

4 May 2021

Company Announcements Office
ASX Limited

Dear Sir / Madam

Presentation for Macquarie Australia Conference 2021

Attached is a presentation to be made by the CEO and Managing Director later today.

This announcement was authorised by the Company Secretary.

Yours faithfully



Nick Kennedy
Company Secretary

Karoon Energy Update Macquarie Australia Conference

4 - 6 May 2021



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Karoon Energy Overview

A pure oil producer with a strong platform for growth

Safe, reliable and profitable production

- Completed Baúna purchase in November 2020 for US\$380m firm consideration plus up to US\$285m contingent on oil prices
- Implemented rigorous safety and reliability program; no significant safety or environmental issues to date
- Produced 1.14 mmbbl in 1Q CY2021 quarter, KAR's first quarter as a substantial oil producer. Average production in 1Q CY2021 of 12,641 bopd (excl maintenance ~14,500 bopd)
- A\$97m sales proceeds from first three cargos, average realised oil price US\$52.46/bbl
- Guidance for FY2020/21 unchanged

Positioned for growth

- Rig contracted for Baúna intervention program, to commence in 2Q CY2022
- On track to reach FID in 2Q CY2021 for potential Patola field development
- Together, the intervention program and Patola development, represent relatively low risk pathway to potentially double production by 1Q CY2023
- Option to drill control well on Neon light oil discovery, potentially providing further medium-term upside
- Strong financial position with A\$173 million cash and no debt (at 31 March 2021)

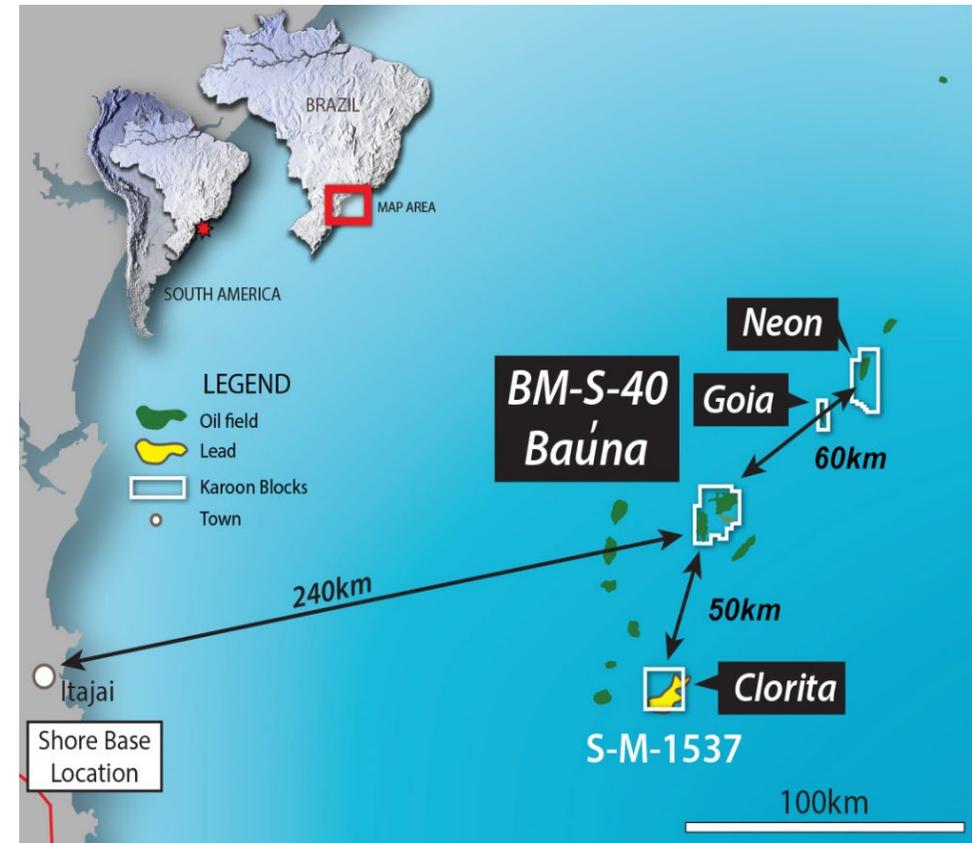
Organisation to deliver

- Refreshed Board, corporate structure; recruitment of two key management roles well advanced
- Strategic review underway, to help position KAR for longer term growth, including broader approach to sustainability

