

28 October 2021

Company Announcements Office
ASX Limited

Dear Sir / Madam

2021 Karoon Strategy Refresh Presentation

Attached is a presentation to be given at 9:30am today as part of Karoon Energy's Strategy Seminar, which will be hosted by CEO and Managing Director, Julian Fowles, and Karoon's senior management team.

The Strategy Seminar will be webcast live and can be accessed at the following link:
<https://webcast.boardroom.media/karoon-energy-ltd/20211027/NaN6154f3907e9840001a6a0bf1>

This announcement was authorised by the Board of Karoon Energy Ltd.

Yours faithfully



Nick Kennedy
Company Secretary

Strategy Refresh Investor Briefing

28 October 2021



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Petroleum exploration and operations rely 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 and operations are inherently uncertain and involve significant risk of failure. All information regarding reserves and resource estimates and other information in relation to Karoon's assets is given in the light of this caution.

This presentation may contain certain 'forward-looking statements' with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this presentation necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this presentation. Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Definitions

H2	Second half	FY2021	Financial year ending 30 June 2021
API	American Petroleum Institute's Inverted scale for denoting the "lightness" or "heaviness" of crude oils and other liquid hydrocarbons	FY2022	Financial year ending 30 June 2022
bbl or barrel	Barrel of oil = 42 Unites States gallons; equivalent to approximately 159 litres	Karoon	Karoon Energy Ltd and its subsidiaries
bopd	Barrels of oil per day	LTI	Lost time incident
bpd	Barrels per day	Mbopd	Thousands of barrels per day
CY	Calendar year	MMbbls	Millions of barrels of oil
FID	Final investment decision	MM	Million
FPSO	Floating, production, storage and offloading vessel	NPAT	Net profit after tax
FY	Financial year ending 30 June	Q2	Second quarter
		Q3	Third quarter

Welcome

Ann Diamant

SVP Communications
and Investor Relations



During the Q&A sessions, to ask questions:

- Via teleconference, press the star key (*) followed by the number one (1) on your telephone keypad.
- Via webcast, please enter question into the 'Ask A Question' box on your screen and click submit.

Click here to
submit questions
via the webcast



Topic	Presenter	Title	Time
Welcome & Speakers	Ann Diamant	Senior Vice President Communications and Investor Relations	9:30
Introductory Remarks	Bruce Phillips	Chairman of the Board	9:35
Building Karoon's Future	Julian Fowles	Managing Director and CEO	9:40
Karoon in Brazil	Antonio Guimarães	Executive Vice President and President – Karoon Brazil	10:00
Operating and Delivery Excellence	Ricardo Abi-Ramia	Senior Vice President Operations – Karoon Brazil	10:15
Growth			
▪ Neon Development & Subsurface	John Steel	Team Lead Asset Development, New Business & Exploration	10:25
▪ Brazil M&A	Martin Austgulen	New Business and Reservoir Manager	10:45
Sustainability	Jo Hynes	HSSE and Sustainability Manager	10:55
Funding and Capital Priorities	Ray Church	Executive Vice President and CFO	11:05
Summary and Q&A	Julian Fowles	Managing Director and CEO	11:15

