



Karoon November Investor Review

November 2018



Corporate Overview

Karooon has a core exploration growth strategy, focused on large targets in proven petroleum systems. The Company is looking to complete the acquisition of a foundation production asset that will underpin long-term sustainable growth and shareholder value.

- Listed on the Australian Securities Exchange in 2004.
- Milestone 10 years in Latin America, after entering Peru and Brazil in 2008.
- Market cap currently approx. A\$270 million.
- A\$333 million cash as at 30 September 2018, no debt.
- Approx 40% discount to cash backing of \$1.39/share.
- Very successful track record of exploration in Australia and Brazil, including Browse Basin asset sold for approx. US\$800 million.
- Successful farmouts in Australia and Brazil in the order of US\$200 to US\$400 million.
- Now focused on core strategy:
 - Completing transformational, Tier 1, production asset acquisitions to complement the existing portfolio;
 - Preparing to commence drilling operations in Peru, with new farminee Tullow;
 - Engaging with industry partners for the Neon and Goiá pre-FEED development in Brazil.



What are we trying to achieve?

Karooon provides an opportunity to invest in these high value markets through a developed market platform.

The strategic pathway for Karoon is to:

- Acquire an appropriate production asset which fits within one or more of the following objectives:
 - Income to supplement the Southern Santos “string of pearls” development strategy, which is to progress the Neon development and exploration at Clorita;
 - Long term cash flow to create a strong sustainable business, alongside prudent investment in high quality opportunities;
 - Continued development of Karoon’s organic portfolio in a sustainable manner, taking into account the search for risk weighted opportunities to compare on a like for like basis, continually refining the portfolio to increase the value and efficiency of the asset base. This will include committing to high value exploration while also looking to procure suitable production opportunities when available.

Why are we so focused on Brazil?

Our knowledge and working experience of Brazil uniquely places Karoon at an advantage when navigating regulatory regimes and searching for quality new opportunities in the region.

- Karoon provides an opportunity to invest in Brazil and Peru through a developed market platform on the ASX.
- Karoon is currently in the process of acquiring a strategically significant asset in the region.
- The Santos and Campos Basins are recognised as world class prolific oil basins.
- Excellent prospectivity alongside our knowledge of these regions places Karoon at an advantage within the Campos and Santos Basins.
- Karoon's understanding and experience of Brazilian regulatory regimes allows us to optimally acquire and develop new opportunities.
- The Santos Basin of Brazil has an average undiscovered reserve of 60 billion barrels.
- The Campos and Espirito Santo Basins also have 15 billion and 2 billion barrels of undiscovered oil respectively.
- In comparison the Gulf of Mexico, North Sea Graben and Gippsland Basin have 48 billion, 5 billion and 0.1 billion barrels of undiscovered oil respectively.
- Of all the conventional undiscovered oil in Latin America 44%, or 56 billion barrels, is in the pre-salt of Santos, Campos and Espirito Santo Basins (mainly the Santos Basin).

(Data from USGS survey of worldwide conventional undiscovered oil and gas(2012) and BOEM assessment of the USA outer continental shelf (2016))