Production - Baúna

Mature field with strong operational track record

- BM-S-40 Licence offshore Brazil includes the Baúna, Piracaba (both in production) & Patola (pending FID) proven oil pools
- Highly productive reservoirs, 33-38 API crude oil with no impurities
- Six oil producers, three water injectors, one gas injector on Baúna and Piracaba, tied back to FPSO Cidade de Itajaí:
 - Uncomplicated, moderate water depth, historically high operational reliability and consequently low-cost production
 - Cumulative production from Baúna and Piracaba to end CY2020 of 133 MMbbl, historical peak rate of 75,000 bopd. Current production >14,000 bopd
 - Marketing arrangement with Shell, ~500,000 bbl cargoes expected to be shipped every 5-6 weeks during CY2021
- FPSO currently running at ~50% liquids handling capacity – plenty of ullage for new production



Health, Safety, Security and Environment

Emphasis on safe and reliable operations

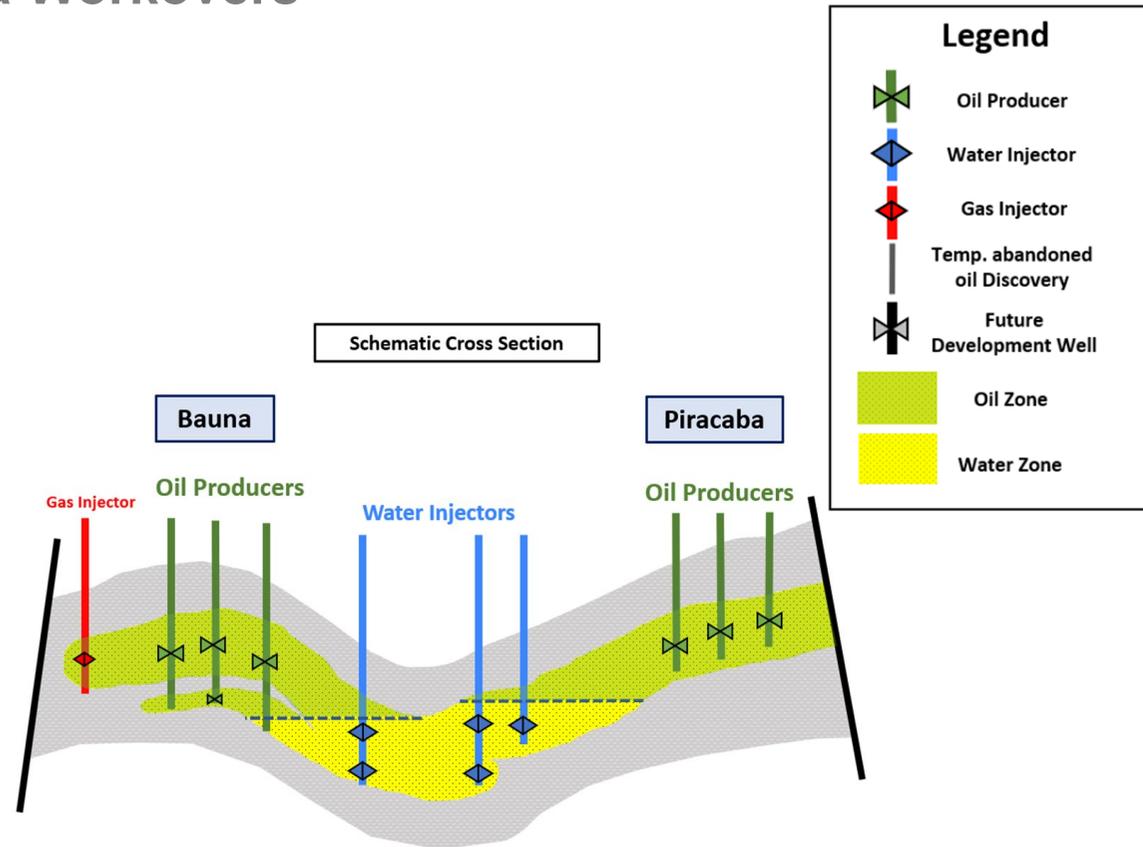
- Karoon initiatives reinforcing strong safety culture throughout Baúna operations
- No significant safety or environmental incidents since taking over operatorship
- To date, no COVID-related interruptions to production despite escalating pandemic in Brazil. Strict protocols in place to protect workforce from COVID risks and ensure operating continuity
- Direct engagement between FPSO operator, Altera&Ocyan, and Karoon at CEO level to emphasise HSSE as primary priority in decision making
- Focus on ongoing maintenance program to ensure continued strong operational uptime and reliable production rates. To date:
 - Excellent process safety performance
 - 0 LTIs and TRIs in 1Q CY2021



