Kufpec and Delhi
- Head office Engineering Manager

Early Production System (EPS)

The objective of an EPS is to evaluate reservoir behavior and as a result get technical parameters required for a better design of the Definitive System.

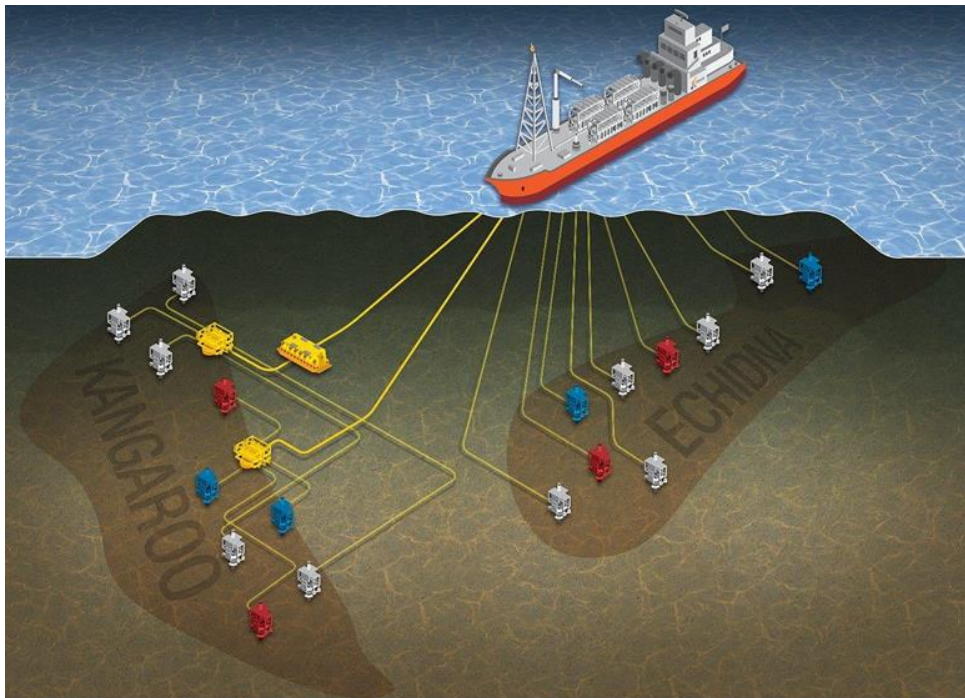
The EPS likely comprises:

- Leased FPSO
- 2 horizontal production wells
- 1 gas injector well
- Estimated production: 20,000 bpd
- Flexible lines



Development Concepts

Increased confidence in the contingent resource volumes, strong production test results, and the shallow water and shallow reservoir setting continue to support the potential for a combined or standalone development option



Phase 1: EPS

- Production per well: 10kbpd
- 2 horizontal producers
- 1 gas injector

Phase 2

FFD – Echidna & Kangaroo Combined*

- 2C resource: 129mmbbbls (84mmbbbls net)
- 10 horizontal producers
- 4 gas and 4 water injectors

OR

FFD – Echidna Standalone*

- 2C resource: 75mmbbbls (49mmbbbls net)
- 5 horizontal producers
- 2 gas and 2 water injectors

* The FFD total well count includes the wells drilled in the phase one EPS.

Significant Cost Components

Capital Expenditure

- | | |
|------------------------------|-------------------------------|
| - Appraisal wells (vertical) | US\$30-40 million per well |
| - Horizontal producers | US\$140-185 million per well* |
| - Gas and water injectors | US\$100-145 million per well* |

Capex includes:

- Well costs
- Subsea completions, well heads, umbilicals, risers and flowlines
- Insurance, engineering costs, project management and contingency

* The high side is a result of the flowlines and umbilicals required to tie Kangaroo back to the FPSO located over the Echidna field (approximately 15km away) in a combined development case.

Operating Expenditure

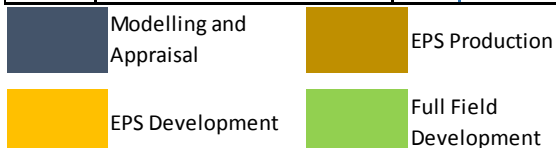
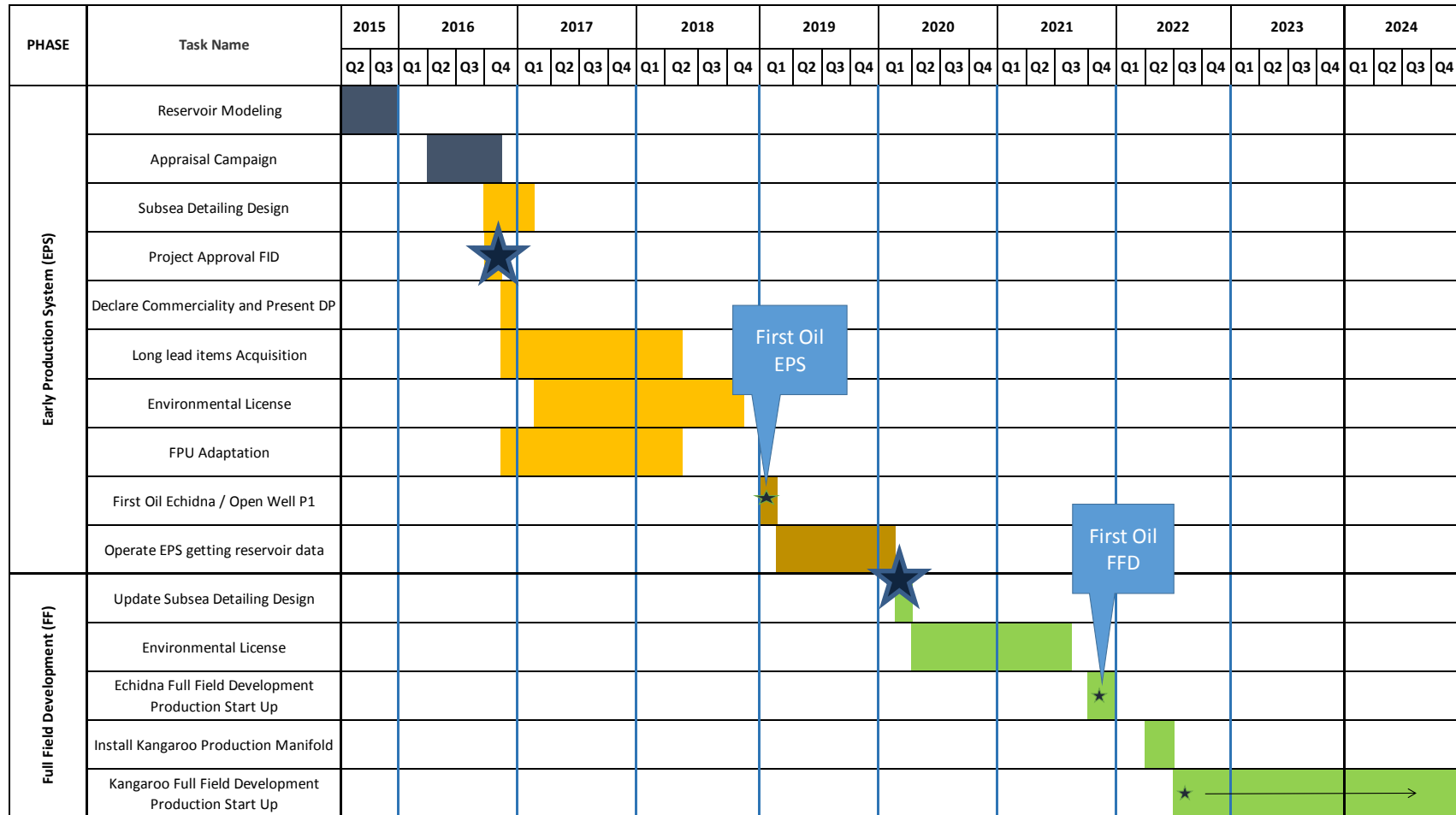
Total operating expenditure is expected to be approximately US\$400-450k per day