Speakers



Bruce Phillips

Chairman of the Board



Julian Fowles

Managing Director
and CEO



Antonio Guimarães

Executive Vice President
and President Brazil



Ray Church

Executive Vice
President and CFO



Ricardo Abi-Ramia

Senior Vice President
Operations, Karoon Brazil



John Steel

Team Lead Asset Development,
New Business & Exploration



Martin Austgulen

New Business and
Reservoir Manager



Jo Hynes

HSSE & Sustainability
Manager

Introduction

Bruce Phillips
Chairman of the Board



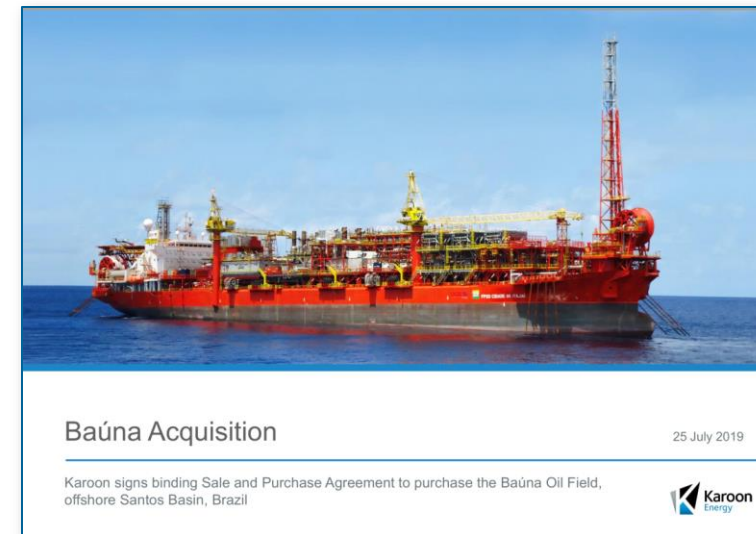
Seamless transition from explorer to producer and developer

Refreshed Board and executive leadership team

- Address Karoon's transformation and meet challenges of our new business model
- All non-executive directors, including the Chairman, are independent
- Recent appointments strengthen and enhance diversity of industry skills on Board
- Strong Governance structure, including Board committee with oversight of sustainability
- Professional executive leadership team with deep operational experience now in place
- Growing base of institutional investors

New strategy charts path to growth in light of rapidly evolving external environment

- Safe and reliable Baúna operations, seamless deliver of intervention and Patola
- Sustainability program, with target to be carbon neutral for Scope 1 and 2 emissions from FY22
- Near-medium term, develop and/or acquire second producing asset



