



# Karoon

Investor Review

May 2018

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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.

- The table below summarizes the probabilistic reassessment of Contingent oil Resources at 1C, 2C and 3C levels for Echidna and Kangaroo. No gas resources are available for development in the field. Oil resources are estimated using probabilistic statistical aggregation for the Paleocene-A, Paleocene-B and Maastrichtian reservoirs, measured in millions of barrels of oil (mmbbls).

Echidna Contingent Resources Net to Karoon			May - 18		
Field	Interest	Type	1C	2C	3C
Echidna	100%	Oil (mmbbls)	30	55	92
Kangaroo	100%	Oil (mmbbls)	16	27	46

- The probabilistically determined statistical aggregation of volumes for the entire block and the Marina Prospect are shown in the table below.
- Prospective resource volume estimates have been internally generated on a probabilistic basis and disclosed in Karoon's 8 May 2018 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.

Block Z-38 Net Un-risked Prospective Resource (20 best prospects)			May-18		
Block	Interest	Type	Low	Best	High
Block Z-38	75%	Oil (mmbbls)	419	1,030	2,532
Marina Prospect	75%	Oil (mmbbls)	80	192	463
*Block Z-38	40%	Oil (mmbbls)	223	549	1,350
*Marina Prospect	40%	Oil (mmbbls)	42	102	247