Opex includes:

- FPSO leasing costs
- Logistics
- Chemicals / Helicopters / Shore Base

Note: All cost estimates provided above are based on current information and are estimates only.

Current Estimate Milestones



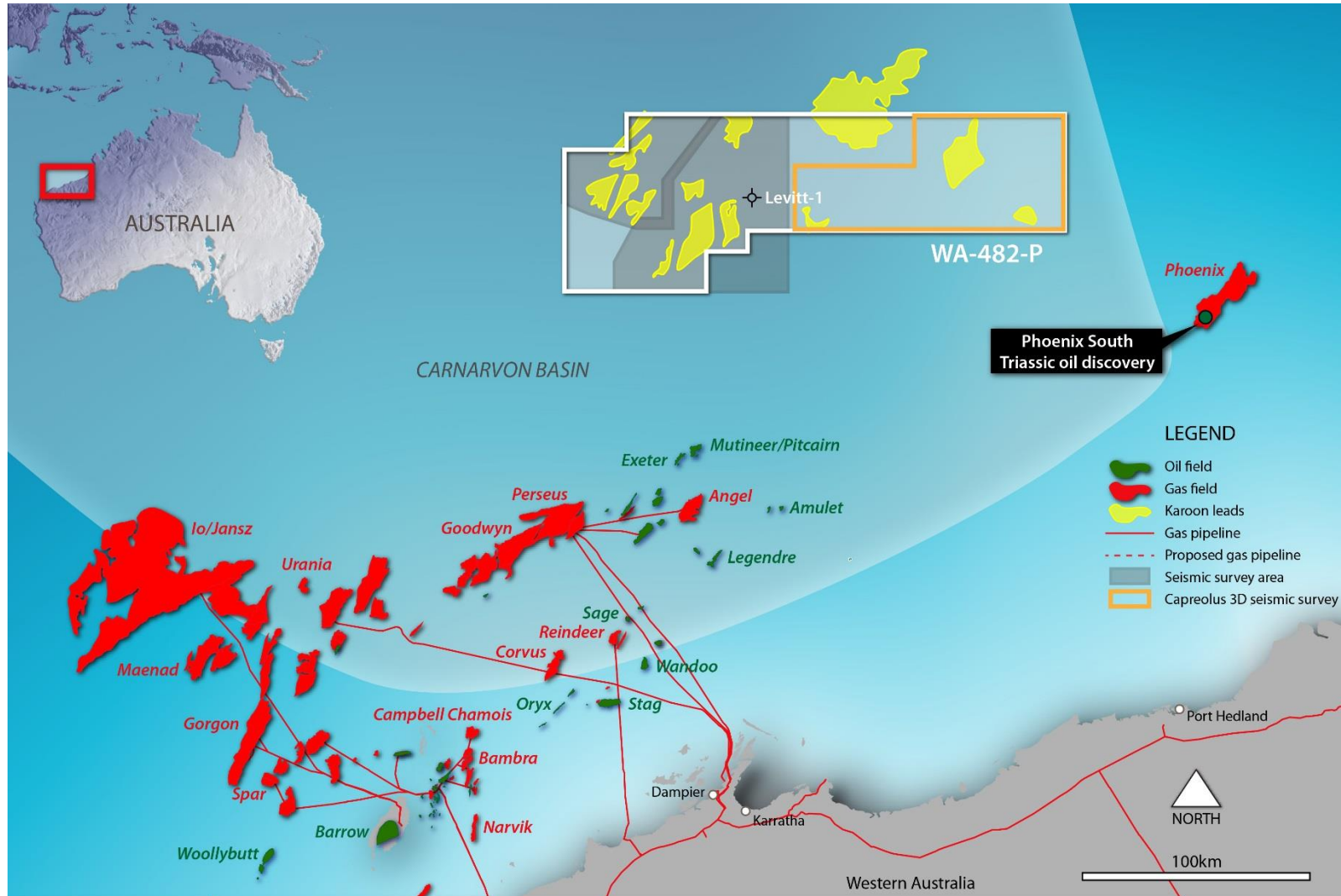
★ Decision points to consider EPS and FFD project sanction

Santos Basin Key Points



- Increased confidence in the contingent resource volumes, strong production test results, and the shallow water and shallow reservoir setting continue to support the potential for a combined or standalone development option
- The development type under consideration, subsea development to an FPSO, is a proven, reliable and uncomplicated system
- Karoo has put in place a very experienced project management team
- Appraisal drilling is the next step for the project and represents a critical decision point
- Size of development is manageable and appropriate for Karoo's size
- Karoo's high equity interest gives significant flexibility for funding through farm-out, alternatively debt finance is expected to be available following a successful appraisal program

