

Karoon Gas Australia Ltd

Melbourne Mining Club Presentation

September 2014



Queiroz Galvão "Olinda Star" Semi Submersible Drilling Rig

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- Petroleum exploration relies on the interpretation of complex and uncertain data and information which cannot be relied upon to lead to a successful outcome in any particular case. Petroleum exploration is inherently uncertain and involves significant risk of failure. All information regarding Prospective resource estimates and other information in relation to Karoon's assets is given in the light of this caution.
- 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.

The Strategy: Exploration Led Growth

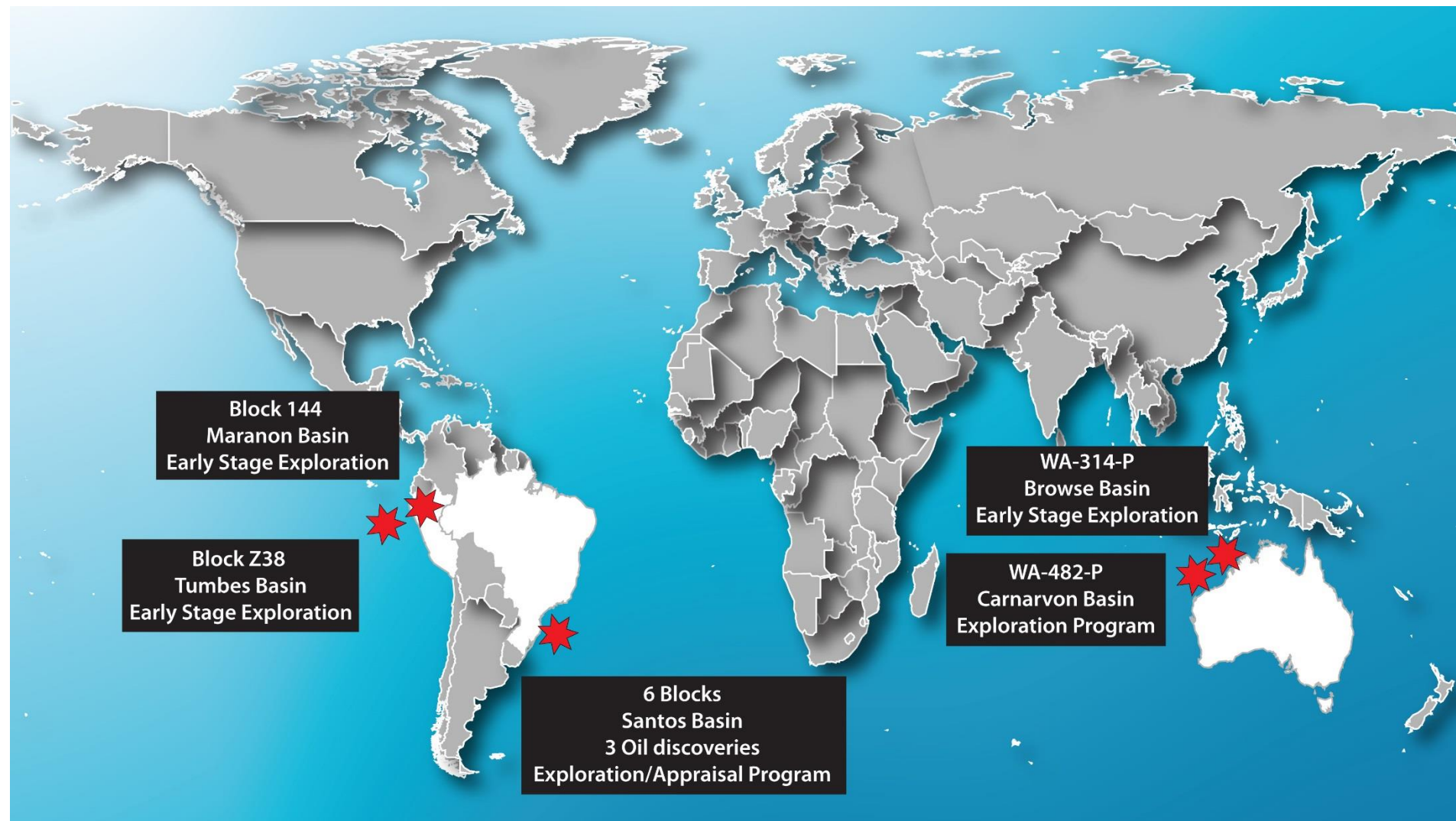
What Karoon looks for:

- High equity interests
- Early stage exploration opportunities
- Large potential targets in proven petroleum systems

How Karoon Creates Shareholder Value:

- Geotechnical work-up of the early stage exploration acreage
- Leverage high equity interests to fund exploration and appraisal
- Longer term goal to achieve commercialisation

Karoon's Global Footprint



Corporate Overview



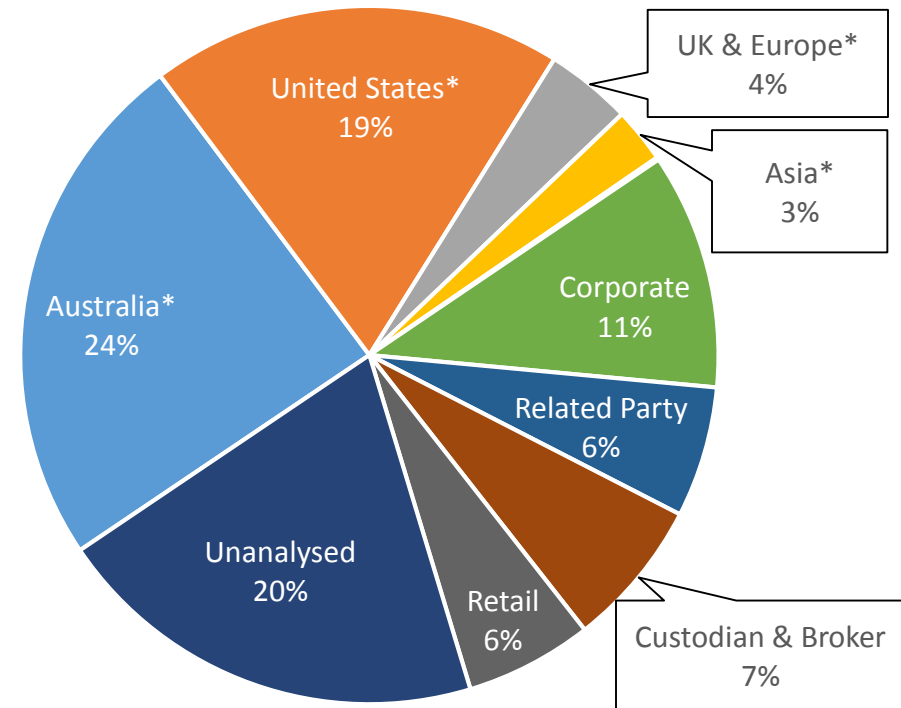
Overview

- A\$960 million Mkt Cap
- 255.8 million ordinary shares on issue
- 11 million unlisted options
- A\$660 million cash at bank (as at 31 August 2014)
- Member S&P / ASX 200 Index
- On-market buyback program active for up to 10% of ordinary shares on issue

Substantial Shareholders

1. Wellington Management Co	13.5%
2. Talbot Group Investments	10.3%
3. Paradice Investments Management	6.7%
4. IOOF Holdings Ltd	5.1%