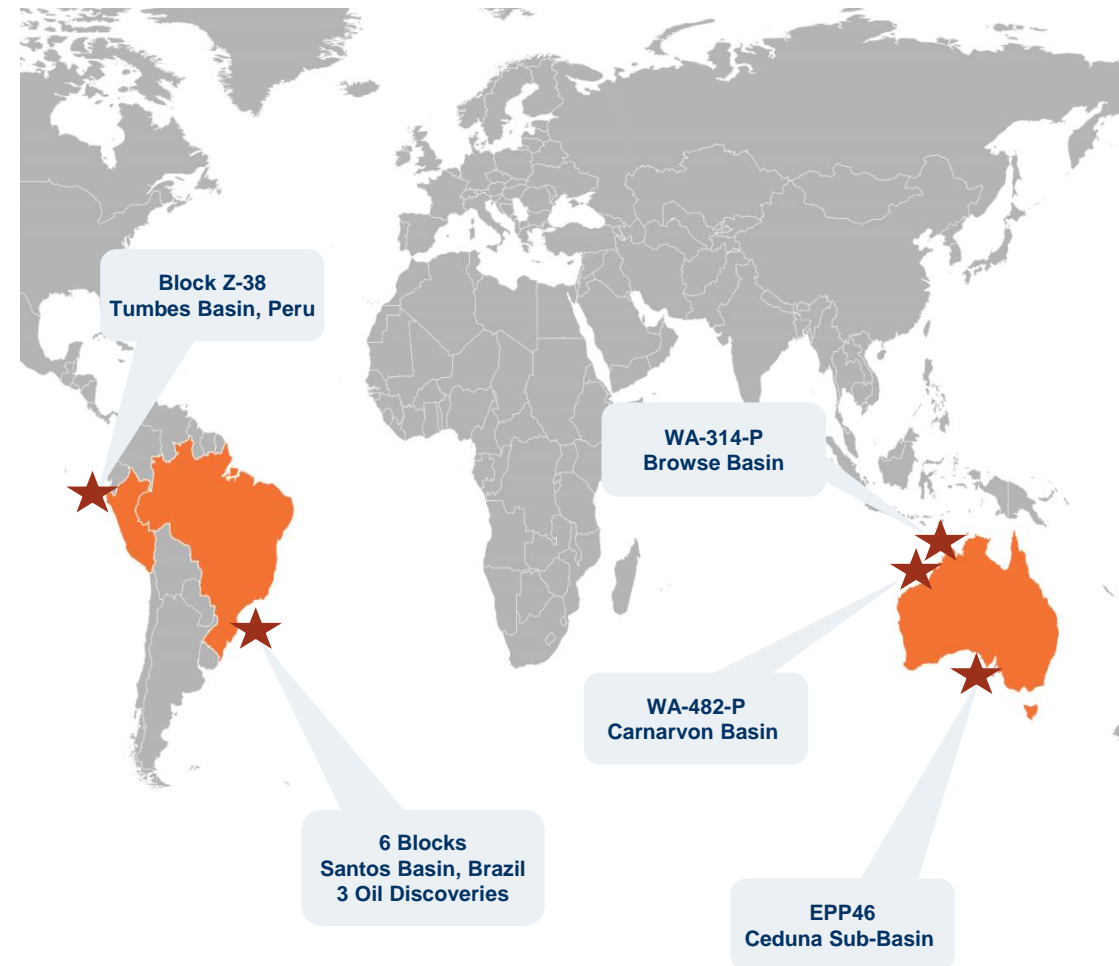
\*at completion of farm-out

Block WA-482-P Un-risked Prospective Resource (10 best prospects)			May - 18		
Block	Interest	Type	Low	Best	High
WA-482-P	100%	Oil (mmbbls)	890	2,795	7,455
Net to Karoon	50%	Oil (mmbbls)	445	1,398	3,727

## Corporate Overview

**Karooon has an attractive portfolio of development and exploration assets in Brazil, Australia and Peru, a quality technical team and a strong balance sheet to pursue organic growth and acquisitions**

- Continued focus on acquiring a first class production asset
- Potential upcoming development of Echidna-Kangaroo in Brazil
- Upcoming drilling in Peru with our new partner, Tullow Oil
- High impact exploration in the southern Santos Basin in Brazil
- Strong technical and management teams with outstanding experience in the oil and gas industry ranging from exploration through to development and production
- A\$333mm cash and no debt
- Up to US\$200mm deferred cash consideration from Poseidon gas discovery sale remains outstanding, contingent on development



## Strategy

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**Karooon's strategic vision is to transform into a global Exploration & Production (E&P) company with material production underpinning a highly prospective exploration portfolio**

### Production Asset Acquisition

- Karoon is pursuing a disciplined and focused strategy to acquire a production asset(s)
- Focus on first class oil producing assets with strong future cash flows
- Karoon will review sales processes where strategic opportunity exists (Bauna/Piracaba close to Echidna)

### Existing Discoveries

- Investments in existing discoveries will exploit high value synergies with other production assets and exploration upside in the Santos Basin in Brazil
- The Echidna oil discovery is in FEED stage, tenders are now being assessed for a potential hub development in the future, taking advantage of the current industry equipment surplus as oil prices continue to strengthen