Australia: Carnarvon Basin



Exploration Permit WA-482-P



Carnarvon Basin, Australia – Permit WA-482-P

Equity Interests:

- Karoon – 50%; Quadrant Energy Australia Limited – 50% (Operator)

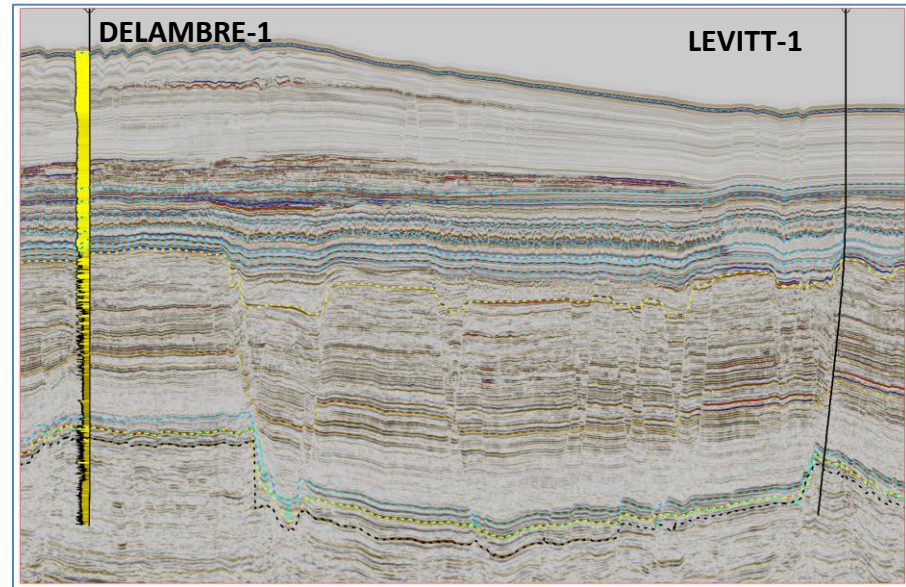
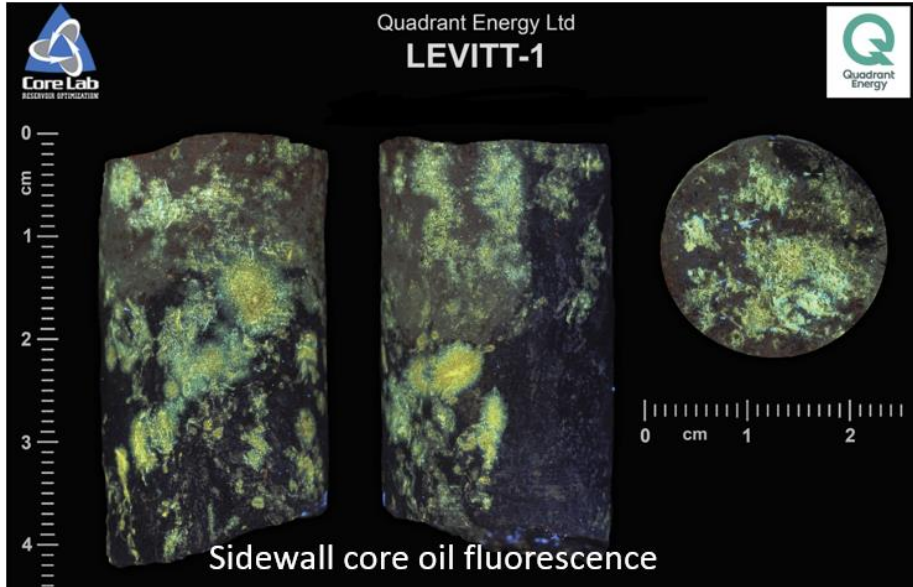
Progress To Date:

- Licensed and reprocessed 4,355 square kilometres of existing 3D seismic data
- Acquired, processed and interpreted the 2,376 square kilometre Chrysalids marine 3D seismic survey data
- Licensed 5,256 square kilometres of the third party Capreolus 3D marine seismic survey acquired over the eastern part of the permit
- Levitt-1 exploration well was drilled during July / August 2015 (Karooon carried for 90% of the cost of the well)

Forward Plans:

- Mapping and analysis of prospects and leads based on new well and seismic data
- Final Pre-stack Depth Migrated dataset from the Capreolus survey is expected during 2016