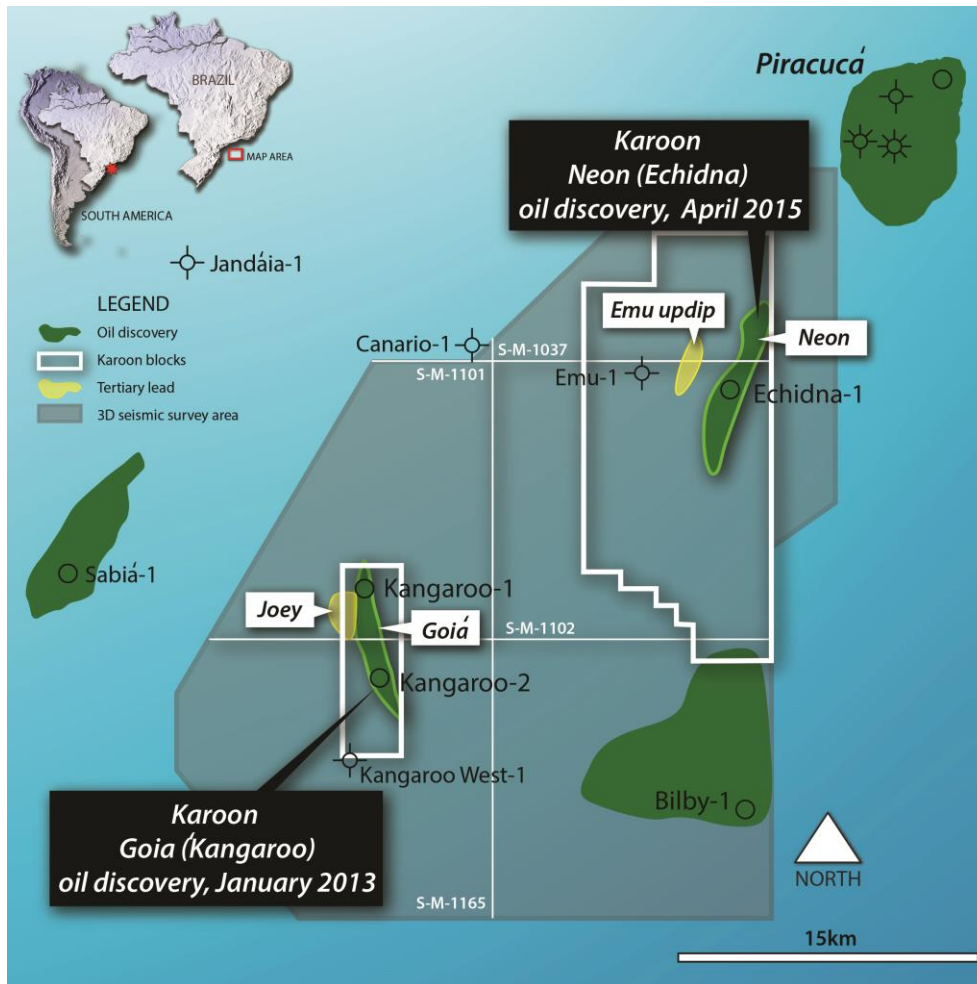
Cost Reduction

Cost conscious in a transformational time.

- During the 2018 financial year, Karoon saw a 20% reduction in our global headcount and a 70% reduction in South American fixed office costs going forward.
- Overall exploration costs were reduced through engagement with regulators, leading to a reduction in exploration workload.
- Block management strategies in Brazil resulted in US\$365 million being reduced from Karoon's 1 to 5 year exploration commitment schedule.
- Outstanding exploration spend has been reduced to minimum allowable commitments so as to provide a focus on more immediate value creation opportunities.
- Karoon focused on the realignment of the business to meet its strategic objectives through:
 - Retention of core development and production staff to further existing exploration and development assets;
 - Developing operatorship capability;
 - Extensive due diligence on strong potential production assets.
- Further refinement is ongoing, overall cost reductions during the 2019 financial year will result from JV cost sharing on operated work programs and a more certain budgeting regime with the addition of new production opportunities.
- During the 2018 financial year stringent capital was focused on assessment of new assets for acquisition of new income streams, along with planning and corporate preparation for completion of current transformational new venture activity.

Brazil: Santos Basin, Neon (Echidna) & Goiá fields

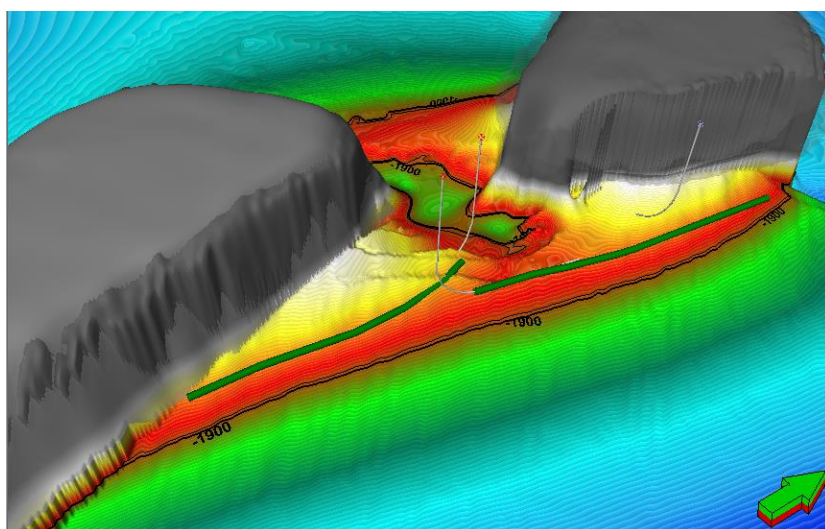
Progressing field development planning and nearfield exploration target evaluations.