### Exploration

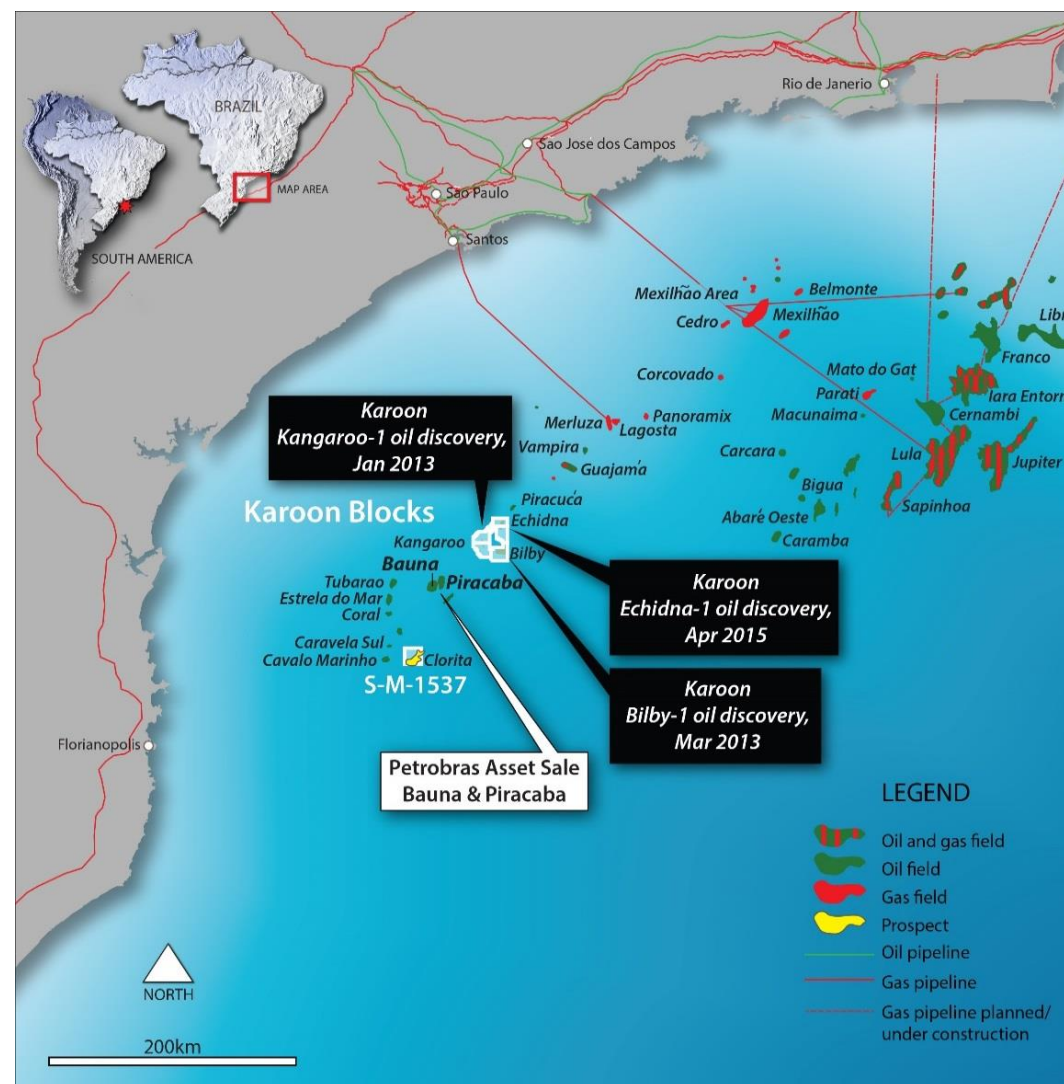
- New high potential Brazil exploration Block S-M-1537, acquired in 2017, close to Echidna and Kangaroo oil fields
- Progress work stream toward exploration drilling with Tullow
- Exploration is Karoon's proven core value-creation process (62% success rate)
- Exploration spend will be centred on Karoon's current high knowledge basins in Brazil, Peru and Australia