WA-482-P: Levitt-1 Results



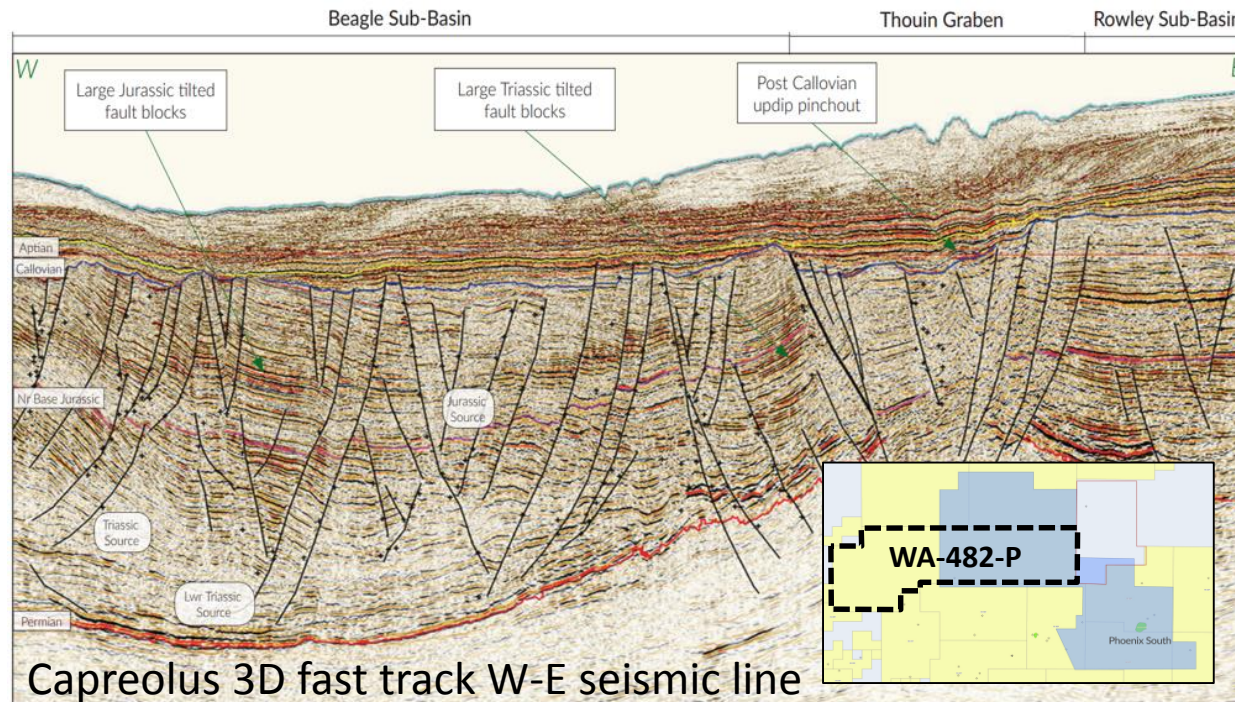
Charge Risk Understanding Improving

- Oil fluorescence seen in side wall cores and GC-MS studies indicative of generated and migrating oil in a working hydrocarbon system
- MS-GS chromatographic studies indicate good quality oil

Reservoir and Seal Risk Understanding Improving

- Good quality reservoirs and seals encountered
- Good evidence from wells and seismic that these extend across the permit

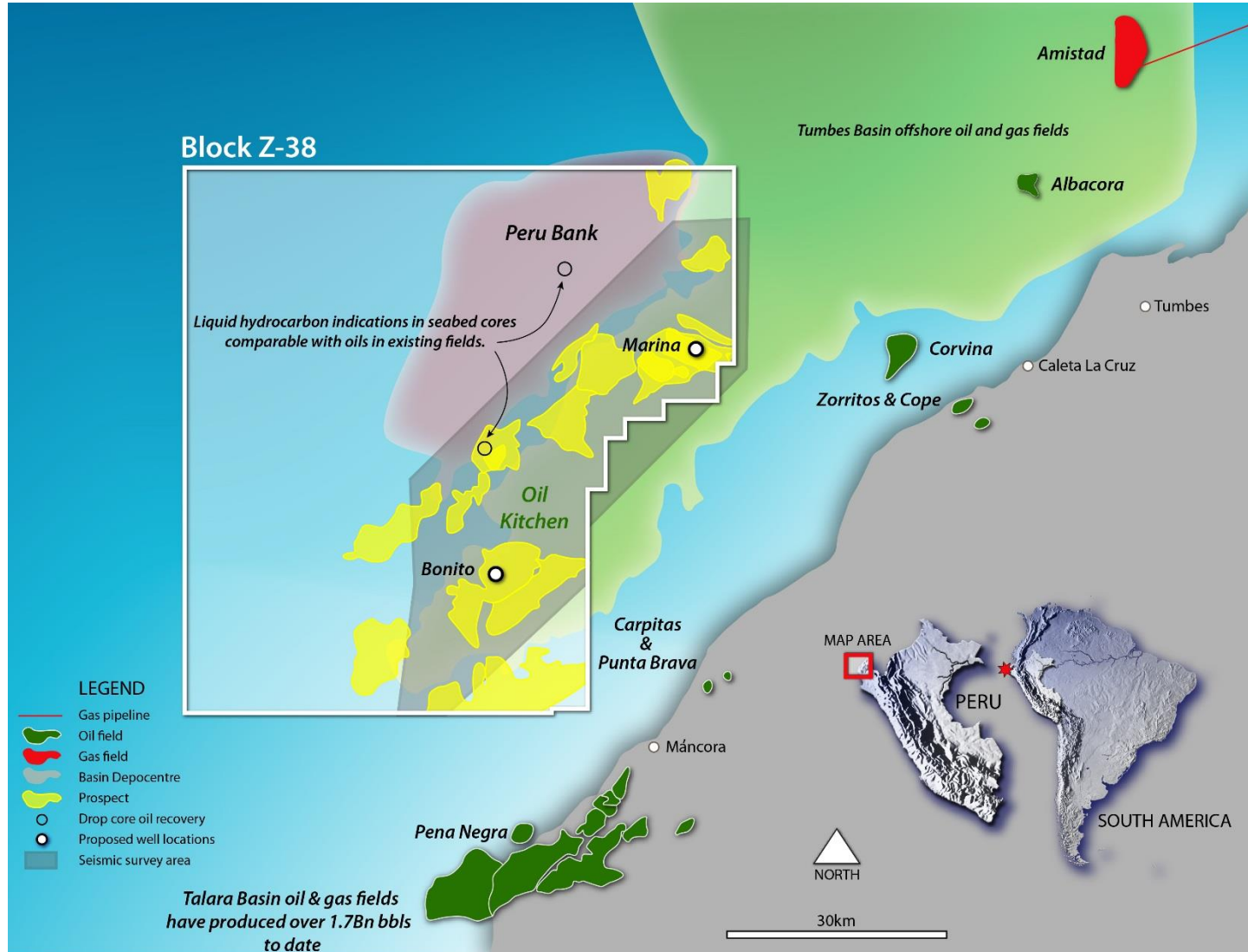
WA-482-P: Exploration Upside



Large remaining potential

- Numerous additional prospects and leads are emerging from the Chrysalids and Capreolus area seismic data
- Preliminary fast track processing products have already identified the presence/continuation of petroleum systems elements from drilled areas
- Acquisition within WA-482-P is now complete with a final Pre-stack Depth Migrated dataset to be available in 2016

Peru: Tumbes Basin



Exploration Block – Z-38

Tumbes Basin, Peru - Block Z-38

Equity Interests:

- Karoon – 75% (Operator); Pitkin Petroleum Corporation – 25%

Progress to Date:

- Acquired, processed and interpreted 1,500 square kilometre marine 3D seismic survey
- Environmental plan approval received
- The block is currently in force majeure

Forward Plan:

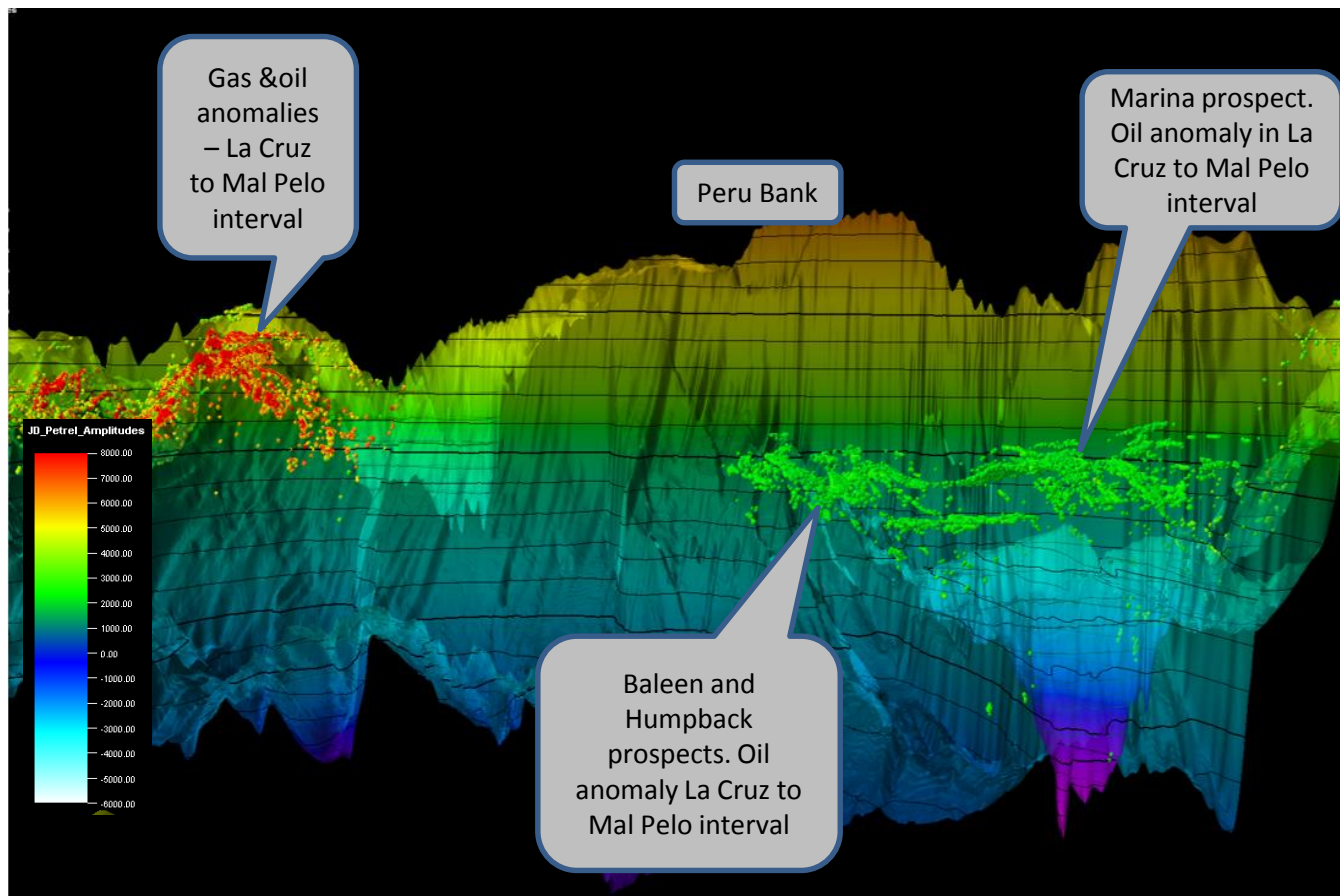
- Initial 2 well campaign planned, preliminary well locations Marina and Bonito prospects
- Ongoing mapping of new prospects
- Non-exclusive farm-out discussions remain on-going

Resource Summary:

Independently Assessed			Net Un-risked Prospective Resource		
	Interest	Type	Low	Best	High
Marina (Prospect) #	75%	Oil (mmbbls)	129	240	405
Bonito (Prospect) #	75%	Oil (mmbbls)	186	415	953
Z-38 (Block) #	75%	Oil (mmbbls)	686	1,686	3,764

Z-38: New Data Supports Prospectivity

New data: Work program focused on seismic attribute analysis over the last 12 months

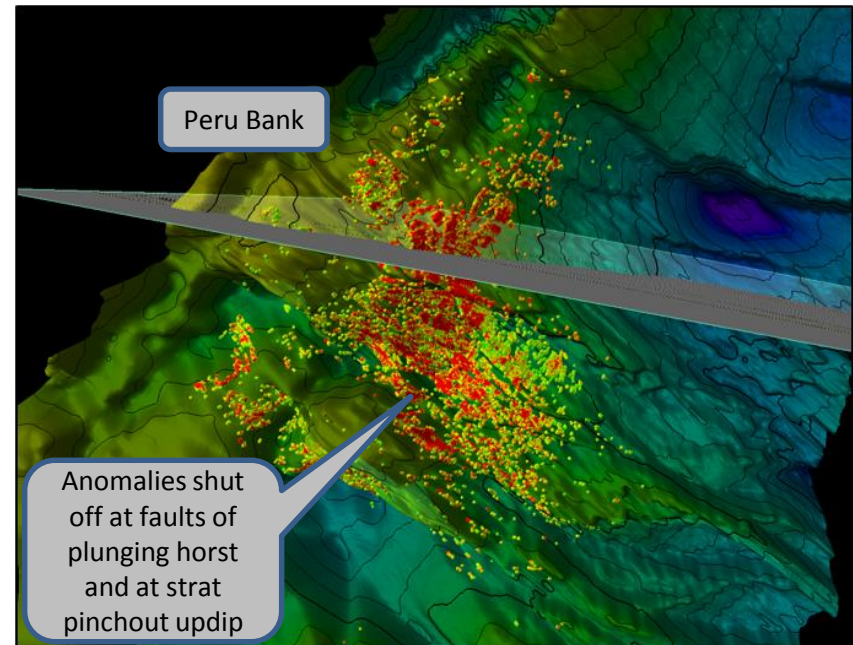
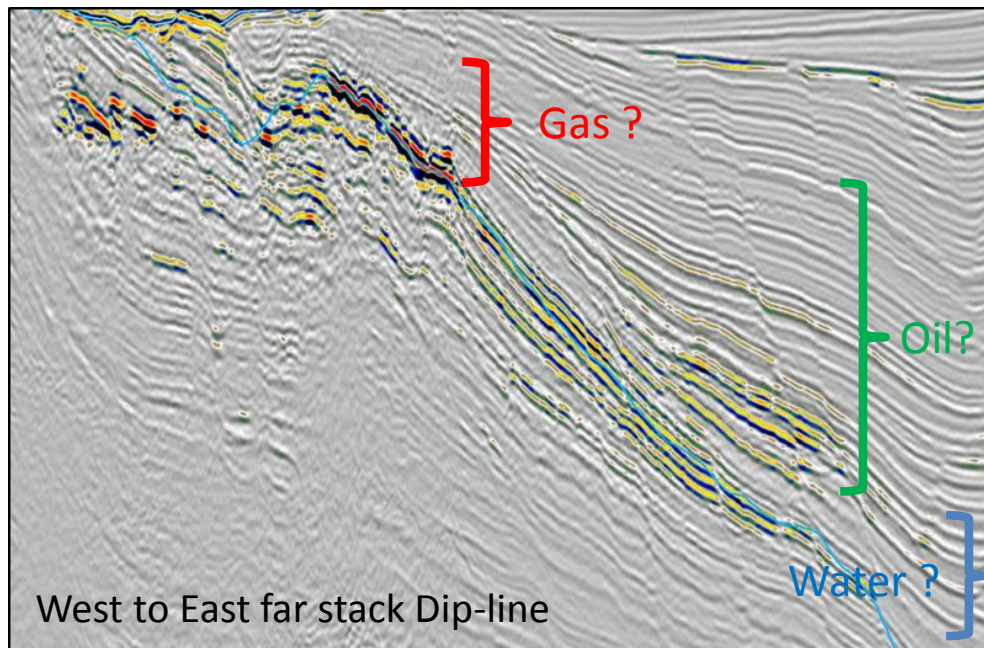