Total Shareholder Composition



* Institutional Shareholders represented by geography

Investment Highlights

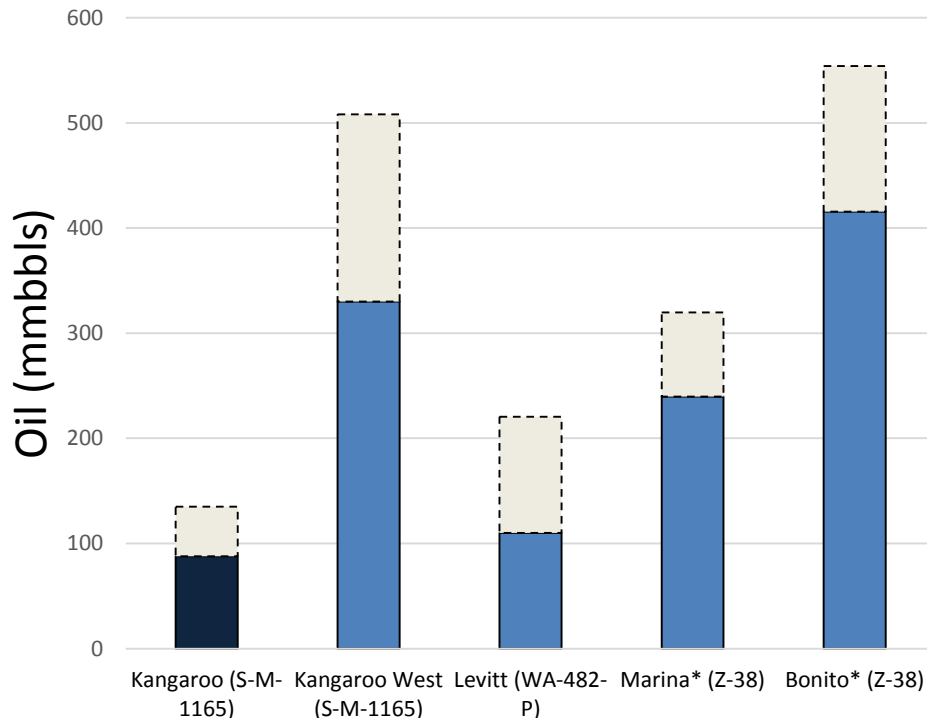


- Exploration led growth strategy delivering, 78% drilling success rate (last 24 months, 9 wells)
- Chasing production, Kangaroo oil discovery appraisal drilling December Quarter 2014
- Oil focused drilling inventory, 4 exploration wells targeting over 1.1Bn bbls
- Focused on less capital intensive, higher returning oil opportunities
- ~A\$1 billion transaction value delivered YTD, additional farmout programs ongoing
- Well funded over the medium term
- On-market buyback announced during August for up to 10% of ordinary shares on issue
- Independent Board established & separating Executive Chairman function by FYE15

Drilling Inventory – Oil Opportunity



Unrisked Mid Case Resource Estimate



- Kangaroo-2, appraising the Kangaroo light oil discovery
- 4 exploration wells targeting oil and a total prospective resource Best Estimate#:
 - Net UNRISKED 1.1 Bn bbls
 - Net RISKED 287 mmbbbls
- Preliminary economic analysis: NPV US\$ / bbl range for discovered pre-development resources is:
 - US\$5 – US\$12 / bbl

Resource Classification

NET (to Karoon) Contingent Resource – 2C

NET (to Karoon) Un-risked Prospective Resource[#] – Best Estimate

Net to JV Partner



Type

Discovery - Kangaroo

Prospect - Kangaroo West, Levitt, Marina*, Bonito*

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

This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page 13

Broker Valuations



Broker Valuation Estimates	Consensus	Broker A	Broker B	Broker C	Broker D	Broker E	Broker F	Broker G
Santos Basin	747	819	773	622	1,250	489	840	435
Carnarvon Basin	57	22	85	209	-	-		28
Tumbes Basin	98	284	86	-	160	-	53	100
Other	160	13	88	8	102	143	659	109
Cash & Overheads	538	672	723	569	403	717	29	652
Total Risked Value - A\$m	1,592	1,811	1,755	1,408	1,915	1,349	1,580	1,324
Per Share - A\$ps	6.19	6.83	6.86	5.50	7.50	5.27	6.18	5.18
Unrisked value – A\$m	4,577	8,484	7,310	4,842	4,639	2,461	2,336	1,969
Unrisked value ps – A\$ps	17.69	31.78	28.56	18.93	18.13	9.62	9.13	7.70