# Karoon's History in Brazil: The Santos Basin

## Karoon has a decade of technical and operational experience in the southern Santos Basin

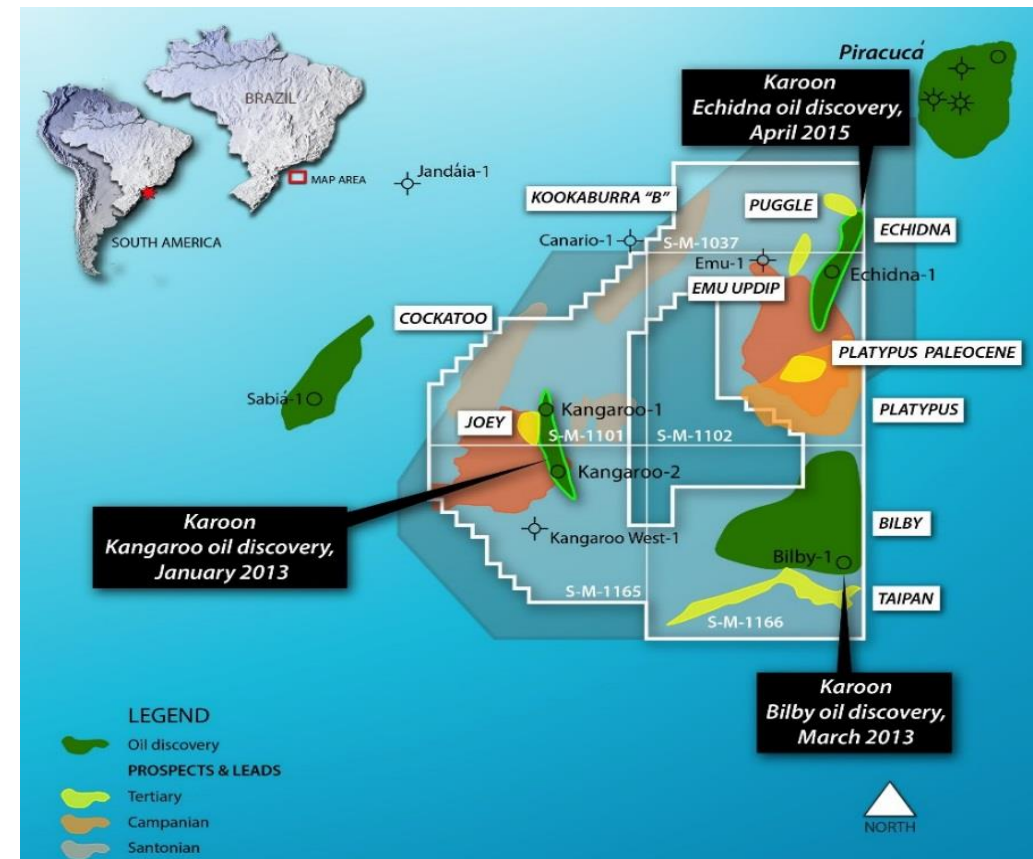
- Karoon entered Brazil 2008/100% interest in 5 blocks
- Karoon farmed-out 5 blocks to PRE for 35% (US\$250mm) in 2013
- Acquired S-M-1537 Clorita exploration block 2017
- Best analog fields are Bauna and Piracarba, 120 mmbbls light oil Paleocene turbidite sands
- Declaration of Commerciality on Echidna and Kangaroo late 2018
- Brazil production in excess of 2.5 - 3mm boed. Approx. 60% of existing world FPSO production capacity 2020
- Recent ANP bidding rounds/successful bidders with Exxon Mobil, Statoil, Shell, Wintershall, Chevron and Total



## Echidna and Kangaroo: Light Oil Discoveries

Echidna development focused on a capital efficient, risk weighted concept that is economically robust

- Between 2013 and 2015 Karoon operated 2 drilling campaigns totaling 6 wells
- Potential development of light oil discoveries at Echidna and Kangaroo
- Production test at Echidna-1 and Kangaroo-2 have proven reservoir deliverability at levels of around 10k-14k bopd per well
- High 42 API oil, pricing at top end of Brent spot
- Potential to develop a southern Santos basin production hub



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# Echidna: Declaration of Commerciality and Development Tendering Phase

## Echidna Development FID

- Risk sharing and funding flexibility with possible deferred capex payment, equipment financing solutions i.e. wells/opex
- Aim to achieve a cost effective solution with an expected target OPEX of approx. \$18-\$25 per barrel and expected capex of approx. \$6-\$10 per barrel
- Progressing through 2018/19
- First phase of development proposes 2 extended horizontal production wells and 1 gas injection well
- Potential to include Kangaroo as a second phase option
- Leased FPSO, and supplier agreements offer potential to reduce or defer capex
- Potential to target peak production of approximately 25,000 to 28,000 bopd