- April 2018, ANP approved Declaration of Commerciality awarded for blocks S-M-1037, 1102, 1101 and 1165.
- Karoon has 100% interest.
- The blocks are located in the Southern Santos Basin, a known oil and gas producing region, in a water depth of 400m, which also contains the Neon and Goiá oil discoveries.
- Development and Production Phase work program comprises the necessary geoscience and engineering work ahead of a FID decision.
- Nearfield opportunities are being evaluated within Karoon's acreage and in close vicinity. The 'string of pearls' strategy.
- Karoon's regional competitive advantage comprises over 10 years of operational experience including geoscience exploration and regional New Ventures studies.
- Karoon has invested in high quality 3D seismic to reduce nearfield target risk.

Brazil: Santos Basin, Neon (Echidna) & Goiás fields

Neon development FEED to FID.



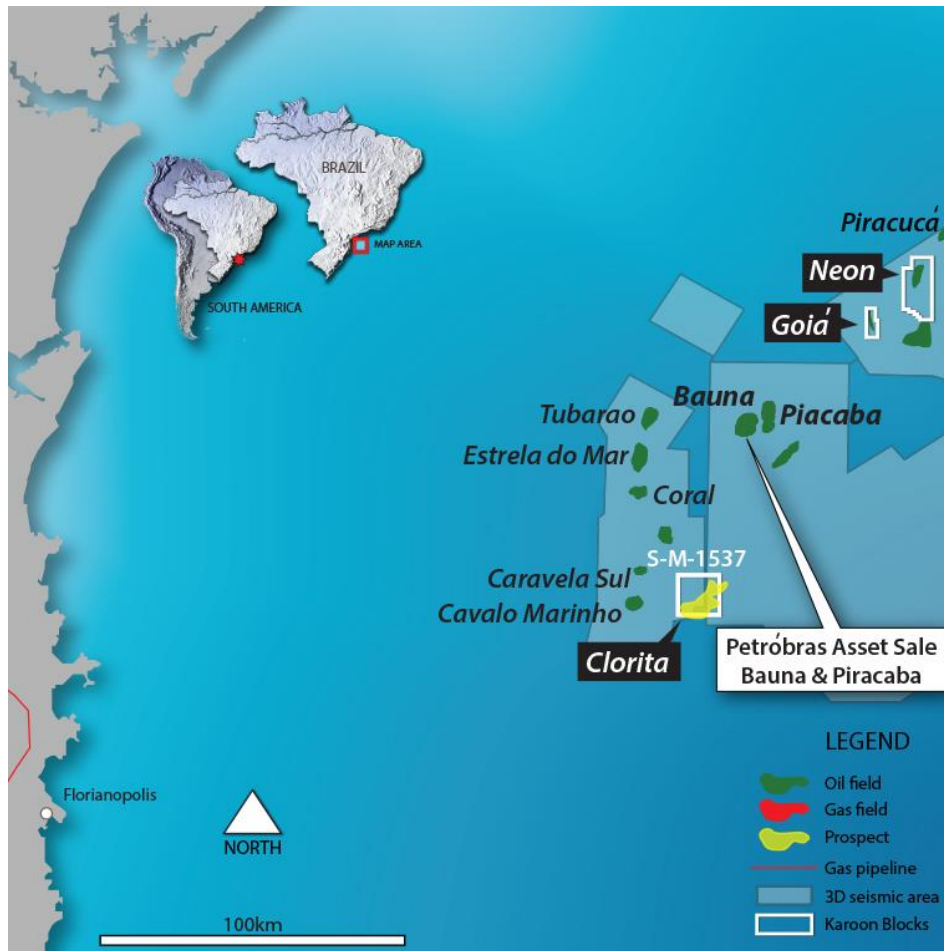
- Risk sharing and funding flexibility with possible deferred capex payment, equipment financing solutions i.e. wells/opex.
- Aim to achieve a cost effective solution with an expected target opex of approx. \$18-\$25 per barrel and expected capex of approx. \$6-\$10 per barrel.
- First phase of development proposes 2 extended horizontal production wells and 1 gas injection well.
- Potential to include Goiás as a second phase option.
- Maastrichtian reservoir proved by Echidna-1 but not targeted by Phase1 development.
- 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.
- First oil planned for 2021.

Echidna Contingent Resource Net to Karoon (Statistical Aggregation)					
Field	Interest	Type	1C	2C	3C
Echidna	100%	Oil (mmbbls)	30	55	92

The contingent resource figures above reflect recoverable resource for the whole field, however the current development plan may not recover all these resources. FID is subject to farmout and Joint Venture approval of a final development plan.

