

Karoon Energy – Completion of Baúna Transaction

9 November 2020



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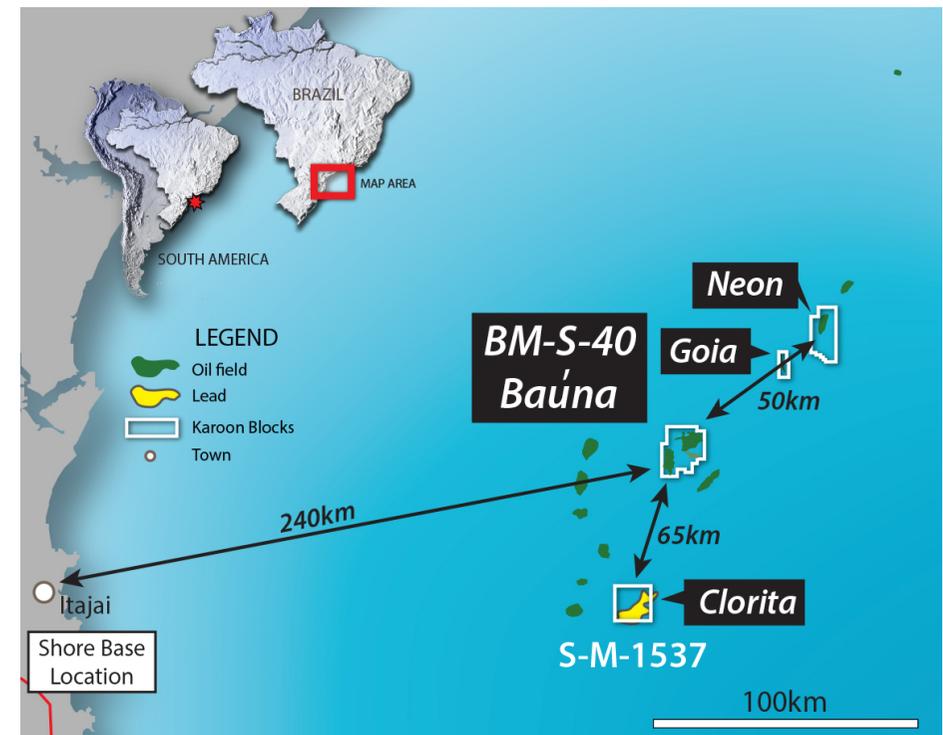
Karoon Energy – Overview

Karoon Energy is an ASX-listed upstream energy company focused on the Santos Basin, Brazil

Overview

- ASX listed in 2004
- The acquisition of Baúna gives Karoon a strong foundation of cashflow with plans to grow production over the next 2 years
- Current production of ~15.2kbopd¹ (with 15.5kbopd² the average forecast for the year)
- FPSO Cidade de Itajai is currently running at approximately 50% capacity
- Strategic position in owning 100% of a Santos Basin portfolio
- Post settlement: US\$130 million cash, no debt

Asset Portfolio Location



Potential Santos Basin Hub Development

Karoon Energy – Overview (cont'd)

Capitalisation Structure

Current Capitalisation				
Share Price (as at 6 November 2020)	A\$	0.78		
Shares Outstanding (as at 6 November 2020)	MM	553		
Equity Value (as at 6 November 2020)	A\$MM	431		
Cash Available (as at 30 September 2020)	A\$MM	399	US\$MM	280
Closing Payment			US\$MM	(150)
Proforma Cash Available Post Settlement			US\$MM	130

Key Asset Overview

Asset	Karoon Interest	Status	Basin	2P Reserves (MMbbl)	2C Resource (MMbbl)
Baúna ¹	100%	Producing	Santos	39.2	18.9
Neon ²	100%	Pre-Development	Santos	-	55
Goiá ²	100%	Pre-Development	Santos	-	27
Total				39.2	101

(1) The reserves and contingent resource volume estimates presented for Baúna, Patola and SPS-57 were disclosed in the ASX announcement, dated on or about the date of this presentation, entitled "Baúna Oil Reserves and Contingent Resource Competent Persons Report Summary". 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.

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Company Highlights

The successful acquisition of Baúna transforms Karoon into a material oil producer with significant low-risk, brownfield production growth opportunities

>	Karoon has successfully completed the acquisition of a 100% operated interest in the Santos Basin concession BM-S-40, containing the producing Baúna oil field and undeveloped Patola discovery
>	The Baúna acquisition transforms Karoon into the 5 th largest oil producer on the ASX with US\$130MM cash, no debt and current production of ~15.2 kbopd ¹ and plans to significantly increase production
>	Karoon plans to grow production to ~25-30 kbopd over the next 24 months through low risk optimisation and brownfield development of the Patola discovery
>	The FPSO has 40kbd capacity to accommodate Karoon's production growth plans with a total liquids handling capacity of ~80kbd
>	Karoon has acquired 39.2 MMbbl 2P reserves and 2C contingent resources of ~19 MMbbl ²
>	Baúna offers operating and financial synergies with Karoon's existing 100% owned Santos Basin assets, the Neon and Goiá discoveries, with 2C Contingent Resources of 82 MMbbl ³

(1) October average daily production rate.