Unrisked Upside v Risked Valuation

186%

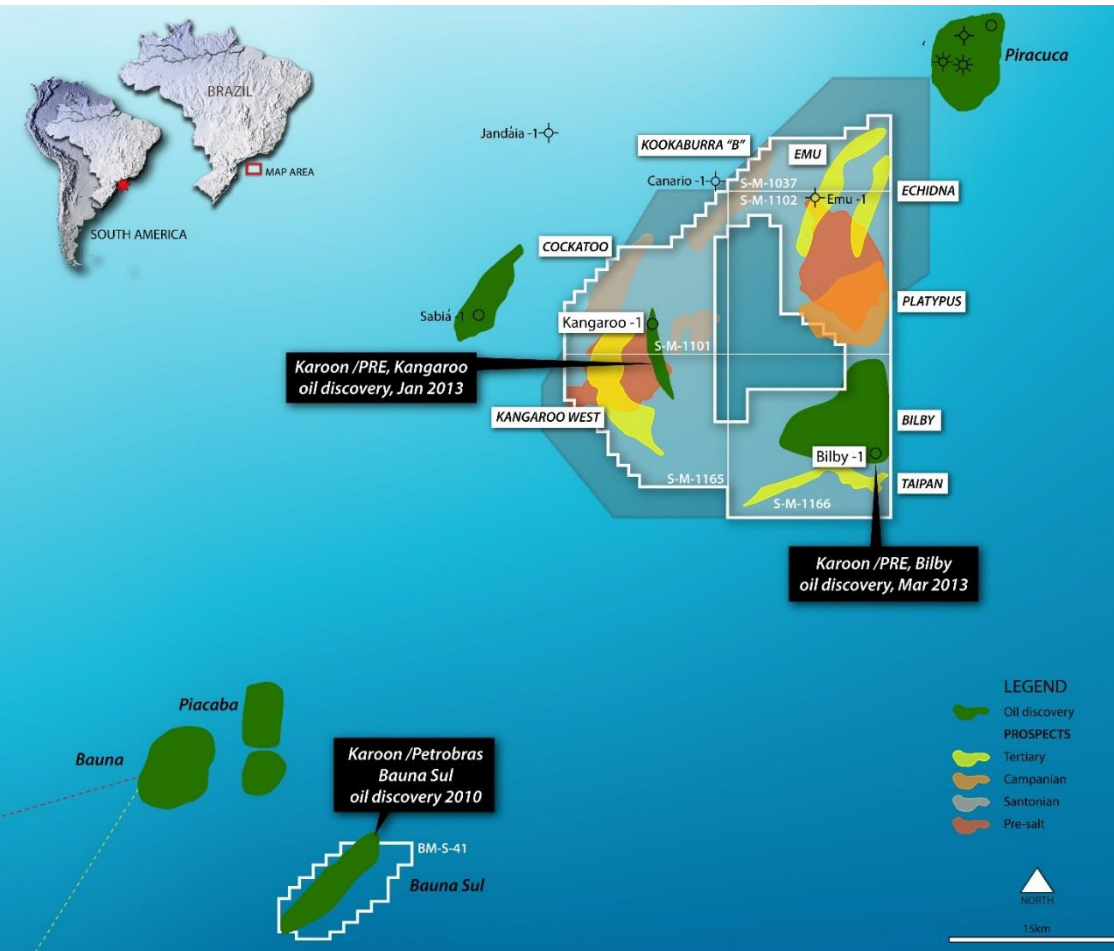
Last Price, A\$ps (as at 15 Sep 2014)