Brazil: Santos Basin, S-M-1537 Clorita prospect

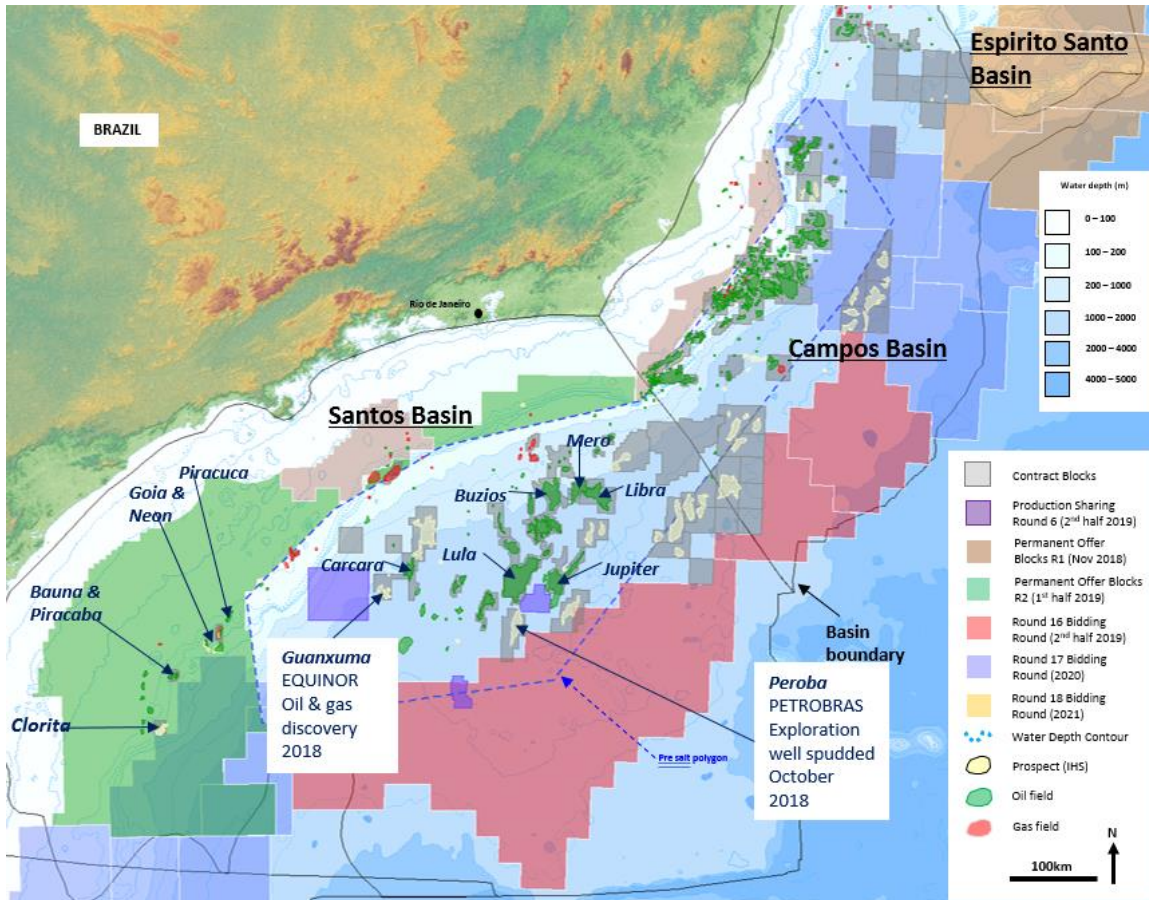
Leveraging a decade of geological knowledge and operational experience in Bid Round 14.



- Exploration block S-M-1537 won in Bid Round 14, September 2017 (awarded December 2017).
- Low capital commitment work program consists of seismic acquisition and geological studies.
- Karoon has 100% interest.
- The block is located in the Southern Santos Basin, a known oil and gas producing region in a water depth of 400m.
- The Clorita Prospect is located approximately 120 km from Neon and 60 km from Bauna and Piracaba oil fields.
- Large target potential of over 100mmbbls
- Targeting good quality Oligocene turbidite reservoir as seen in the nearby producing Bauna Piracaba fields
- Part of the 'string of pearls' strategy