Baúna Intervention Program

Maersk rig contracted for 2022 Baúna Workovers

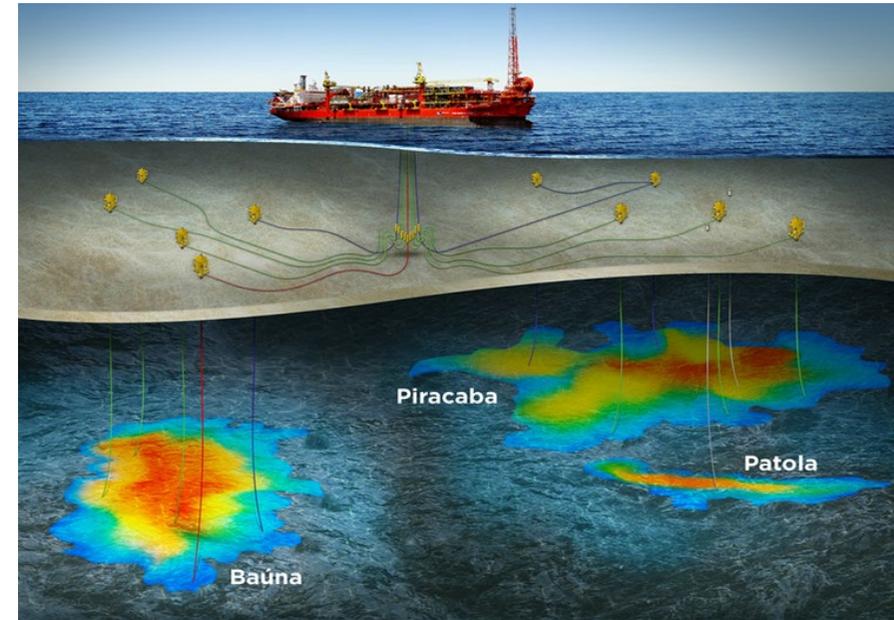
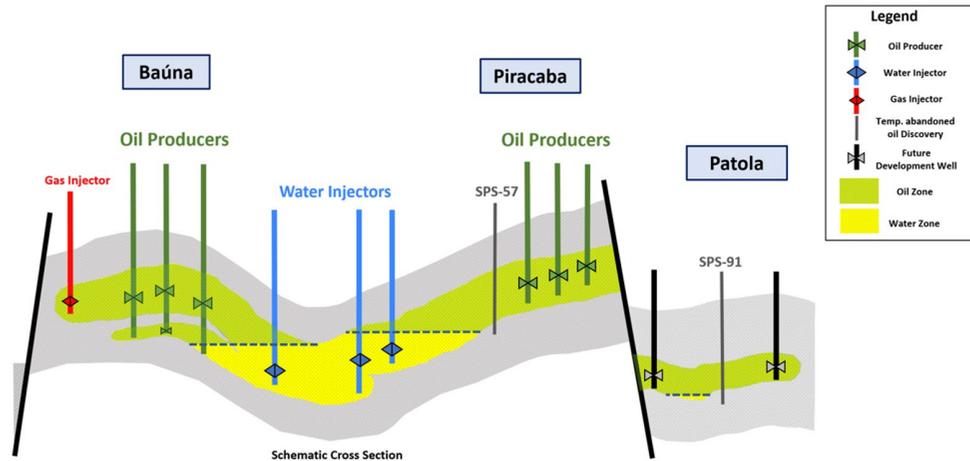
- Maersk Developer rig, operated by Maersk Drilling, has been contracted for the Baúna workover campaign:
 - Competitive tender involved 10 rig owners
- The rig, currently located in Suriname, expected to arrive in Brazil in the first half of CY2022. Program to commence in late 2Q CY2022
- Four interventions planned - 2 downhole pump replacements, 1x gas lift and 1x oil zone re-opening
- Workover campaign targeting 5,000 – 10,000 bopd production boost
- Estimated cost US\$110-\$130 million, to be funded from cash and cash flows