\$3.74

Appraisal Phase – Santos Basin

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

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



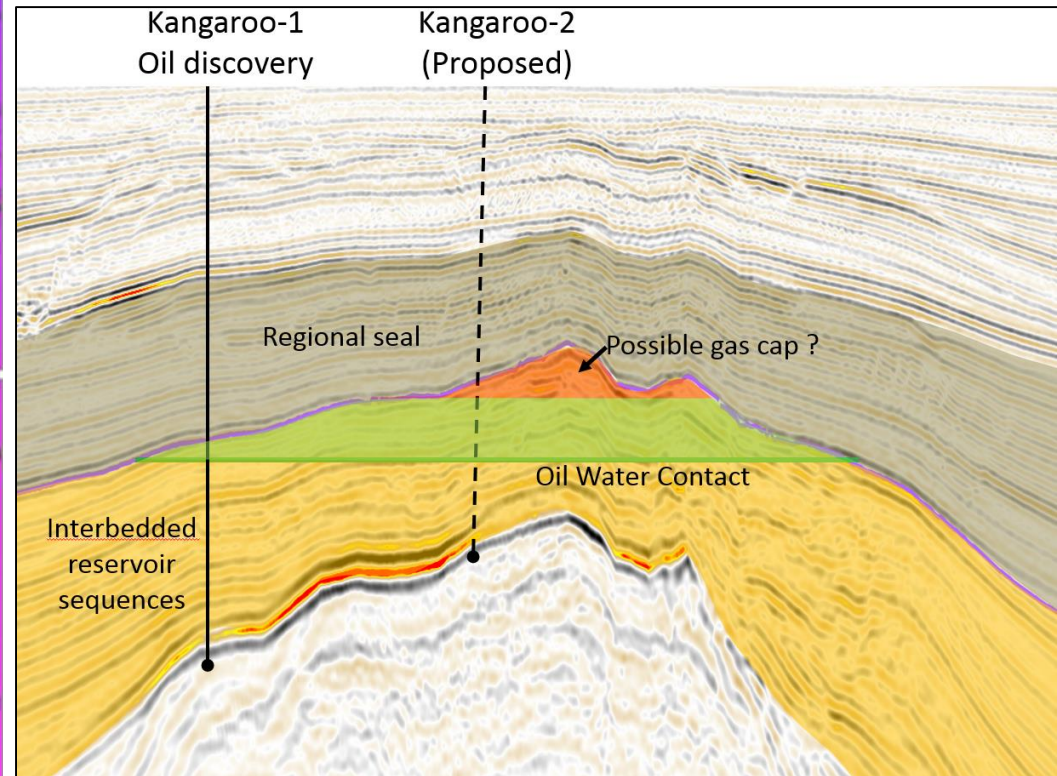
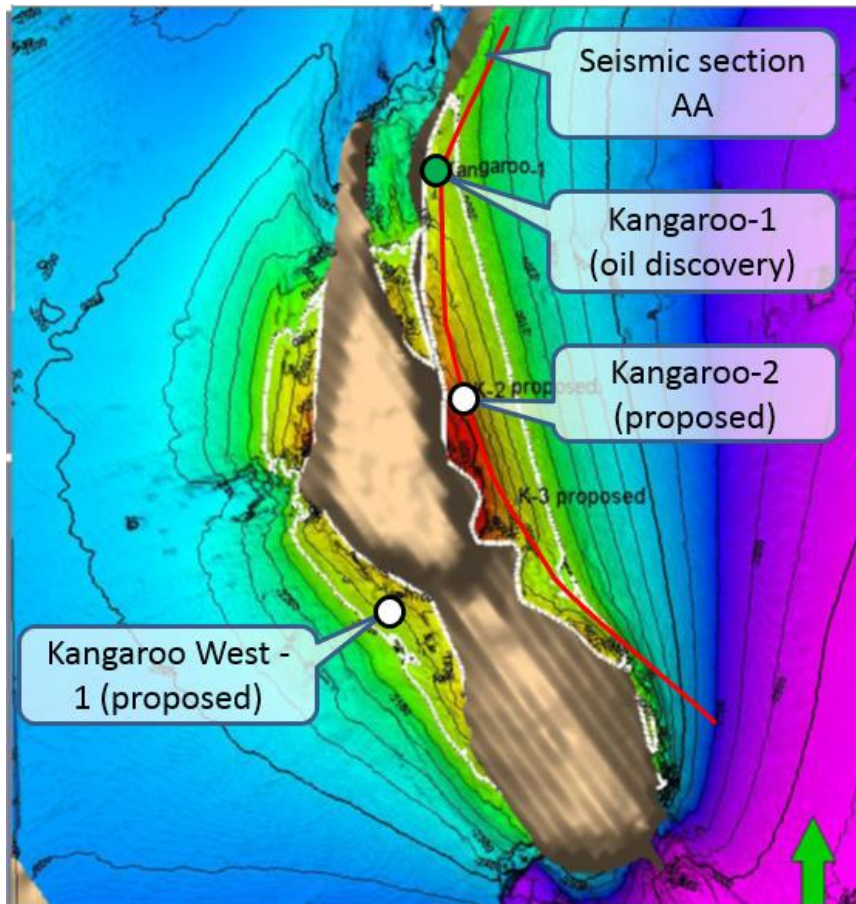
Forward Plan:

- 2014 Key operational objective: Kangaroo oil discovery appraisal
- Drilling campaign to commence December Quarter 2014
- 'Olinda Star' rig contracted for 2 firm and 2 option wells.
- Limited appraisal drilling required to progress into FEED

Farmout:

- Farmout discussions are on-going

Santos Basin – Well Locations



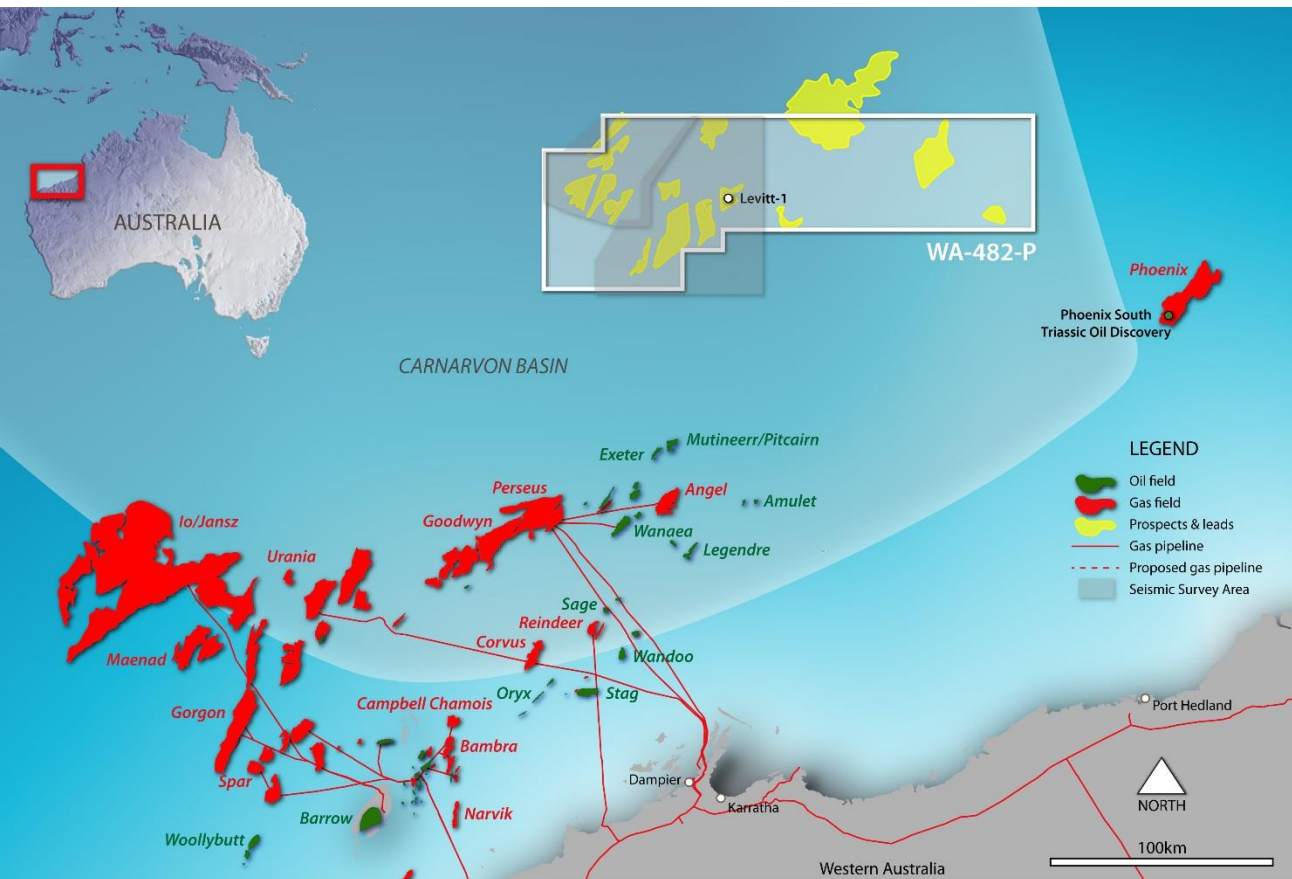
Internal Assessment			Net Contingent Resource (Discovered)			Net Un-risked Prospective Resource [#] (Undiscovered)		
Discovery / Prospect	Interest	Type	1C	2C	3C	Low	Best	High
Kangaroo	65%	Oil (mmbbls)	7	88	317	-	-	-
Kangaroo West	65%	Oil (mmbbls)	-	-	-	15	330	1,193