Brazil: Santos & Campos Basins, New Ventures

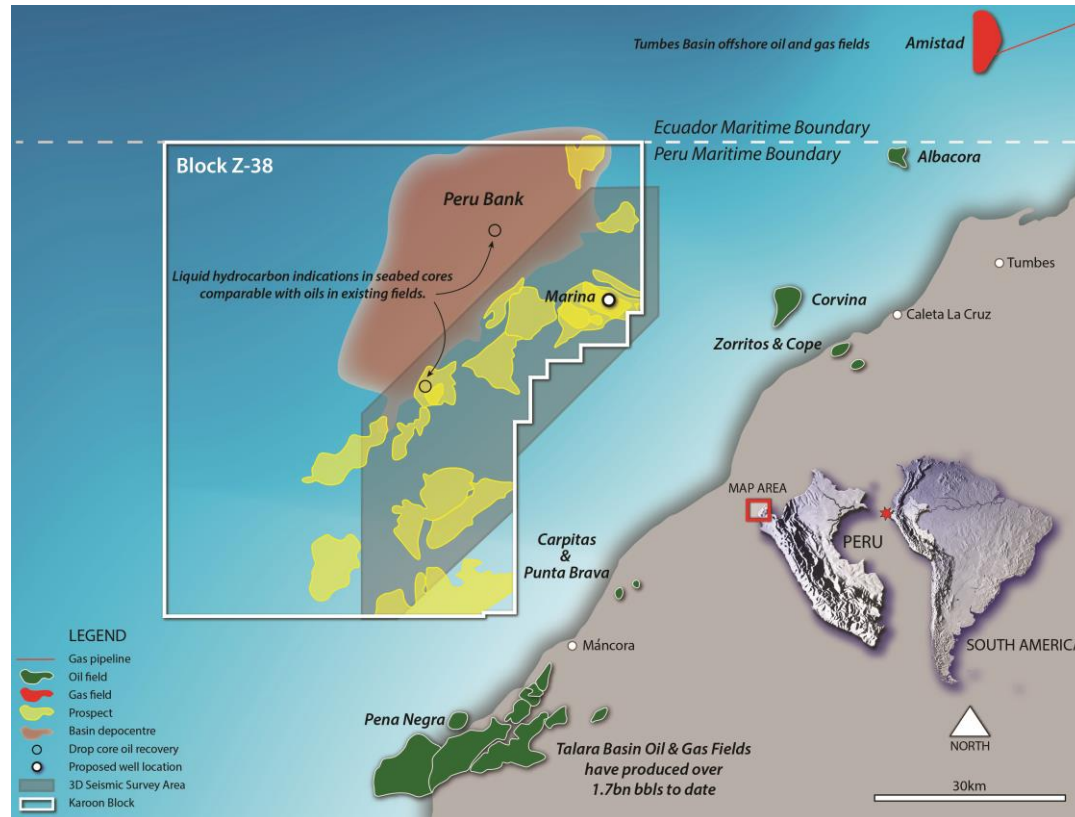
Leveraging basin expertise to target high potential pre-salt plays.



- Ongoing regional studies of Brazil pre-salt fairways ahead of future Bid Rounds.
- Blocks could be acquired after the completion of Karoon's acquisition of a production asset.
- Karoon to bid in strategic joint bid groups.
- The currently vacant pre-salt fairway blocks contain high potential prospects with lookalike characteristics to the giant Lula field (up to 8 billion bbls)
- The existing pre-salt discoveries are being developed by other operators with 60% of the world's FPSOs predicted to be deployed in the Santos and Campos Basins by 2020. Production to rise to 3 million bopd.
- Manageable entry costs, commitment, and work programs are considered likely for Karoon entry.
- Large target potential in the many hundreds of millions of barrels range.

Peru: Tumbes Basin, Z-38

Farmout success with offshore Peru heating up as a new industry focus.