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Capital Allocation Priorities

The short to medium term focus is investing in production growth

Low risk production growth	<ul style="list-style-type: none">• Workover of existing producing wells to boost sustainable production• Planned start for Q4 2021
Brownfield development	<ul style="list-style-type: none">• Invest in the brownfield development of the Patola discovery to be tied back to the Baúna FPSO• Subject to FID during Q1 2021
De-risking existing discoveries	<ul style="list-style-type: none">• The de-risking of the Neon oil discovery remains a priority to progress the project to the point of assessing FID
Strategic capital management	<ul style="list-style-type: none">• Karoon is focused on value creation for shareholders, sustainable shareholder returns and value enhancing acquisition opportunities where possible
Acquisition opportunities	<ul style="list-style-type: none">• Strict financial discipline and a screening process will be used, while upstream assets are being divested by the market, to consider value accretive acquisition opportunities
Exploration portfolio	<ul style="list-style-type: none">• Focussed approach to renewing Karoon's exploration portfolio to position Karoon for long term growth• Continue to progress existing Clorita and up dip Emu prospects close to the Baúna asset

Funding Capacity and Consideration Terms

The contingent consideration structure retains funding capacity for investment in production growth

Funding capacity and opportunities

- Cash at bank post acquisition is estimated at US\$130MM
- Initial free cash will be re-invested in expanding production through intervention and Patola projects in the short term
- Currently no debt, with material debt financing potential through production and 2P reserves
- The 100% interest in a strategic Santos Basin portfolio of production and development assets is expected to attract increased farm-in and/or sell-down interest

Deferred and contingent consideration

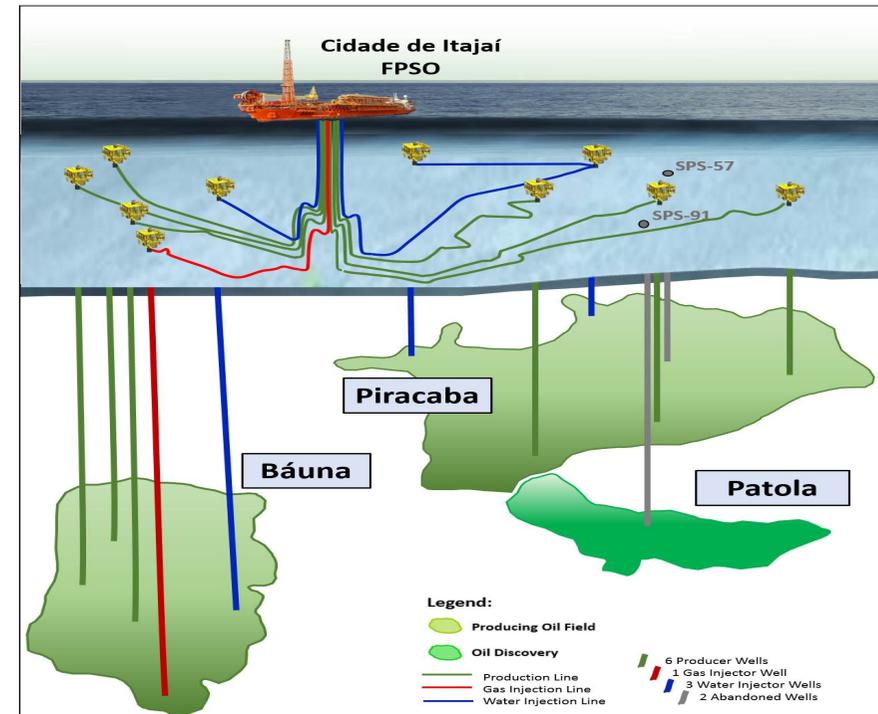
- US\$40 MM (approx.) deferred consideration payable 18 months after close
- Up to US\$285MM contingent consideration linked to annual average Brent prices between US\$50 and US\$70 dollars a barrel from 2022 to 2026
- Additional contingent consideration payable if oil prices average above US\$100/bbl in CY 2020 (US\$50MM)
- The contingent consideration structure ensures additional consideration is only payable in the event of higher oil prices