[#] This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page 13

Exploration Pipeline – Carnarvon Basin

Carnarvon Basin, Australia – Permit WA-482-P

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



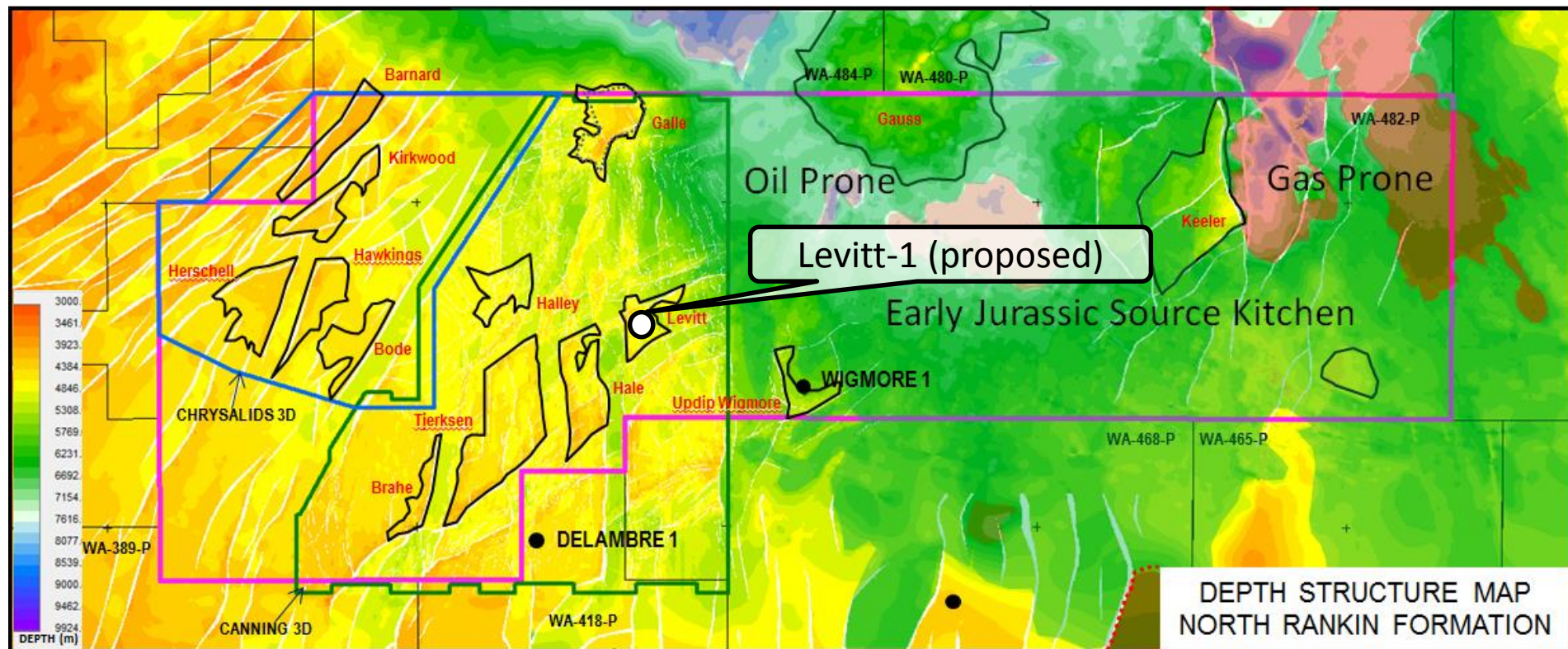
Farmout:

Farmed-out a 50% interest to Apache: US\$9 million upfront and 90% carry in one exploration well capped at US\$63 million

Regional Activity:

- Phoenix South oil discovery
- BHP farmed in to a block with Repsol adjacent to the north
- Woodside and Shell commenced exploration program to the north east

Carnarvon Basin – WA-482-P



- Levitt-1 is well positioned to receive migrating hydrocarbons from the oil mature Early Jurassic source kitchen
- Levitt-1 expected to be drilled during the next 2 quarters

Independently Assessed	Net Un-risked Prospective Resource [#] (Undiscovered)				
	Interest	Type	Low	Best	High
WA-482-P (Permit)	50%	Oil (mmbbls)	375	1,117	2,837
Levitt (Prospect)	50%	Oil (mmbbls)	36	110	275

This estimate of prospective petroleum resources must be read in conjunction with the cautionary statement on page 13

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 Assessed - DeGolyer & MacNaughton					NET Contingent Resource (Discovered)			NET Un-risked Prospective Resource (Undiscovered)		
Permit	Interest	Basin	Country	Type	1C	2C	3C	Low	Best	High
WA-314-P*	100%	Browse	Australia	Wet Gas (Bcf)	-	-	-	559	1,096	2,051
Total - Wet Gas					-	-	-	559	1,096	2,051
Permit / Block	Interest	Basin	Country	Type	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

Internally Assessed					NET Contingent Resource (Discovered)			NET Un-risked Prospective Resource (Undiscovered)		
Discovery / Prospect	Interest	Basin	Country	Type	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 assessed 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 assessed 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 Corporate 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.