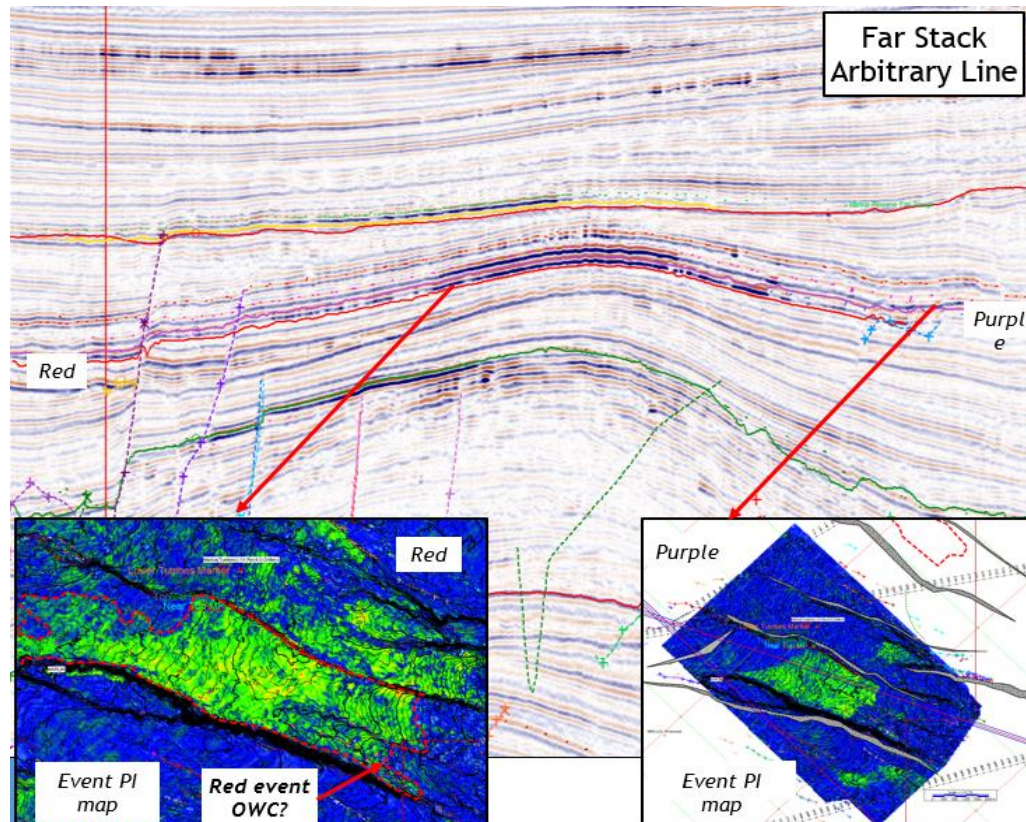
- Force majeure lifted from Block Z-38.
- Karoon 40%* (Operator), Tullow 35%*, Pitkin 25%*.
- Tullow has a long established successful track record for exploration.
- Potential high impact of the Marina-1 exploration well in opening up offshore exploration in the Tumbes Basin.
- Marina-1 Prospect drilling early 2020 with a gross prospective best estimate resource of 256mm bbls (net 102 mm bbls to Karoon)**.
- Significant 'running room' in Z-38 with gross (100%) prospective resource range of 558 mm bbls (low), 1,337 mm bbls (best case), and 3,376 mm bbls (high) from 20 leads and prospects**.
- Could be transformational for the Peruvian petroleum industry, with significant industry interest during 2018 from Tullow and Anadarko.
- Karoon is examining opportunities for rig and vessel sharing to significantly reduce costs of drilling.

* Subject to regulatory approvals, farm in obligations etc

** Reference 8 May 2018 resource update ASX release

Peru: Tumbes Basin, Z-38

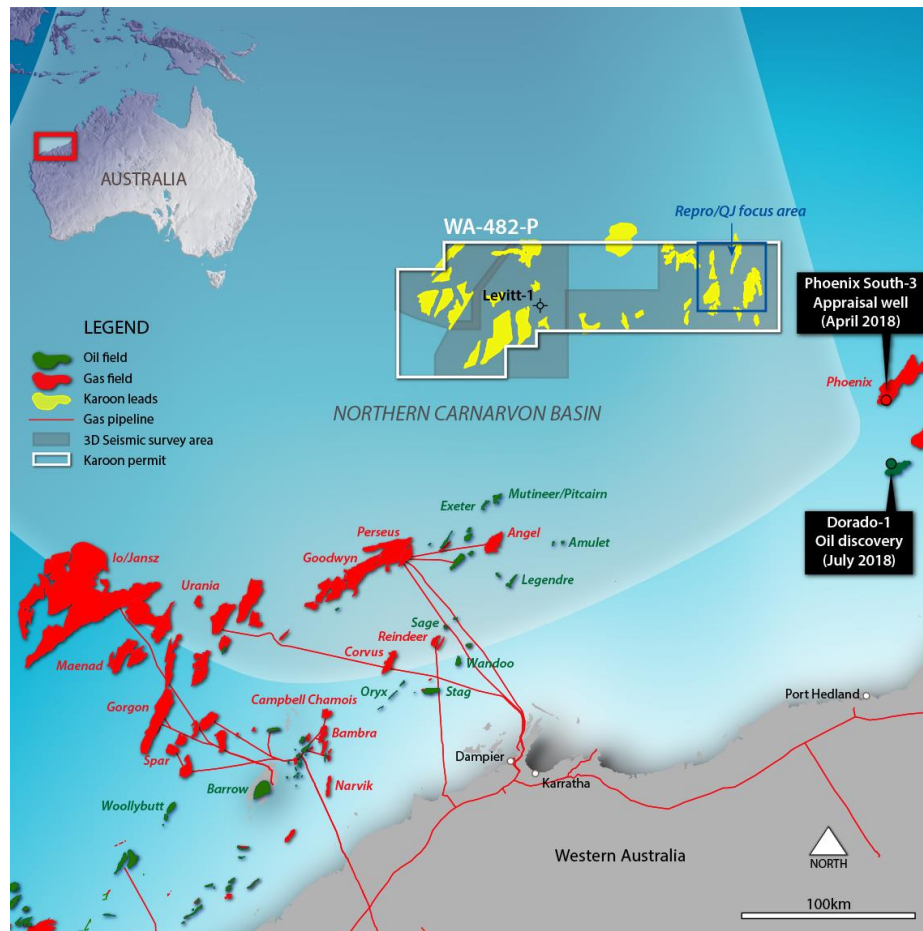
Advanced geophysical studies have identified new younger and shallower targets.