Baúna Asset Overview

Proposed upgrade of asset with excellent reservoir characteristics

- Existing production system includes 6 oil production wells, 3 water injection wells and 1 gas injection well tied back to FPSO Cidade de Itajai
 - Baúna and Piracaba reservoirs have produced approx. 130 MMbbls to date with historical peak rate of 75kbpd¹
 - Simple development strategy and architecture resulted in strong operational reliability, minimal intervention requirements and low cost production
 - CY 2020 forecast average production rate ~15.5 kbpd²
- Plans for rig based work-over campaign to increase production rates from 4 existing wells - 2x pump replacements, 1x gas lift, 1x oil zone re-opening
- Pre-FID workover capital investment is expected to be US\$100 million
- CY 2021 operating costs for Baúna are expected to be US\$27/bbl with life of oil field operating costs expected to be US\$17/bbl
- Mature planning to exploit discovered Patola volumes

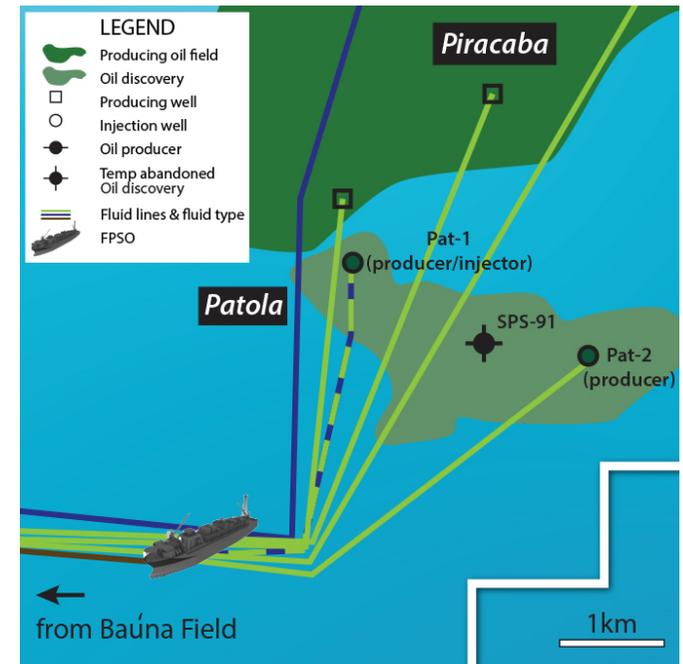
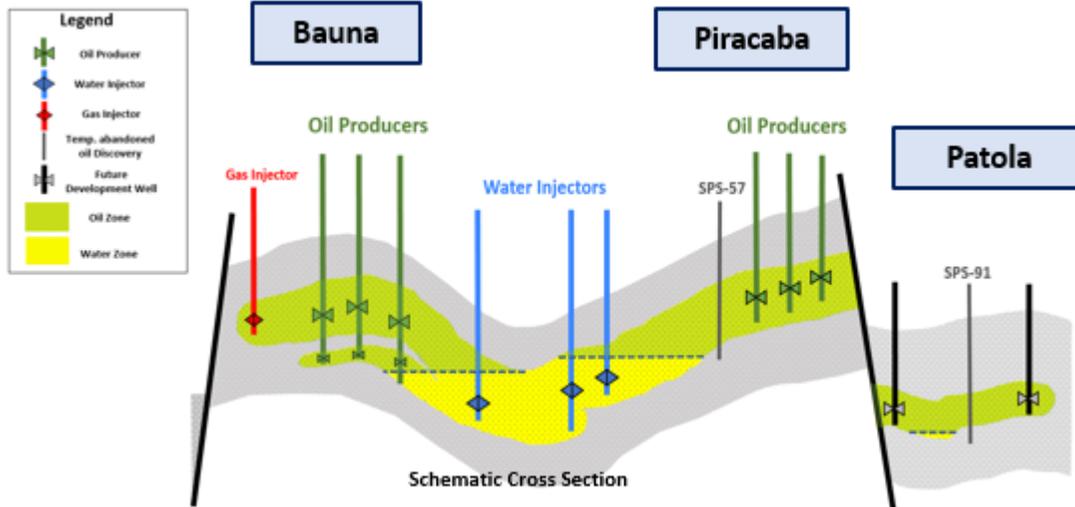
Baúna Development



- Includes 3 proven oil reservoirs named Baúna, Piracaba & Patola. Collectively named Baúna
- Reservoirs are high productivity and crude quality is excellent at 33-38 degree API with no impurities
- FPSO has capacity to take Patola production, currently running at approximately 50%