Building Karoon's Future

Julian Fowles

Managing Director and CEO

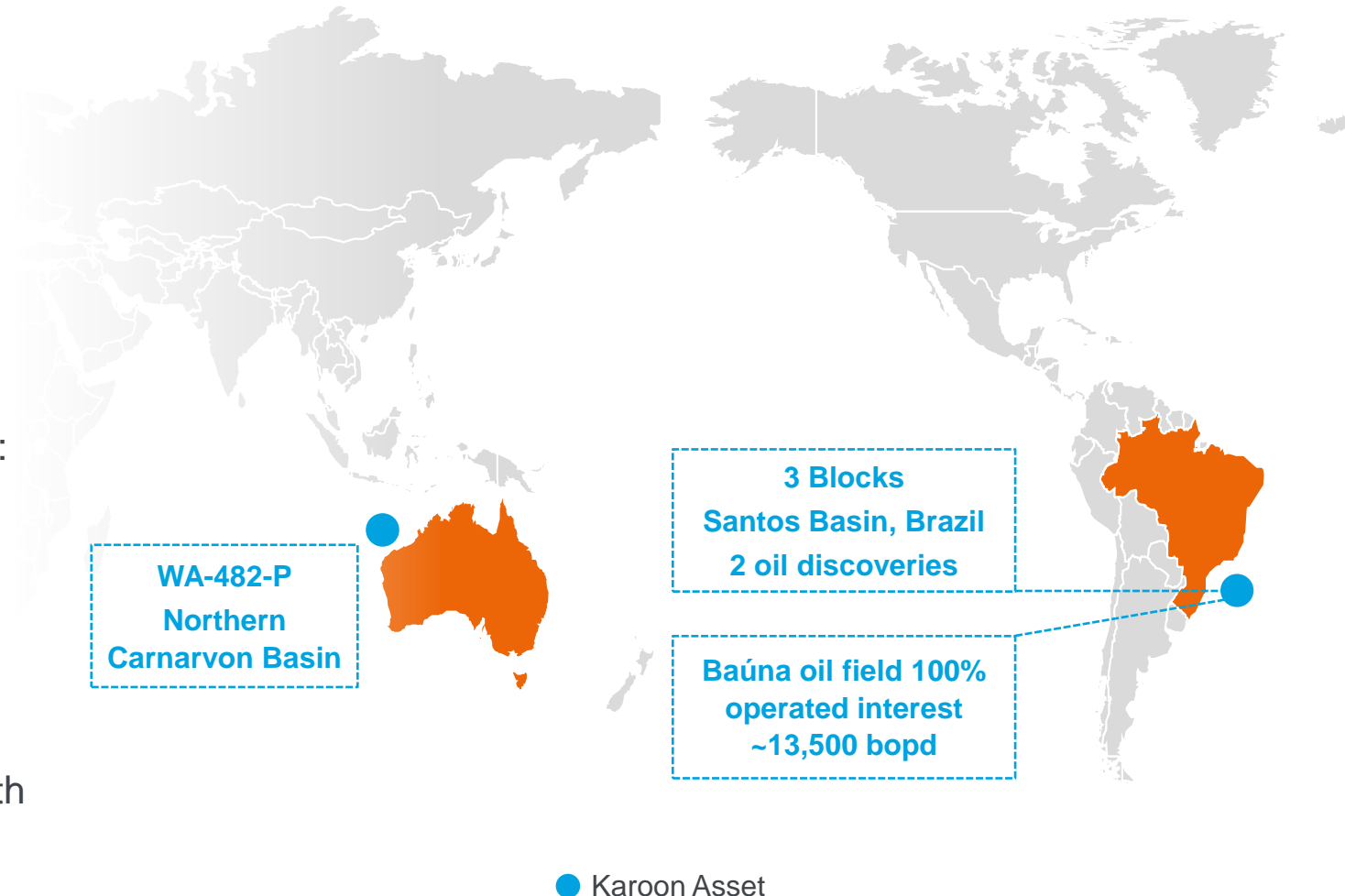


Overview of Karoon Energy

Karoon today



- ASX-listed and Melbourne headquartered, Brazil-focused oil production and development company
- Pure oil play, directly exposed to Brent oil price
- Independent Board and Chairman, strong governance and assurance processes
- Highly experienced leadership team, located across Australia and Brazil
- Relatively low cost operator, driving value through:
 - Safe and reliable operations
 - Exposure to oil price
 - Sanctioned near term growth projects to more than double production and almost halve unit production costs
 - Developing opportunities for further oil-led growth



Karoon has entered a new era

Key strategic milestones achieved since Q4 2020



Fundamental change from Explorer to Producer – Karoon has delivered

Operational delivery

- Executed transition of Baúna operations from previous operator
- Delivered safe and reliable production and operations
 - No safety incidents, no significant injuries or environmental incidents

Material developments sanctioned

- Two near term projects to more than double production and grow value
- Flexible debt funding package, establishing relationships with major banks

Board and executive changes completed

- Brand new leadership team – deep industry experience, capabilities and networks
- Business re-structured – Brazil business unit formed, improved focus, financial discipline and accountability

Refresh strategy completed

- Focus on priorities for growing near to medium term value
- Value-accretive organic and inorganic growth opportunities available

Highlights of Q1 FY22 Report

US\$71m

Revenue from two cargoes

US\$175m

Cash at end September 2021, +US\$42m in quarter

1.28 MMbbl

Production

98%

Plant uptime

Strategic Context

Karoon well positioned to capture emerging oil opportunities

Oil industry dynamics

- Crude oil demand supported to at least 2035
- Many years of underinvestment have led to structural undersupply, supporting a long term constructive oil price environment
- Strong near-term demand rebound driving attractive prices
- Geopolitical uncertainty creating demand for supply diversification