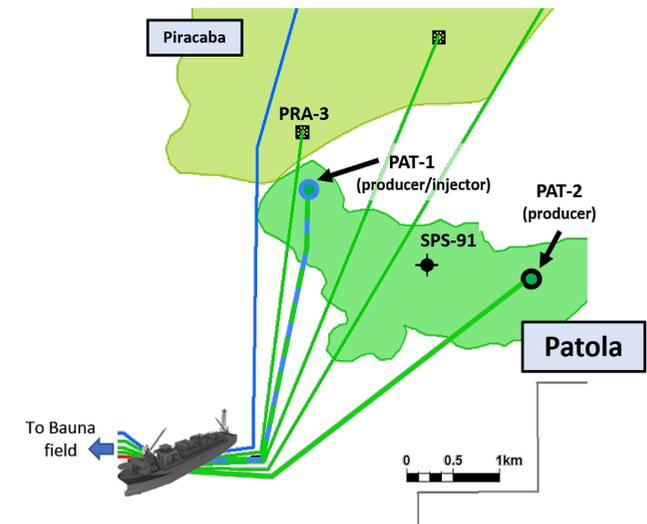
- Options to retain the rig for the potential development of the Patola field and drilling of a control well on the nearby Neon light oil discovery

Potential Patola Development Project

Discovered oil pool 5km from Baúna



- Patola oil discovery well (SPS-91) drilled within BM-S-40 production ring-fence confirmed the same high quality geological reservoir interval as Baúna, with 38 API oil
- Development plan comprises two vertical wells and subsea infrastructure to tie back Patola to existing FPSO
- Targeting initial flow rates of more than 10,000 bopd
- Letter of Intent signed with TechnipFMC for Long Lead Items and debt funding package discussions well advanced
- On track to take FID on Patola development in 2Q CY2021, with first oil in early CY2023



Baúna and Patola Reserves and Resources

Material 2P Reserves and Contingent Resource base

	Reserves 31/12/2020 ¹		
	1P (MMbbl)	2P (MMbbl)	3P (MMbbl)
Baúna current wells incl. intervention program ¹	31.9	36.4	50.4

	Contingent Resources 31/12/2020 ¹		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Patola Development	9.6	13.2	18.6
Baúna benefit from Patola	1.2	1.5	1.6
SPS-57 ²	1.9	4.2	8.3