- New seismic attribute analysis shows discrimination between oil and gas signatures over prospects in the 1,500 square kilometre 3D seismic area
- The points shown are anomalies in an AvO cross-plot matching modelled hydrocarbons
- Red anomalies are interpreted to be gas
- Green anomalies are interpreted to be oil

Karooon 3D data cube Mal Pelo horizon looking to the NW and the Peru Bank. Section length 40km.

Z-38: New Data Supports Prospectivity

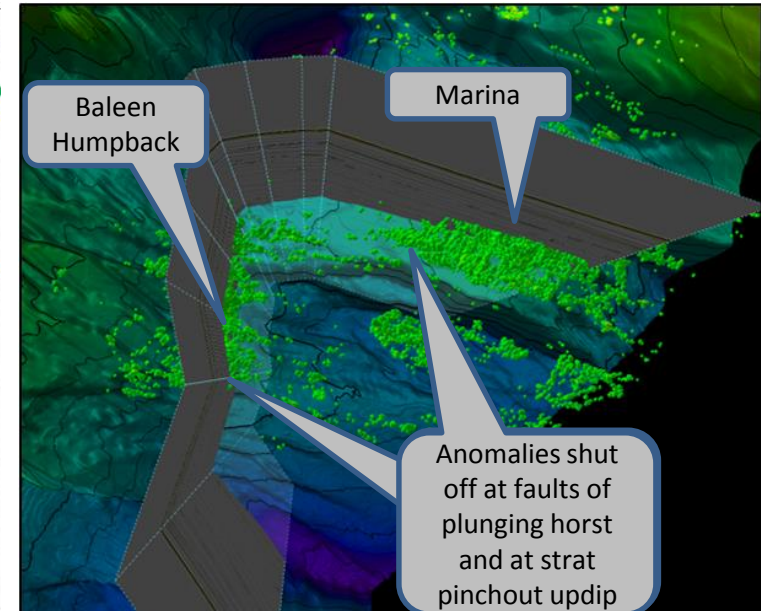
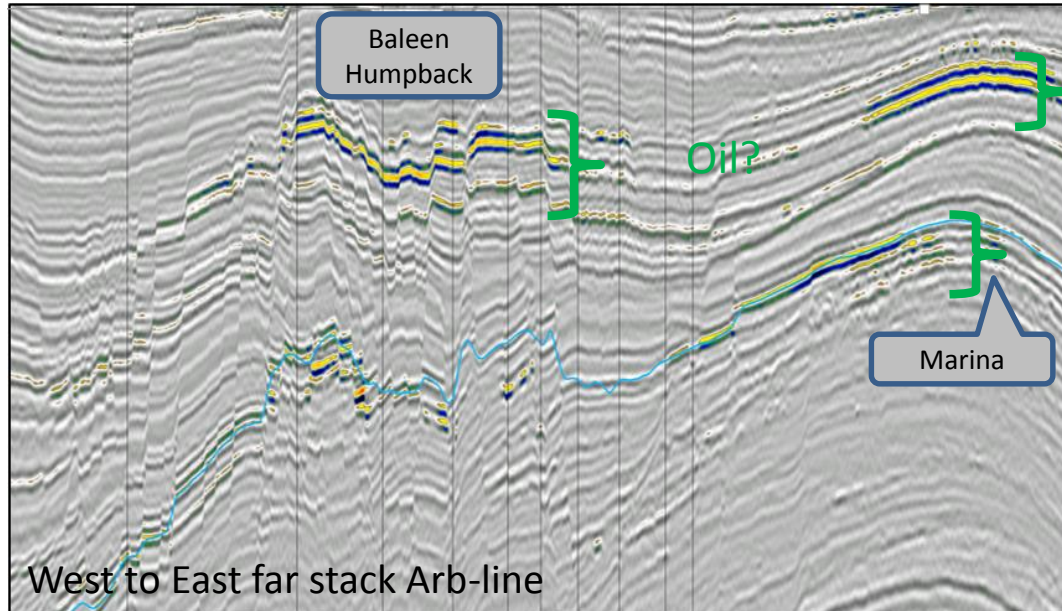
New Prospect



- This new lead is a plunging horst block with updip pinchout of sands onto the Peru Bank high. Reservoirs are stacked, ponded turbidite sands against the Peru Bank
- Good evidence that far stack higher amplitudes at the crest are likely to be a gas effect with oil below