- 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.
- Calibration of seismic with Marina-1 will derisk numerous other seismic anomaly targets in the block providing a lot of 'running room upside'.

Australia: Carnarvon Basin, WA-482-P

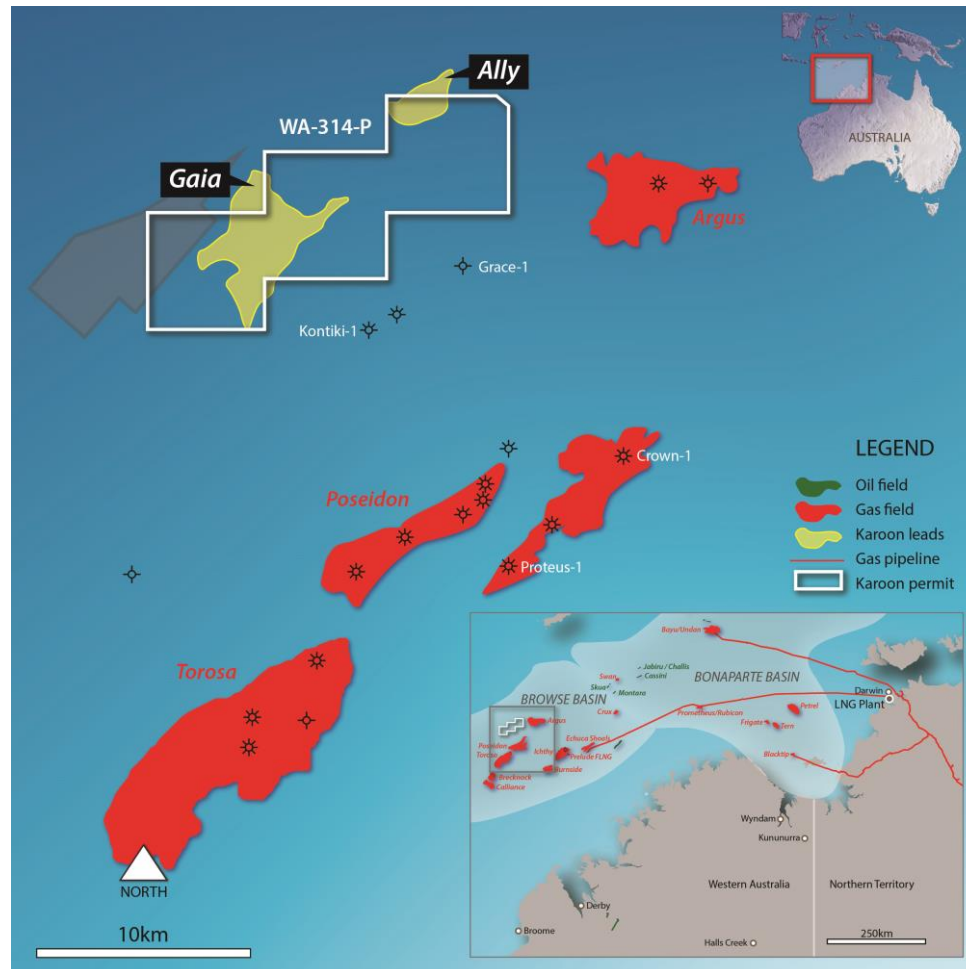
The right address: Australia's newest oil province



- Permit extended with G&G work program only.
- Karoon 50%, Quadrant 50% (Operator).
- Large 13,539 sq km permit in an emerging oil prone area.
- Farmed out 50% in 2014 and drilled Levitt-1 exploration well, dry hole but with oil shows.
- The right address; nearby oil discoveries in Dorado, Phoenix South, Roc, highlight oil potential of the region.
- Evaluating reprocessed seismic data on eastern section of the block.
- Evaluating seismic AVO anomalies structures across the permit.