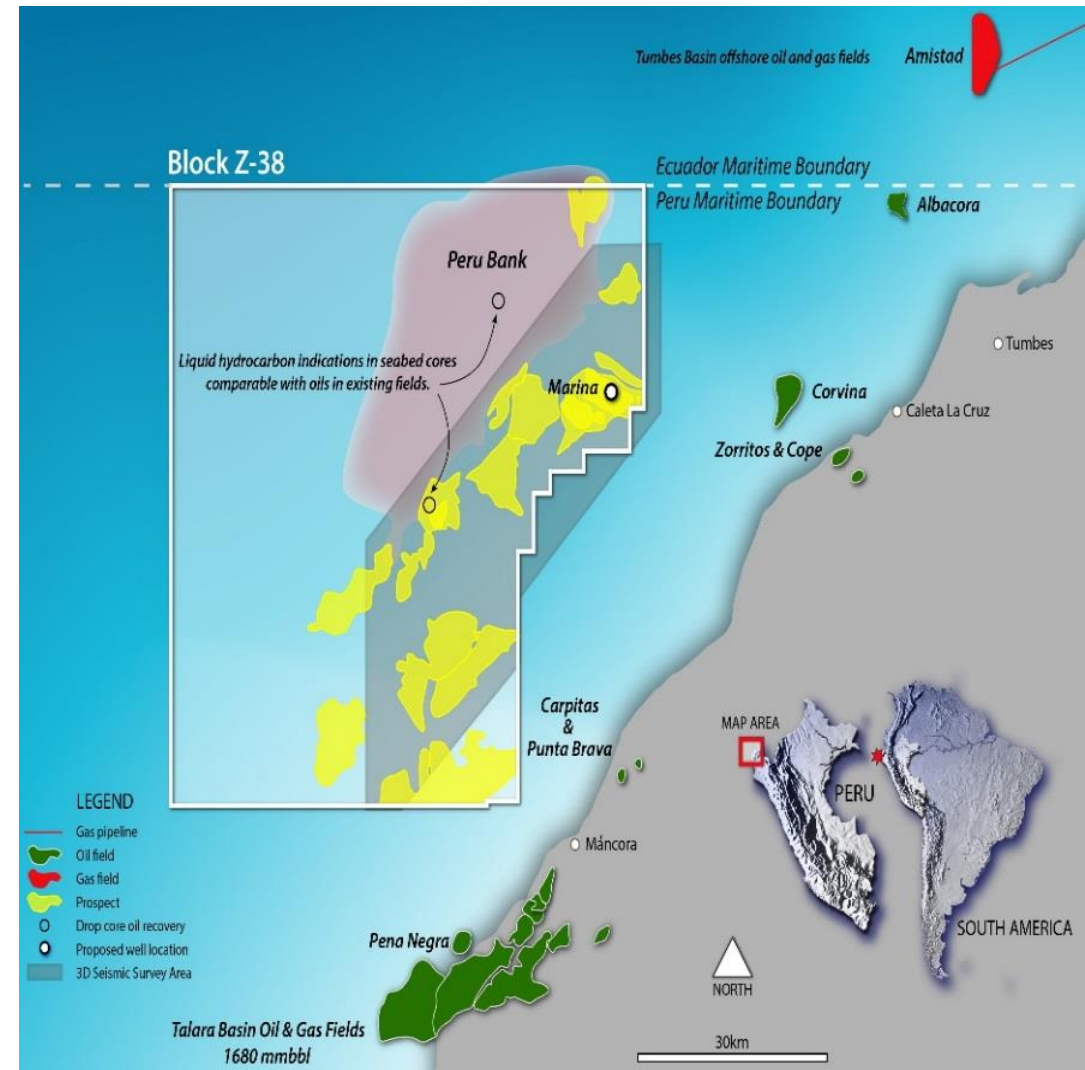




# Peru: Tumbes Basin Exploration

## Advanced geophysical studies have identified new younger and shallower targets

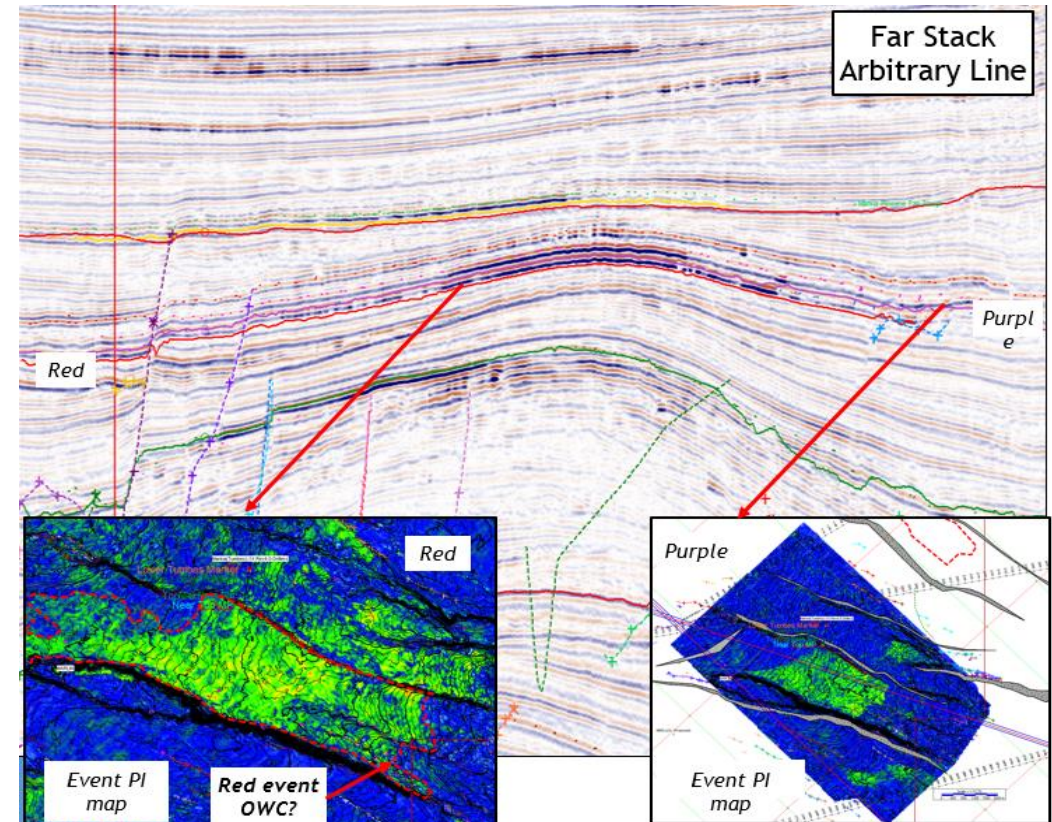
- Farm-out to Tullow Oil announced January 2018, maintaining operatorship and reducing interest from 75% to 40% (Tullow 35%, Pitkin 30%)
- Block is 4,750 sq.km
- Proven hydrocarbon basin with large prospects well defined by 3D seismic offset to large, greater than 1 billion bbl, oil fields
- Drop cores in permit show oil seeps with same oil type as nearby giant fields (over 1.7 billion bbls produced to date)
- New seismic work has identified multiple new prospects and supports prospectivity for large oil targets
- Plans to drill up to two exploration wells in 2019/2020
- Likely first well is Marina-1 250 mmbbls best case



## Peru: Tumbes Basin Exploration (continued)

### Advanced geophysical studies have identified new younger and shallower targets

- Detailed mapping and seismic pore-fill attribute extraction strongly support the presence of trapped hydrocarbons
- Reservoirs are stacked, ponded turbidite sands
- Trap also appears to have some stratigraphic controls consistent with the depositional model
- Conformance of anomalies with mapped contours could indicate oil water contacts