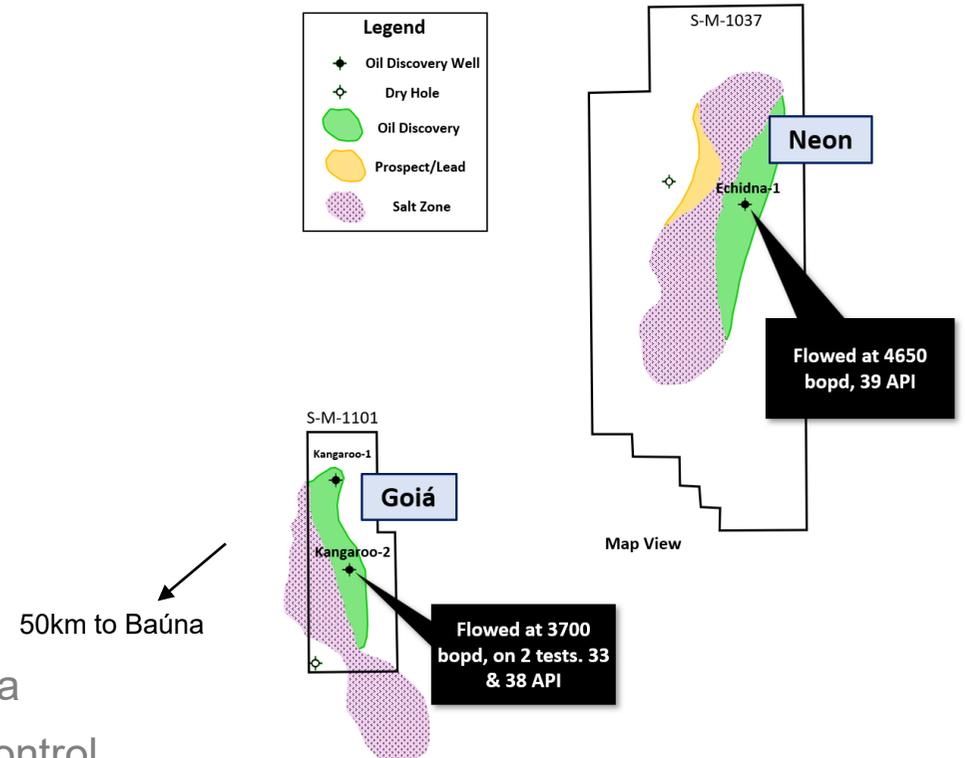
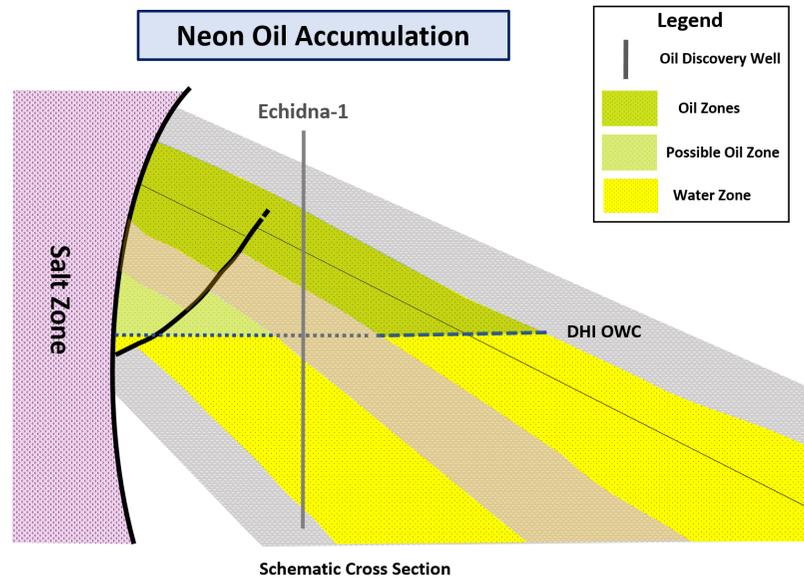
- Independent expert assessment provided by AGR updated as of 1 Jan 2021 based on US\$55/bbl oil price
- Asset performance continues to be in line with expectations

1. The reserves and contingent resource volume estimates presented for Baúna, Patola and SPS-57 were disclosed in the ASX announcement, dated 28 January 2021, "Baúna Oil Reserves and Contingent Resource Update". The reserves are a result of stochastic summation of individual well reserves and not arithmetic sum of the individual well reserves. Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcement continue to apply and have not materially changed.