Growth opportunities

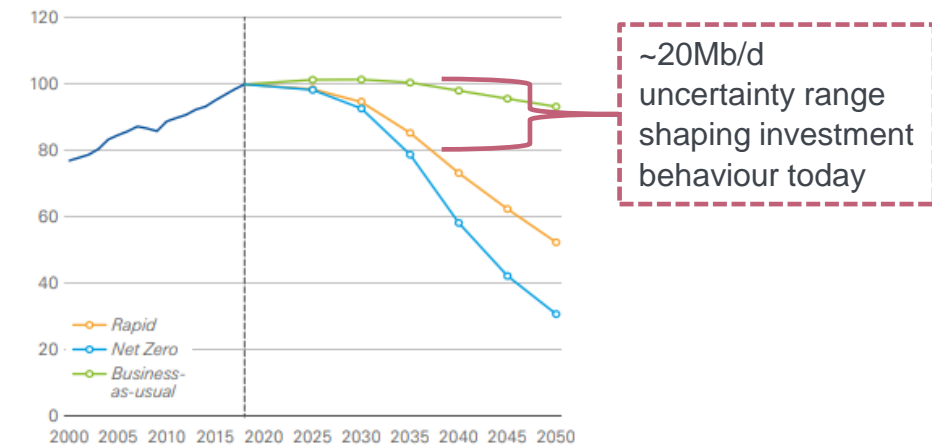
- Portfolio rebalancing of Petrobras and IOCs creating opportunities to acquire high quality, well-understood assets

Changing stakeholder expectations

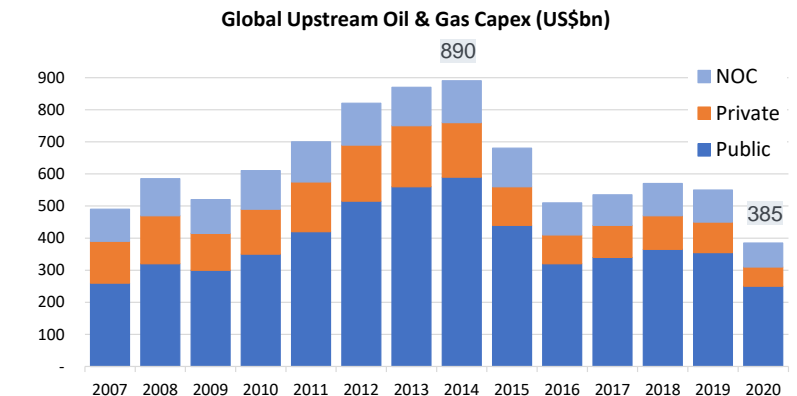
- Energy transition is underway
- Stakeholder expectations driving focus on social and environmental sustainability and carbon emissions reductions

Opportunity exists for agile and disciplined operator to respond to evolving supply and demand profile and capture significant value for shareholders

Liquid fuels consumption (Mb/d)¹



Upstream capex fell 40% during 2014–19
In 2020, it declined another 30%²



In control of our Destiny

Progressive evolution of a production company

Our History

Exploration focused



- Gas exploration company
- Resource discovery focused
- Created value through upgrading prospectivity, selling down interests
- Successful history of discoveries and farmouts
- Highly entrepreneurial

Our Transformation

Production focused



- Growing oil production and development company
- Focused on safe and reliable operations
- Deliver near term development projects on time and budget
- Trust / reputation essential to ensure license to operate and to grow
- Agility is key to capturing growth

Our Future

Build Scale & Relevance



- Established, oil-based producer & developer, reputation for excellence
- Financially sustainable, attractive to capital providers
- Build scale to optimise access to funds and enhance value proposition
- Established sustainability credentials
- Partner of choice

Karoon's focus today

Deliver operations and sanctioned projects to create foundation for growth

Delivering our Transformation

Safely execute base Baúna business

- Deliver production on target quarter by quarter, safely and reliably
- Optimise and enhance operations with financial discipline to grow margins
- Double production through near term, sanctioned development projects

Pivot geotechnical focus

- From greenfield exploration ...
- ... to production, exploitation and near-field opportunities

Re-evaluate Neon-Goiá with new perspectives

- New standalone development or tie-back to Baúna – focus on most value-adding and best risk-covered option

Focus future portfolio in Brazil

- High-quality experienced team in place
- World class petroleum system, running room, mature industry and growing economy
- License to operate and grow

Targeting a doubling of production by 2023 to meet forecast growing demand at a time of potentially continued strong oil prices



Build scale and relevance

Capture opportunities to build long term value

Our Future

Karooon operates a high quality producing asset at Baúna

- Mid-life with attractive, highly value-accretive near term growth, albeit production will revert to decline following project delivery
- Exploit near field life extension opportunities at Baúna