Patola Project Summary

Bringing discovered undeveloped oil in the Patola reservoir to production

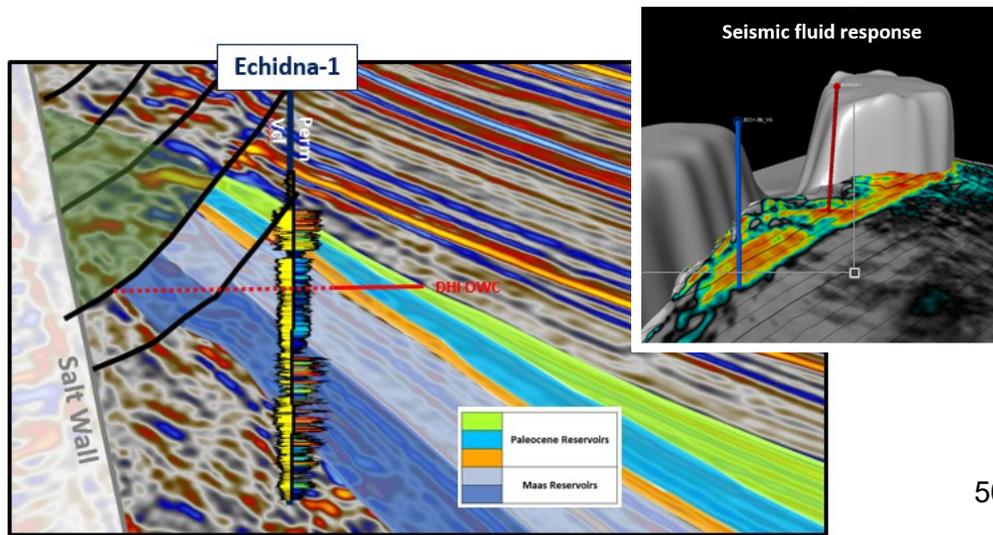


Patola project summary

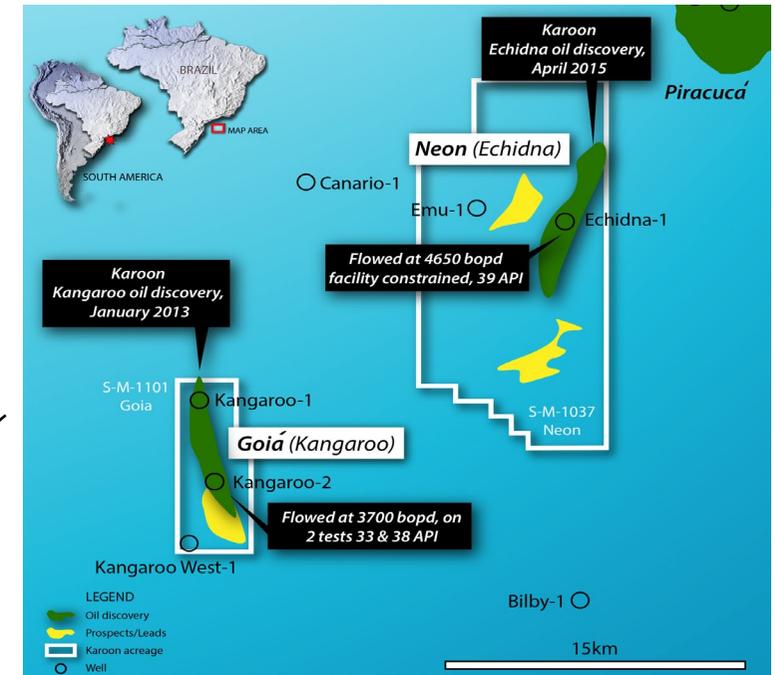
- Patola oil discovery well (SPS-91) drilled within BM-S-40 production ring-fence confirming 38 degree API oil and similarly high quality reservoir characteristics to producing Baúna & Piracaba fields
- Similar seismic response to producing areas de-risking field extent & in-place resource volumes
- Development scenario to consist of 2 vertical wells plus flow lines to existing FPSO
- Flexibility to configure new wells as 2 producers or producer-injector pair to optimise for maximum production rates
- Expected initial flow rates of >10kbpd and incremental reserves to the Baúna asset