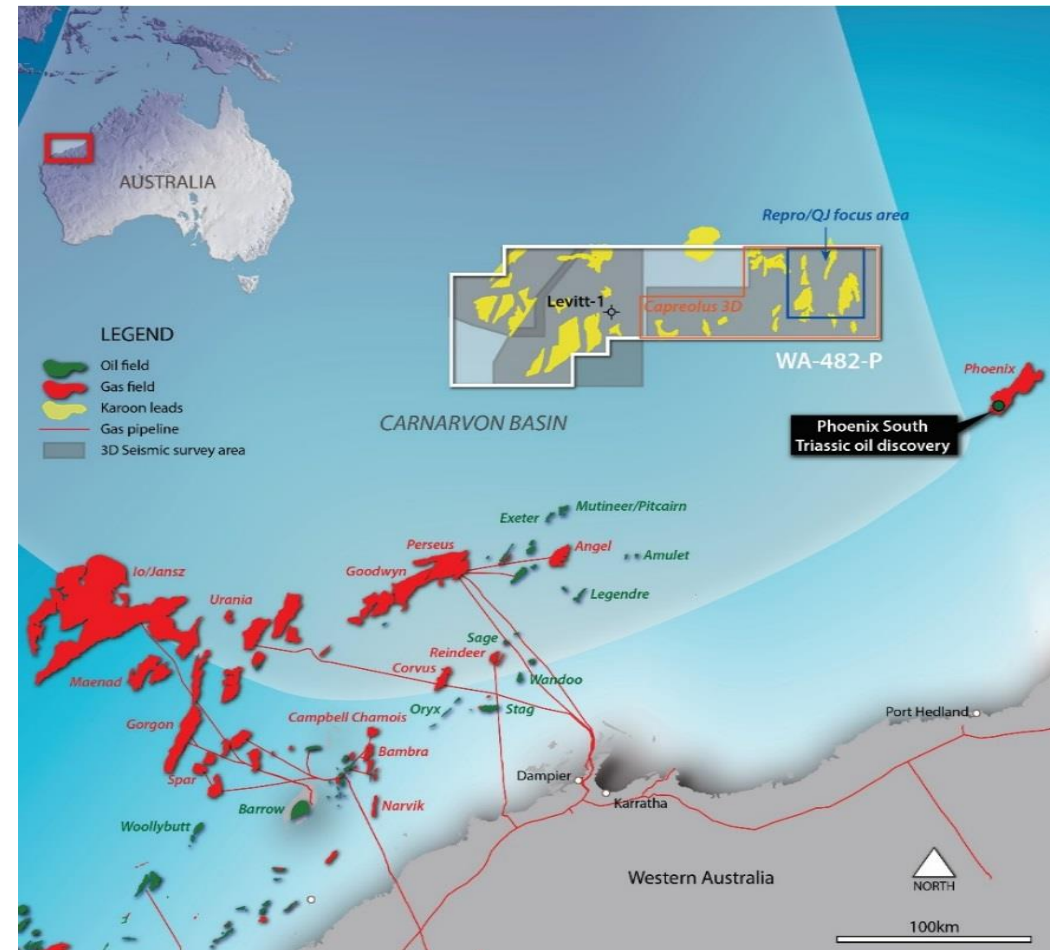
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# Australia: Carnarvon Basin Exploration

## A good neighbourhood with significant oil potential

- KAR (50%), Quadrant (Operator) 50%
- Large 13,539 km<sup>2</sup> block in an emerging oil prone area
- Farmed-out 50% to Quadrant in 2014 for US\$5mm in back costs and 90% carry in Levitt-1 well
- Levitt-1 drilling mid-2015, proved geological model with oil shows
- Currently interpreting new data on eastern section of the block near to BHP, BP, CNOOC and Woodside
- Exploration activity in other permits confirms industry view of region's potential



### Block WA-482-P Un-risked Prospective Resource (10 best prospects)

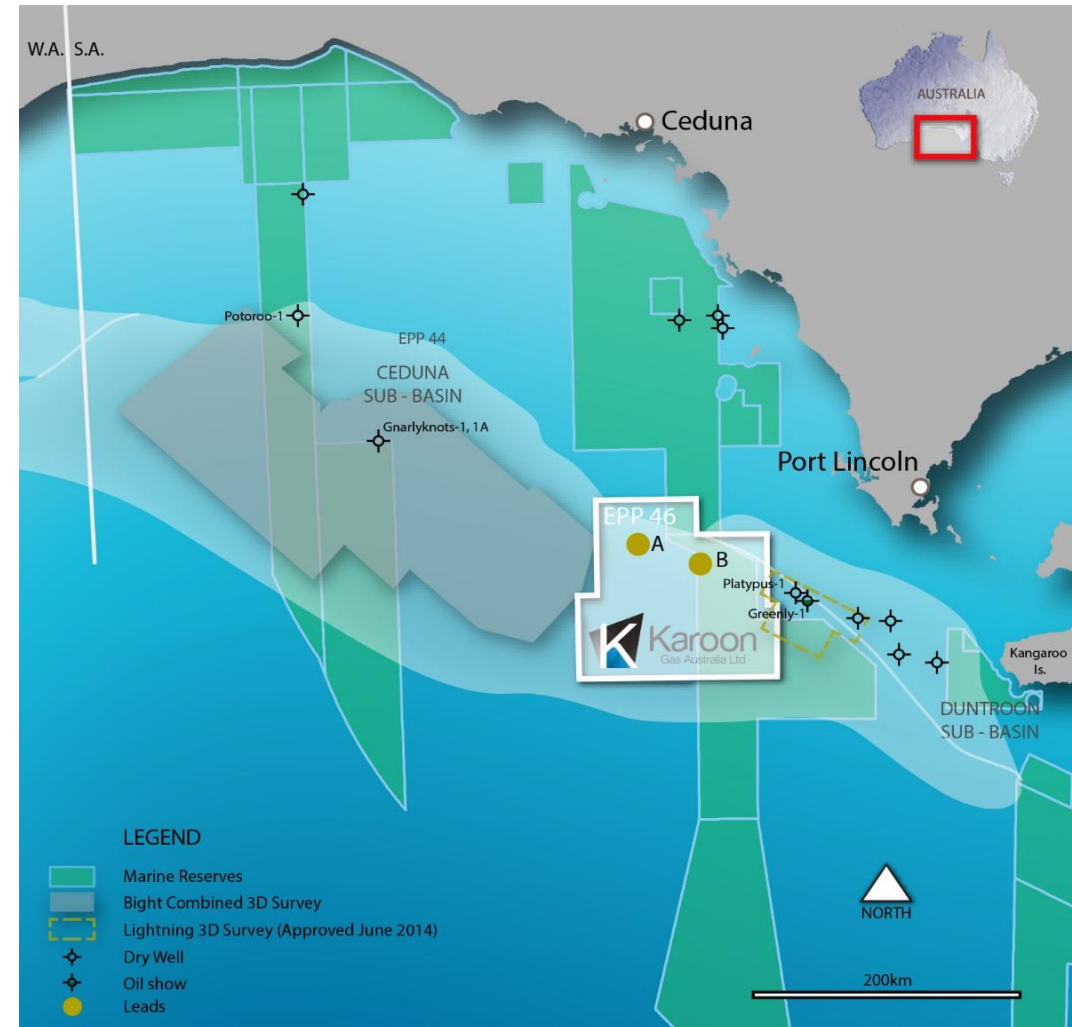
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# Australia: Ceduna Sub-Basin Exploration