Strong drivers point to oil-focused growth strategy

- Diversify portfolio beyond a single producing asset
- Compelling growth opportunities in Karoon's portfolio and Brazil overall
- Constructive oil price environment, led by supply and demand dynamics
- Evaluate organic opportunities at Neon/Goiá discoveries and prospects
- Pursue value accretive, high-quality M&A opportunities

Funding this growth

- Cash flow from operations and expanded debt capacity with strict capital discipline
- 'Ready to go' debt plan to fund growth options

Shareholder returns

- Highly value accretive opportunities to be balanced against capital returns to shareholders

Sustainability Credentials

- Target carbon neutral by FY2022
- Invest in high quality carbon offset initiatives



Four priorities to deliver value

Supported by four enablers

**Deliver Base
Business**

Operational Excellence



**Intervention & Patola
Project Delivery**

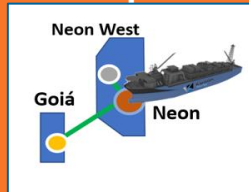


Sustainability



**Develop Growth
Opportunities**

**Neon Area
Development**



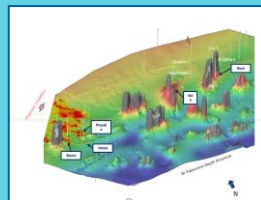
Brazil M&A



Funding



Subsurface



Organisation /Capability



**Strategic
Enablers**

Indicative production profile*

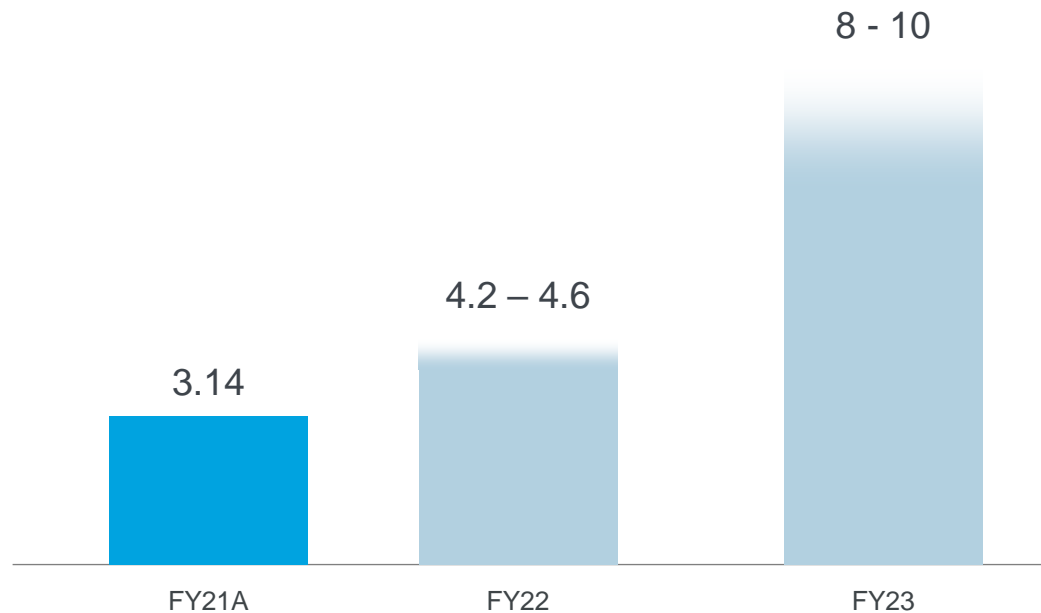
Production to more than double by FY2023, sustained thereafter by growth opportunities

Deliver BM-S-40 base business:

- Operational Excellence
- Interventions & Patola

Deliver growth opportunities:

- Offset natural decline post FY2023 through active management of Baúna production system
- Grow production post FY2023 by:
 - Progressing Neon development
 - Brazil M&A
 - Near-field production opportunities



Indicative Production Profile (MMbbl)