Brazil: Santos Basin, Neon and Goiá Fields

Production growth potential through light oil discoveries 50km from Baúna



50km to Baúna

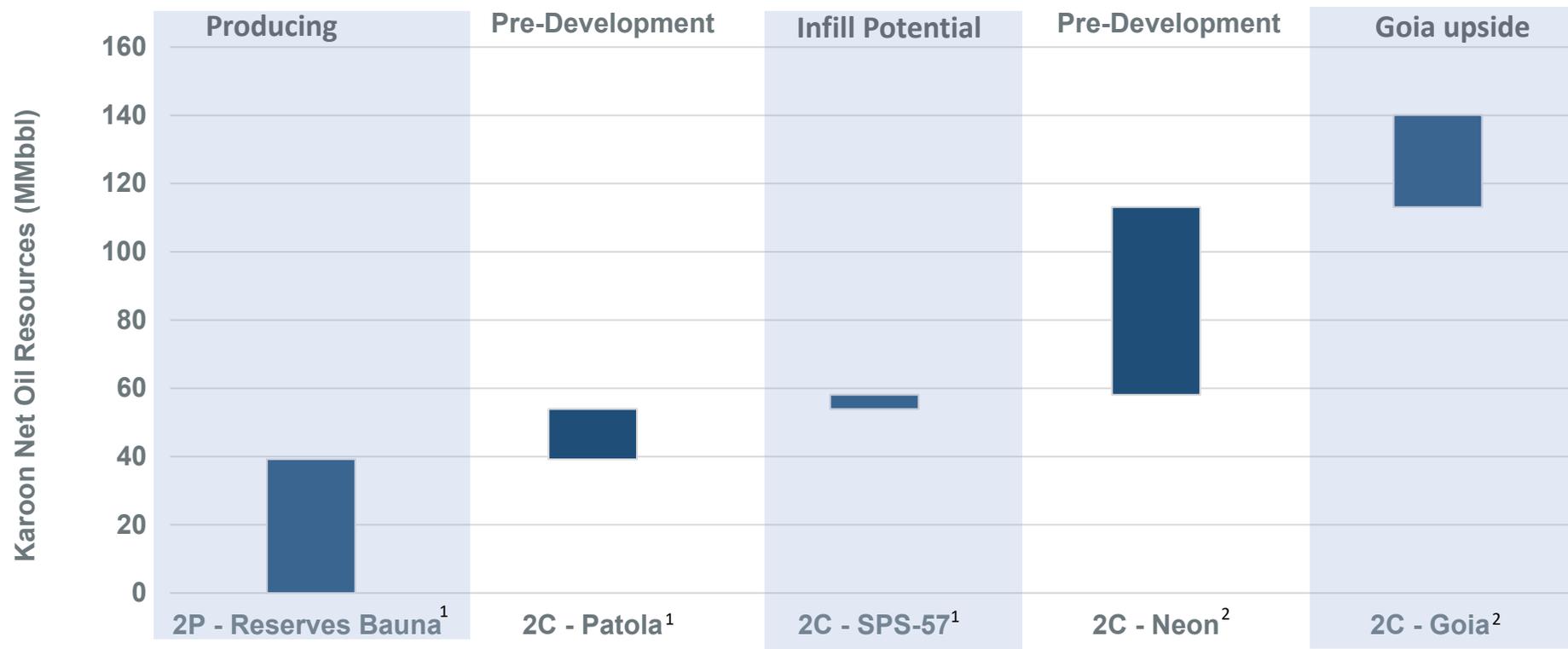


- Light oil discoveries at Neon and Goia both flowed at strong rates on test
- Moderate water depth, shallow reservoir depths and high quality seismic dataset - analogous to Baúna asset
- Neon accumulation identified as initial development target subject to drilling of a control well & FPSO studies to confirm economic potential
- Initial development flow rates estimated up to 25,000-28,000 kbopd
- Options to drill control well during Baúna operational campaign being assessed

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

Production Growth Projects

Portfolio of discovered resources in Santos Basin focus area



- Baúna ownership brings operational synergies and improved economics to all Santos basin assets. Potential to add material reserves and production in the medium term
- Neon control well is being considered for inclusion in 2022 operational campaign to de-risk and define potential development
- Clorita exploration block, and future licence rounds, provide long dated reserves replacement potential