## Low cost entry into high potential frontier basin

- KAR 100%, awarded EPP46 in October 2016
- Large, 17,649 sq. km basin in emerging frontier, prospective for oil and gas
- Multiple potential trap types, and very large leads over 80 sq. km
- Seismic amplitude anomalies possibly indicating hydrocarbons at multiple levels
- Oil shows in wells drilled in adjacent acreage
- Water depths 500 to 2500 meters
- Low exploration commitment of seismic only



## Our Capability

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### Karoon has the people and resources needed to achieve strategic goals

- Grade A Operator Status in Brazil
- Offices in Rio de Janeiro and Lima with established and highly respected local relationships
- Highly experienced commercial, engineering and geoscience team
- José Formigli, Principal Production and Development Team Advisor – 30 years experience, most recently as Petrobras Chief of E & P in Brazil and Exec Board Member, where he was responsible for \$20billion annual budget, oversaw 10-12 pre-salt production and development projects increasing production to over 800k bbl/d and doubling reserves to 6 billion barrels in 3 years.
- Ricardo Abi Ramia, Production Manager – 28 years experience mainly with Petrobras as Director of Operations, Engineering, Operations and Chartering, Production Development Exec Manager and Rio de Janeiro Business Unit GM.
- Oliver Seybold, Reservoir Manager – 26 years experience as reservoir and production engineer. He has worked in Tunisia, Libya, Yemen, Qatar, UAE, Egypt, Turkmenistan, Australia, New Zealand, Venezuela and Brazil.
- Dennis Hining, Drilling Manager – 40 years experience principally as former Head of Exxon Mobil Worldwide Ventures Group for Deepwater Exploration Drilling in West Africa, Indonesia, Brazil and the Gulf of Mexico. Experienced in Brazil pre-salt developments and has overseen drilling of Karoon wells in Brazil.
- Mark Smith, Exploration Director – 35 years experience mainly with BHP prior to co-founding Karoon. Has worked in six countries and been directly involved with 15 oil and gas discoveries.
- Lino Barro, Engineering Manager – 36 years experience. Prior to Karoon he worked for BHP, Kufpec and Delhi Petroleum in Australia, Kuwait and Tunisia.
- Martin Austgulen, Reservoir Engineer – 20 years experience. Prior to Karoon he worked for Total for six years in projects in Norway, Nigeria and France.