Australia: Browse Basin, WA-314-P

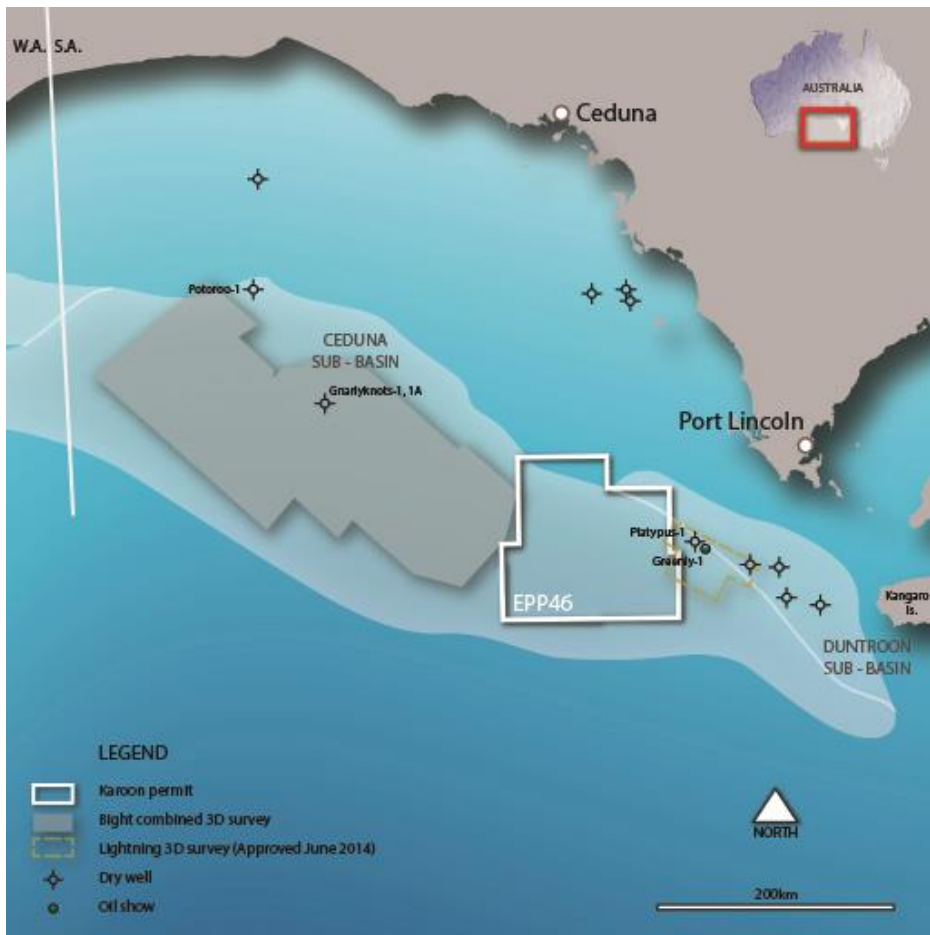
Cooler outboard source rocks: wet-gas, condensate and oil-prone.



- Karoon 100% (Operator)
- Renewal term G & G studies next two years
- Reprocessed seismic data shows potential for Montara Formation liquids rich play with leads Gaia and Ally
- Prospect re-evaluation underway
- Any future drilling subject to farm-out; in discussions with potential partners

Australia: Ceduna Sub Basin, EPP46

Industry awaits NOPSEMA approval of drilling Environment Plan



- Karoon 100% (Operator), awarded October 2016.
- Large, 17,649 sq. km permit in an emerging frontier, prospective oil and gas basin.
- Karoon continues to discuss seismic acquisition with contractors.
- Equinor has re-affirmed their commitment to drilling a well in the GAB and preparing an Environment Plan (EP) as required by Australian regulations.
- Operations will only be initiated if the EP is acceptable to NOPSEMA.
- Karoon is watching closely the activities of Equinor.
- Engagement with regional communities and stakeholders continues.

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