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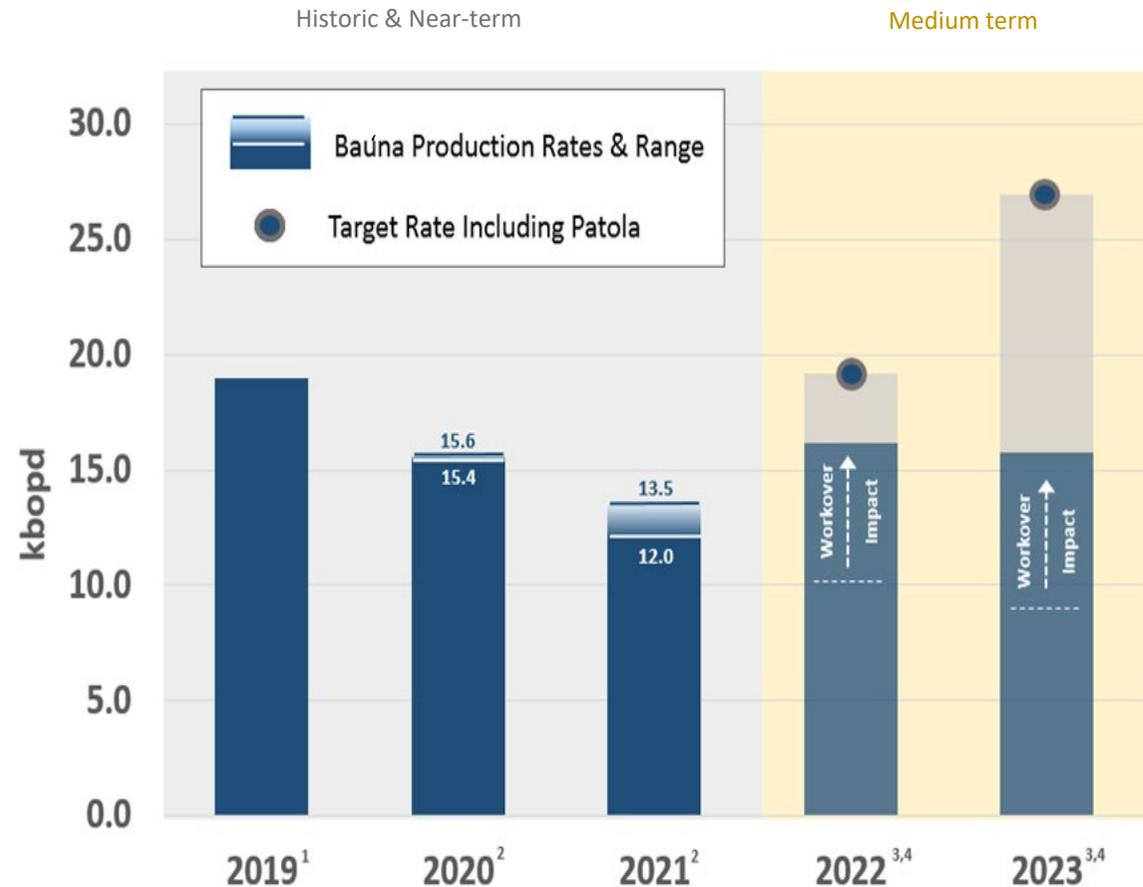
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Baúna Production and Reserves

Established, reliable oil production and mature plans to materialised growth potential

Baúna Production Rates

- Strong production performance since effective date of January 1st 2019
- Workover campaign targeting initial peak rate of 20kbopd, and >50% increase on natural decline scenario rates through 2022 & 2023
- Patola first oil est. Q4 2022, potentially incrementally adds 9,000 bopd during 2023
- Patola remains subject to FID, planned for Q1 2021



Baúna Production and Reserves (cont'd)

Significant reserves and contingent resource base

Baúna Reserves and Contingent Resources¹

AGR Reserves Estimates

Project	Reserves 30/06/2020*		
	1P (MMbbl)	2P (MMbbl)	3P (MMbbl)
Baúna current wells incl. intervention program	34.7	39.2	53.2

*These reserves are a result of stochastic summation of individual well reserves; and not arithmetic sum of the individual well reserves.