2. SPS-57 is currently shut in.

Neon and Goiá Discoveries

Potential additional medium term development opportunities



- Neon and Goiá light oil discoveries 50-60km from Baúna
- Neon initial development subject to drilling a potential control well and further engineering studies:
 - Option to drill following Patola, utilising Maersk rig, commencing in late CY2022/early 2023
 - Engineering studies ongoing to optimise development plan, including how to maximise oil recoveries most cost effectively, given current subsurface uncertainties

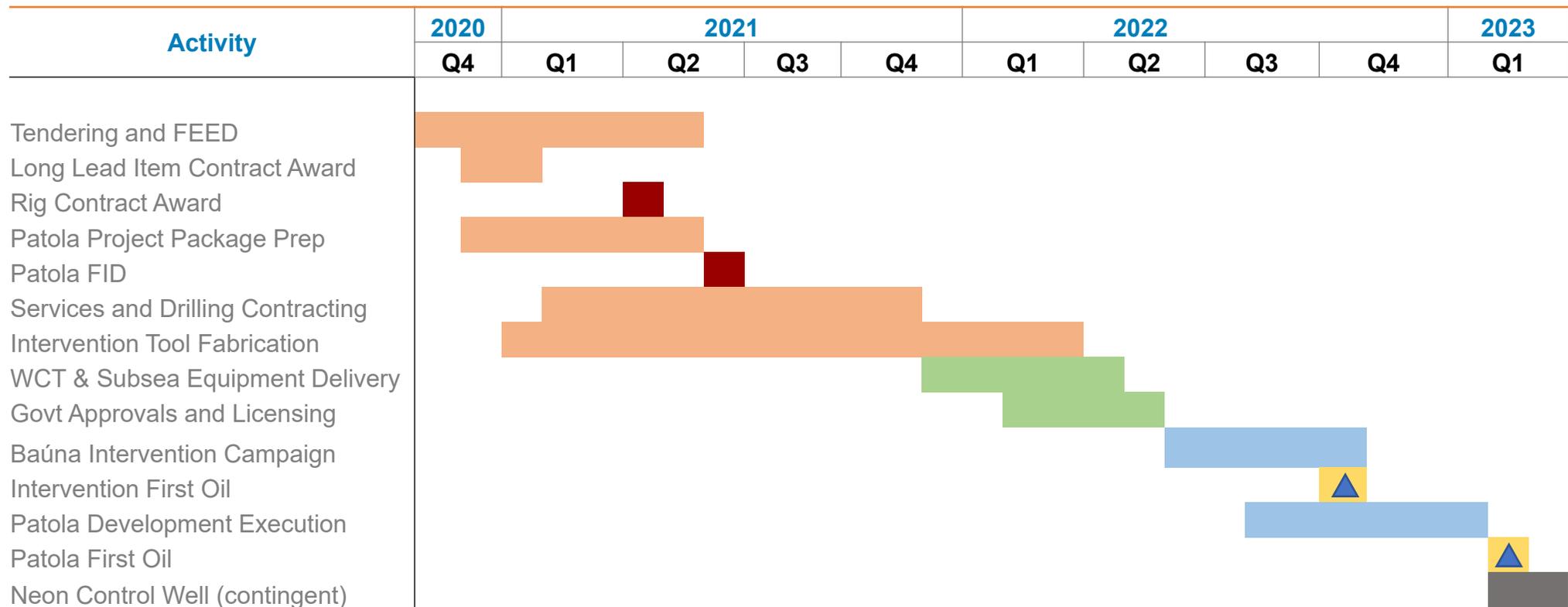
Contingent Resources ¹			
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Neon	30	55	92
Goiá	16	27	46

(1) The contingent resource volume estimates presented for Neon and Goia were disclosed in the 8 May 2018 ASX announcement "Resources Update". Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcement continue to apply and have not materially changed.