* Profile from FY2022 is indicative only, assumes Baúna intervention and Patola projects are delivered within targets

Karoon in Brazil

Antonio Guimarães

Executive Vice President
and President Karoon Brazil



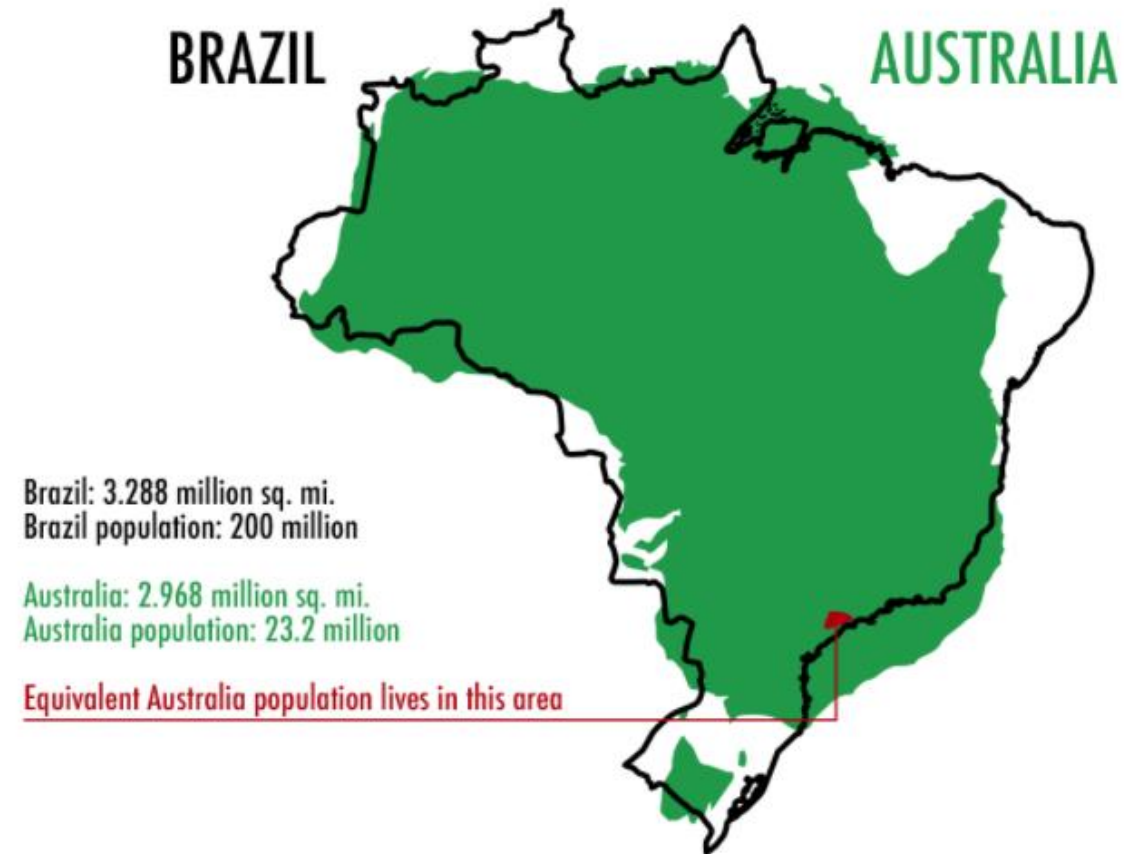
Brazil – a major global economy

Oil and gas generates ~10% of GDP

- Globally significant economy (eighth largest), sixth largest population, fifth largest land area
- Well-known destination for foreign investment:
 - Sixth largest host country in the world for foreign direct investment
- Population: 213.4m (July 2021 est.), 87.3% urbanised
- Diversified economy, but resources sector critical

Country	Land area (km ²)	GDP – US\$ tn (2019)	Population (2021)
China	9,596,960	22.527	1,397,897,720
United States	9,833,517	20.525	334,998,398
Russia	17,098,242	3.968	142,320,790
Brazil	8,515,770	3.092	213,445,417

Source: The World Factbook ([CIA Database](#))