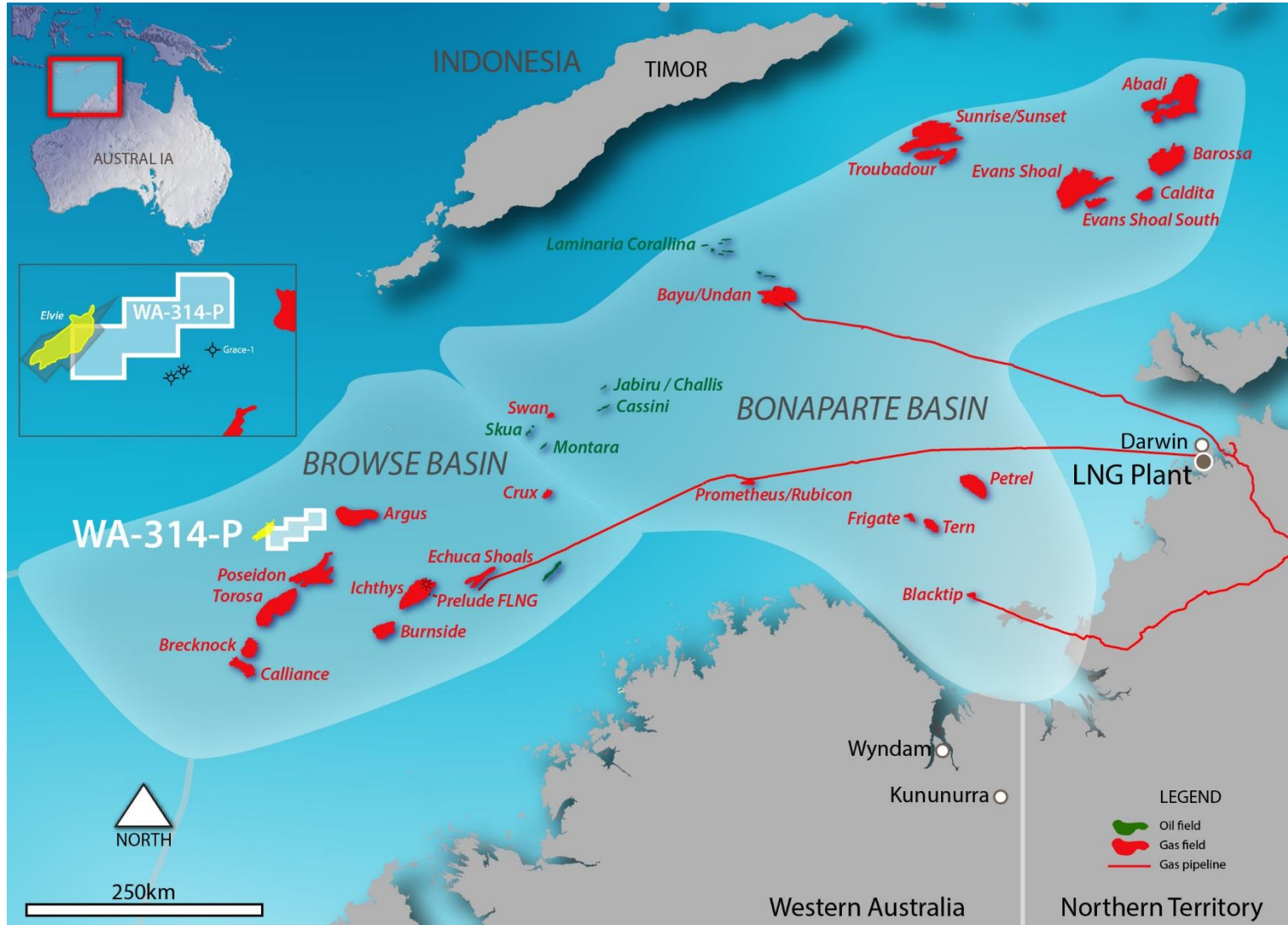
Z-38: New Data Supports Prospectivity

Baleen - Humpback & Marina Prospects' oil anomalies



- The Marina Prospect is a faulted anticlinal trap
- Baleen and Humpback prospects are plunging horst blocks with updip pinchout of sands onto the Peru Bank high. Reservoirs are stacked, ponded turbidite sands against the Peru Bank
- Good evidence that far stack higher amplitudes at the crest are likely to be an oil effect

Australia: Browse Basin



Exploration Permit WA-314-P



Browse Basin, Australia - Permit WA-314-P

Equity Interest:

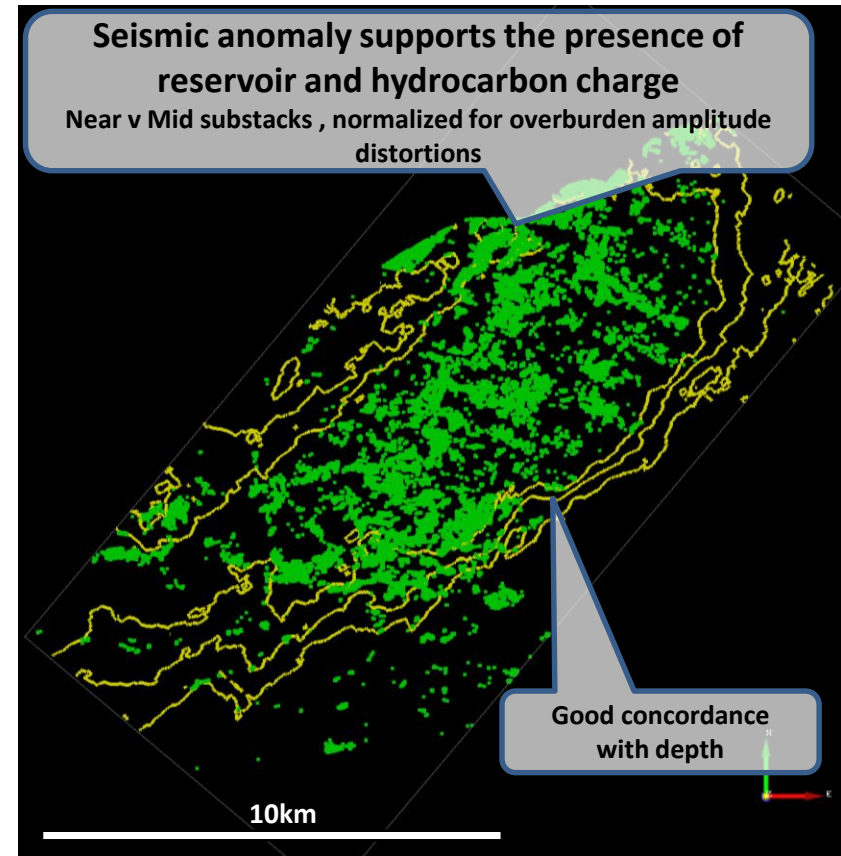
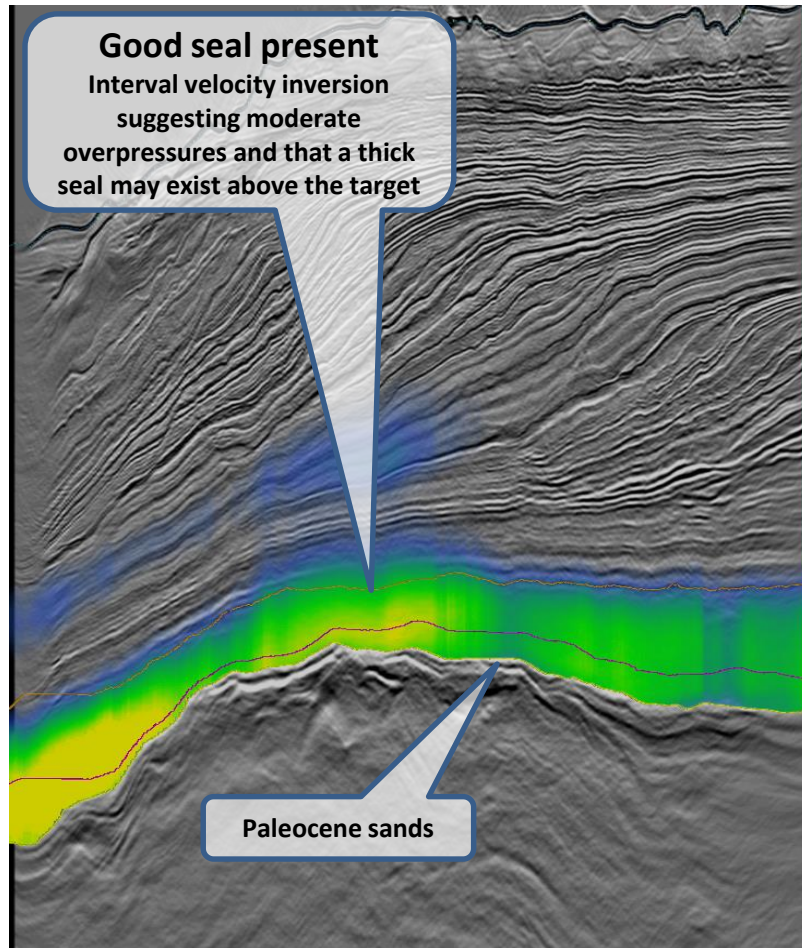
- Karoon 100% (Operator)