Proposed Timeline to Full Production

Provisional Program

- Rig secured for Baúna intervention program
- Option to extend contract and drill two Patola development wells (subject to FID) immediately afterwards, then potential Neon control well
- Utilising same rig minimises mob/demob costs



COVID-19 Safety

Protecting staff health and wellbeing

- Karoon's first priority is health and safety
- COVIDsafe plans are in place in all jurisdictions
- All corporate functions in Brazil being conducted remotely in accordance with local government directions where required
- Strict hotel quarantine schedule enforced for all crew embarking the Baúna FPSO
- 24 x 7 security provided at the hotel
- Direct check-in and flight transfer from the hotel to prevent potential airport infection post quarantine
- Specific COVIDsafe plan onboard
- Additional medical and cleaning crew onboard
- Isolation facilities available onboard
- Sanivac facilities available



Organisation to deliver

Strategy refresh following delivery of Baúna

- A range of Executive Team and organisational changes have been announced over the past 6 months
- Key changes include:
 - Retirement of Founding CEO/MD, Robert Hosking and appointment of new CEO/MD, Julian Fowles in November 2020
 - Creation of a full capability Brazil Business Unit, to be led by new position of EVP/President Karoon Brazil, reporting directly to CEO
- Global executive search for Brazil EVP/President role and for a new CFO to replace Scott Hosking expected to be completed in 3Q CY2021
- Board renewal has also occurred, comprising retirement of long standing non-executive directors, Geoff Atkins and Jose Coutinho Barbosa in November 2020 and appointment of independent, non-executive director Peter Botten in October 2020
- A strategic refresh has commenced, aimed at reviewing current and future industry trends and potential growth opportunities in light of the evolving energy industry. Focus on:
 - Executing current opportunities efficiently and cost effectively, to strengthen current platform for growth
 - Capturing attractive near/medium term growth opportunities to meet expected continued strong demand for oil
 - Climate and ESG societal expectations and funding challenges
 - Refresh expected to be completed in 2H CY2021

Summary – Transition From Explorer to Producer Complete

A new era has begun...

Pure oil producer

- Stable, low cost production from Baúna
- Current production rate of more than 14,000 bopd
- Oil price realisations linked to Brent, crude marketed by Shell

Clear growth opportunities

- Baúna interventions expected to commence in late 2Q CY2022
- Patola FID on track for 2Q CY2021
- Potential to double current production rates in CY2023
- Strategic Refresh underway to examine potential future growth opportunities

Improved balance sheet and corporate structure

- Interventions can be funded from cash and Baúna cash flow
- Patola funding discussions well advanced
- Potential to farm down Santos Basin acreage if additional funding flexibility is required
- Improved governance in place

Appendix 1: 3Q 2020/21 – Financial and Operating Summary

Key Data	March Quarter 2021	FY YTD
Production – rate ('000 bopd)	12.64	13.47
Production – volume (mmbbl)	1.14	1.95
Sales Volume (mmbbl)	0.93	1.43
Weighted Average Net Realised Price (US\$/bbl)	55.38	52.46
Oil Sales Proceeds (A\$ million)	97.2	97.2
Cash/Cash Equivalents at 31 March (A\$ million)	173.2	NA

Highlights

- Oil production from the Baúna Field in the March 2021 quarter totalled 1.14 mmbbl, produced at an average rate of 12,641 bopd
- Two oil cargos were lifted, realising an average net price of US\$55.38/bbl
- Total oil sales receipts for the quarter (including proceeds from the December cargo) were A\$97.2 million, representing the Company's inaugural cash flow from oil sales
- There were no significant safety or environmental incidents reported during the period
- The Company's cash and cash equivalents increased from A\$133m at 31 Dec 2020 to A\$173m at 31 March 2021
- Karoon has no hedging in place and remains fully exposed to the underlying benchmark Brent oil price