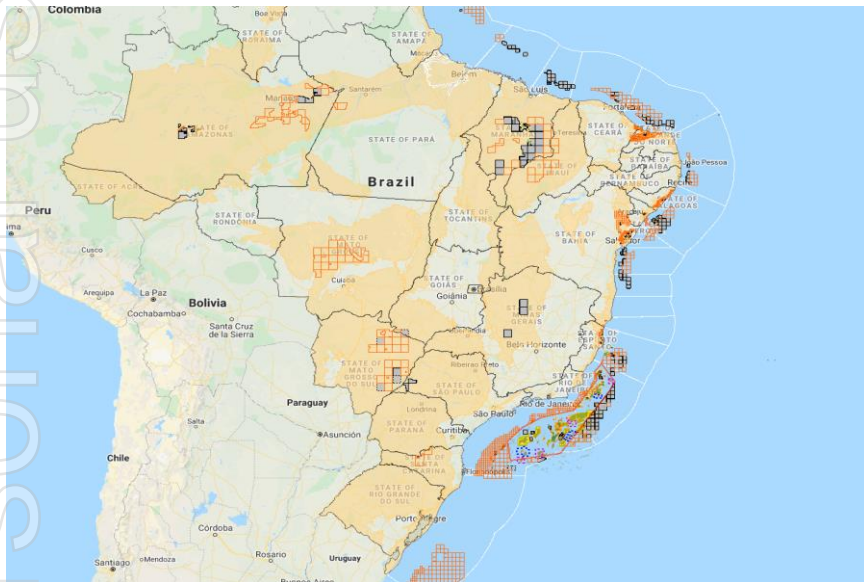


Globally significant oil and gas industry

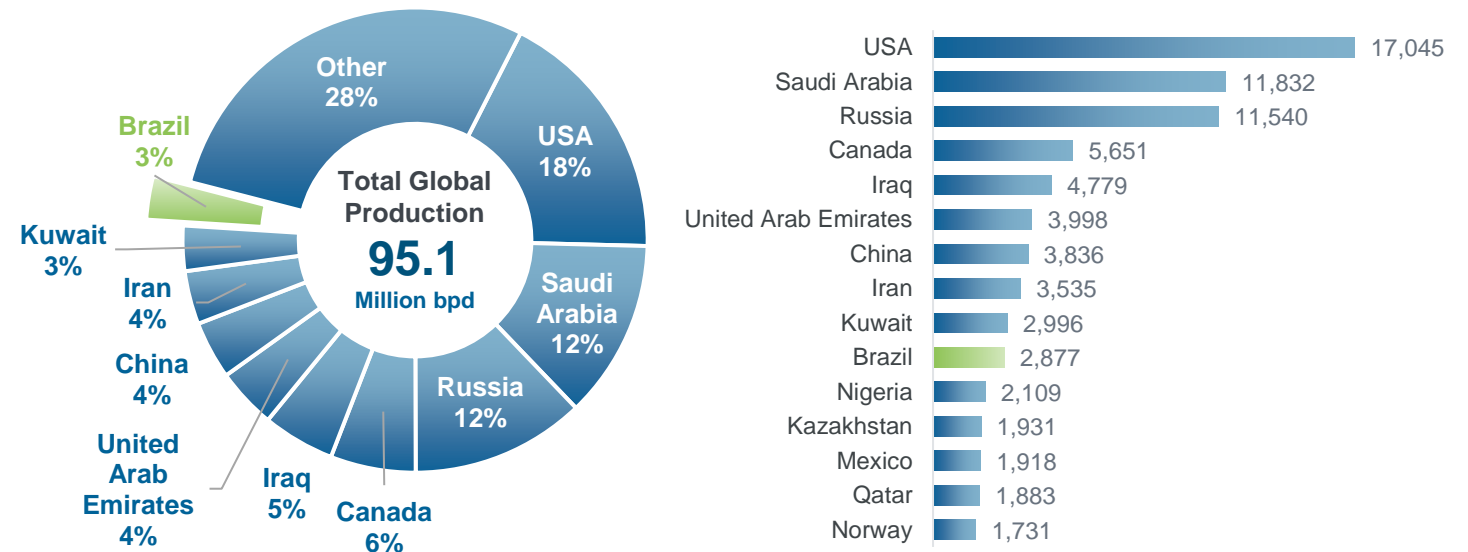
Prospectivity and favourable fiscal terms make Brazil attractive place to invest