AGR Contingent Resource Estimates

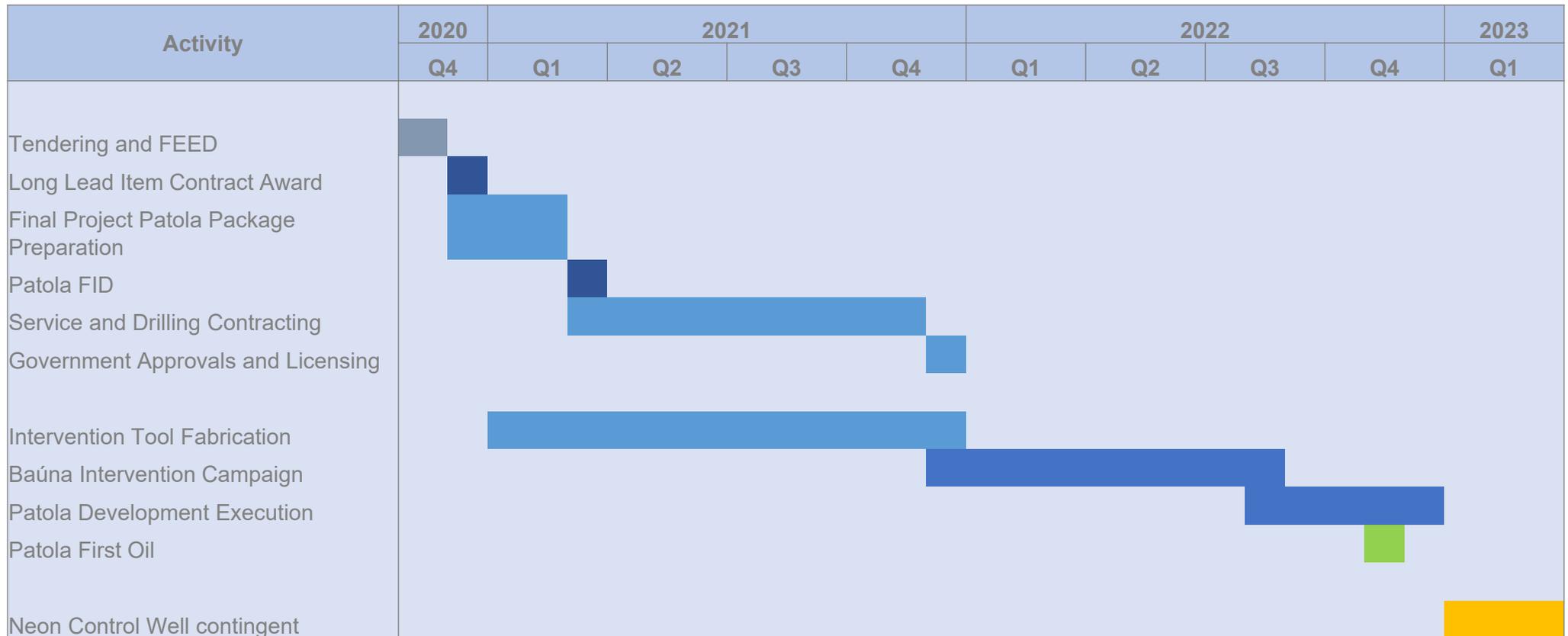
Project	Contingent Resources 30/06/2020		
	1C (MMbbl)	2C (MMbbl)	3C (MMbbl)
Patola Development	9.6	13.2	18.6
Baúna benefit from Patola	1.2	1.5	1.6
SPS-57	1.9	4.2	8.3

- Independent expert assessment provided by AGR
- AGR assessment effective as of 30th June 2020 based on \$55 long term oil price
- Higher reserves and resources at higher oil prices

Proposed Timeline to Full Production

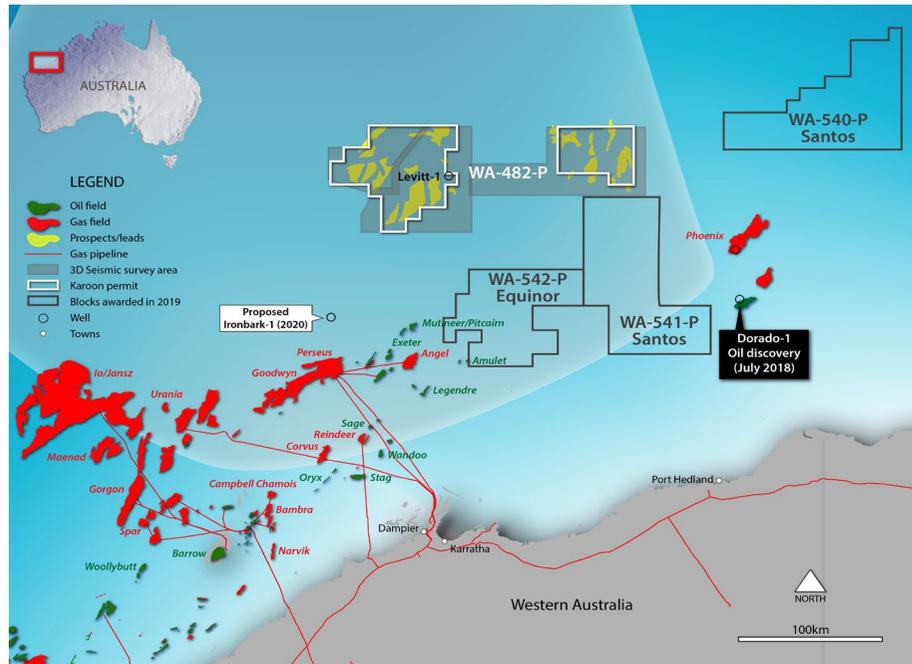
Provisional Program to Full Production

- Operational tendering for interventions and Patola development nearing completion
- Well intervention campaign planned to commence in Q1 2022
- Patola development proposed to utilise same rig and commence on completion of Baúna intervention campaign