Progress to Date:

- Exploration permit recently renewed with no well commitment in the 3 year primary term
- Prospective area retained
- Work commitment composed of G&G studies and seismic reprocessing only

Exploration upside

- New Tertiary turbidite play fairway identified with the 3D defined Elvie prospect currently high graded as being within “sweet spot”
- Seismic anomalies within modern high quality 3D seismic support the presence of trapped hydrocarbons as well as the presence of reservoir and seal units in the Elvie location
- Regional data and interpretation strongly supports the presence oil as the most likely hydrocarbon type in the large Elvie Prospect

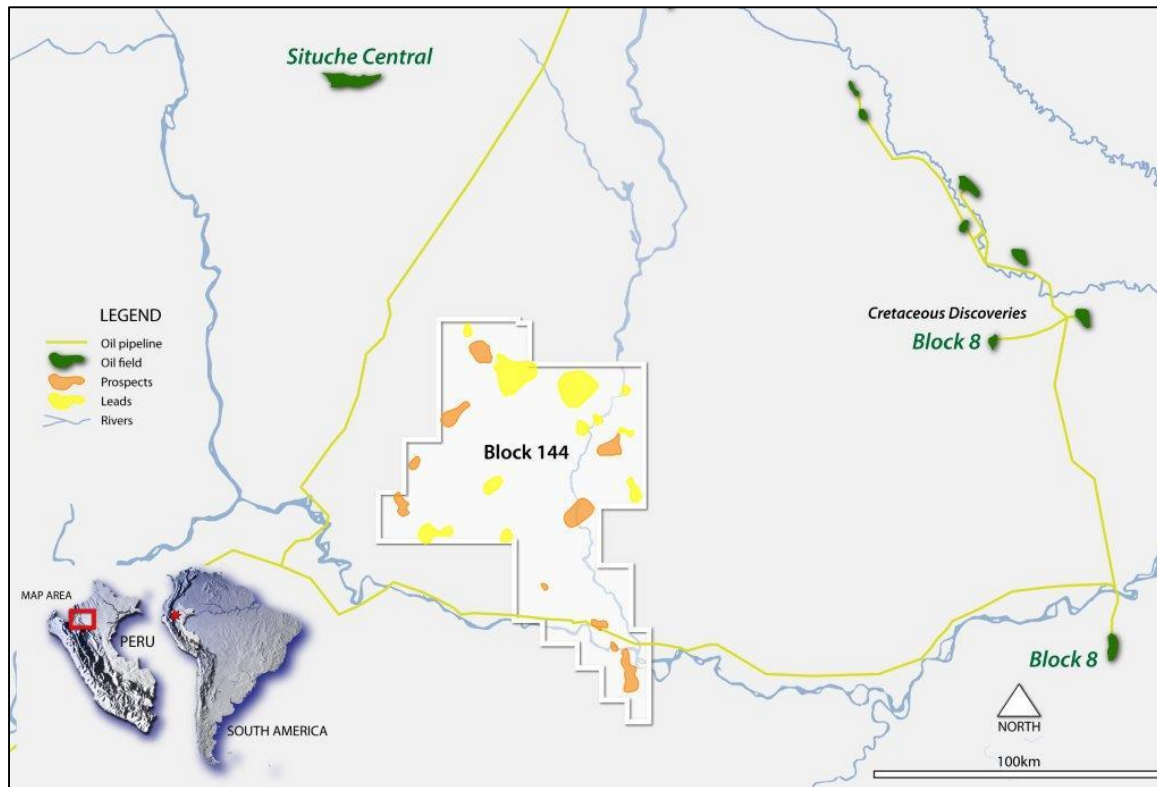


New 3D seismic and analysis provides dramatically improved resolution, and increases the confidence in the presence of reservoir, seal and hydrocarbon charge in the Elvie Prospect.

Peru: Marañón Basin

Marañón Basin, Peru - Block 144

Equity Interest: Karoon 100% (Operator)



Progress to Date:

- The Block is currently in force majeure
- A number of prospects and leads have been identified
- Farm-out process commenced

Contact Information



For further information please see the Karoong website or contact:

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