Australian and Peruvian Exploration Acreage Status

Low cost exploration block evaluation and management strategy underway

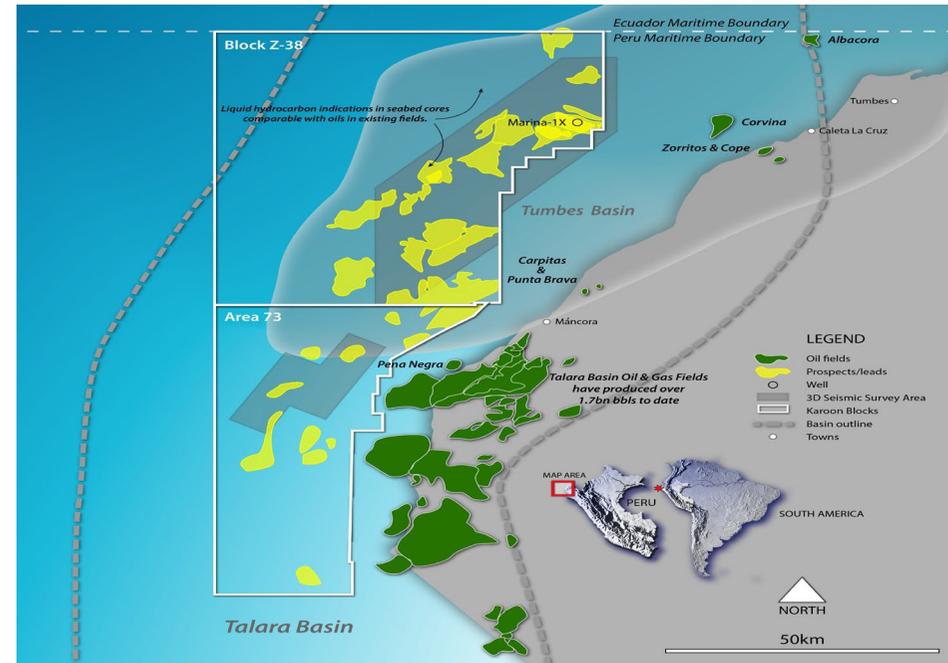


Australia WA-482-P

- 3D seismic reprocessing across all the permit area is near complete
- A forward program will be developed by Karoon and the Joint Venture once the reprocessed data is analysed

Australia EPP46

- Application to surrender from the permit is with the Australian Government authorities



Peru Z-38

- After the dry hole of the Marina-1 exploration well, a full analysis of all the data has been initiated and is expected to be complete in the Q4 2020
- The results of that analysis will determine any future Karoon activities in the permit

Recent Corporate Changes

- Retirement of Founding CEO and Managing Director Robert Hosking to occur in November 2020
- Appointment of Julian Fowles as CEO and Managing Director effective in November 2020
- Board re-structure – retirement of two Independent Non-Executive Directors to occur November 2020 with the appointment of Independent Non-Executive Director Peter Botten in October 2020
- New production operating team and associated policies and systems in place
- Voluntary change in accounting policy to Successful Efforts, investigating use of USD as functional currency
- Reduction in staff numbers in Australia and Peru
- COVID-19 salary reductions of up to 20%, and the restructure of the workforce toward operations focused staffing
- Continued reduction in corporate overheads
- Future of Peru being assessed as current work program completes, currently in force majeure
- Closure of two offices with utilisation of Baúna shore base in Itajai and reduction in Melbourne and Rio office size and costs

Glossary

ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis
ASX	Australian Securities Exchange
AUD or A\$	Australian dollars
3D seismic	A set of numerous closely-spaced seismic lines that provide a high spatially sampled measure of subsurface reflectivity
API	American Petroleum Institute's Inverted scale for denoting the "lightness" or "heaviness" of crude oils and other liquid hydrocarbons
bbl or barrel	Barrel of oil = 42 United States gallons; equivalent to approximately 159 litres
bopd	Barrels of oil per day
Brent	Platts Dated Brent Oil Price
CEO	Chief Executive Officer

Contingent Resources

Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality).

1C – Denotes low estimate scenario of contingent resources.

2C – Denotes best estimate scenario of contingent resources.

3C – Denotes high estimate scenario of contingent resources

Glossary (cont'd)

CY	calendar year	MM	million
FEED	front end engineering design	Q1	first quarter
FID	final investment decision	Q4	fourth quarter
FPSO	floating production, storage and off-loading facility	Reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of a given date) based on the development project(s) applied
H2	second half of a calendar year		
Karoon	Karoon Energy Ltd and its subsidiaries		
Kbd	Thousands of barrels per day		
Kbopd	Thousands of barrels of oil per day		1P- Denotes low estimate of Reserves (ie Proved Reserves).
km	kilometres		2P- Denotes best estimate of Reserves (ie the sum of Proved plus Probable Reserves).
LLI	long lead items		3P- Denotes high estimate of Reserves (ie the sum of Proved, Probable and Possible Reserves).
m	metres		
MMbbls	Millions of barrels (1,000,000 barrels)		
		US\$ or USD	United States dollars