- Oil and gas industry well established with stable regulator and long tradition of respecting contracts already in place
- Favourable tax-royalty contract terms for post-salt licenses. Steps taken to incentivise investment in upstream sector
- Large petroleum sector with numerous foreign companies present
- Brazil is world's 10th largest oil producer, set to become fifth by 2030
- Significant untapped potential – only 5% of sedimentary basins have been contracted¹

Map of Brazilian Sedimentary Basins and O&G Licenses



Largest Oil Producing Countries (Million barrels per day, 2019)



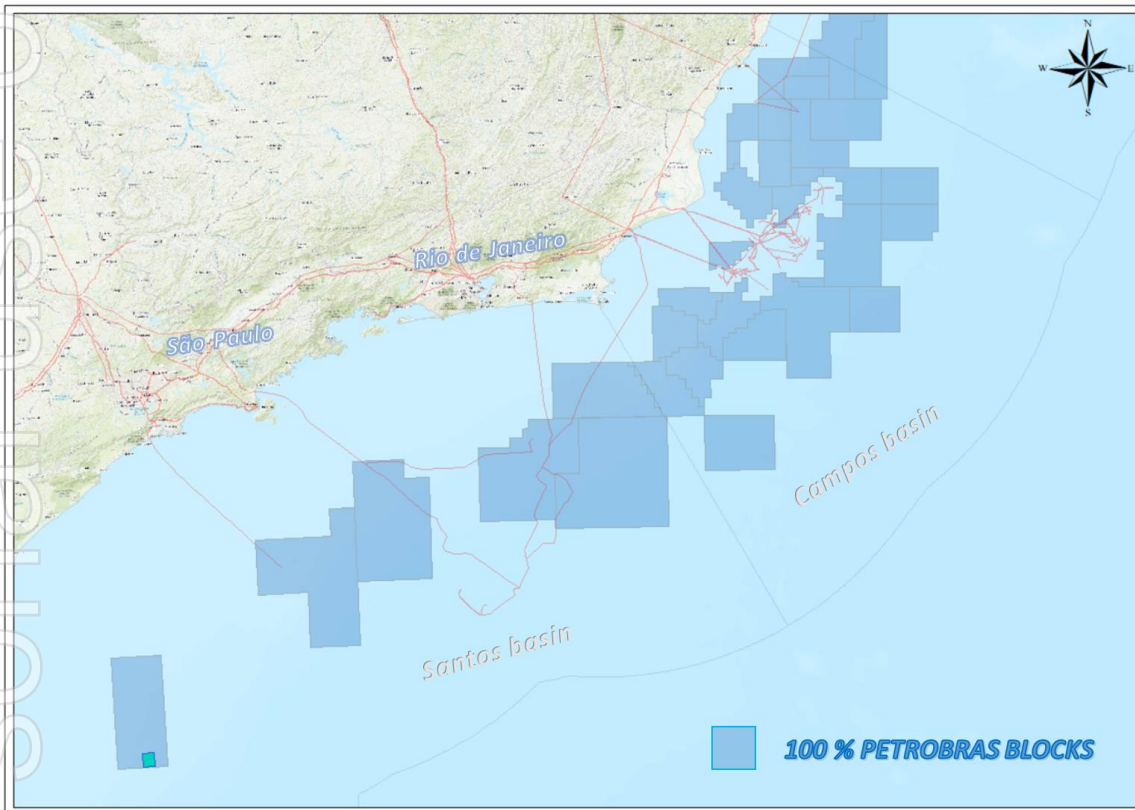
¹ ANP presentation - ANP General Director – Rear Admiral Rodolfo Saboia – to the AAPG on 22 June 2021

Brazil oil industry attractive

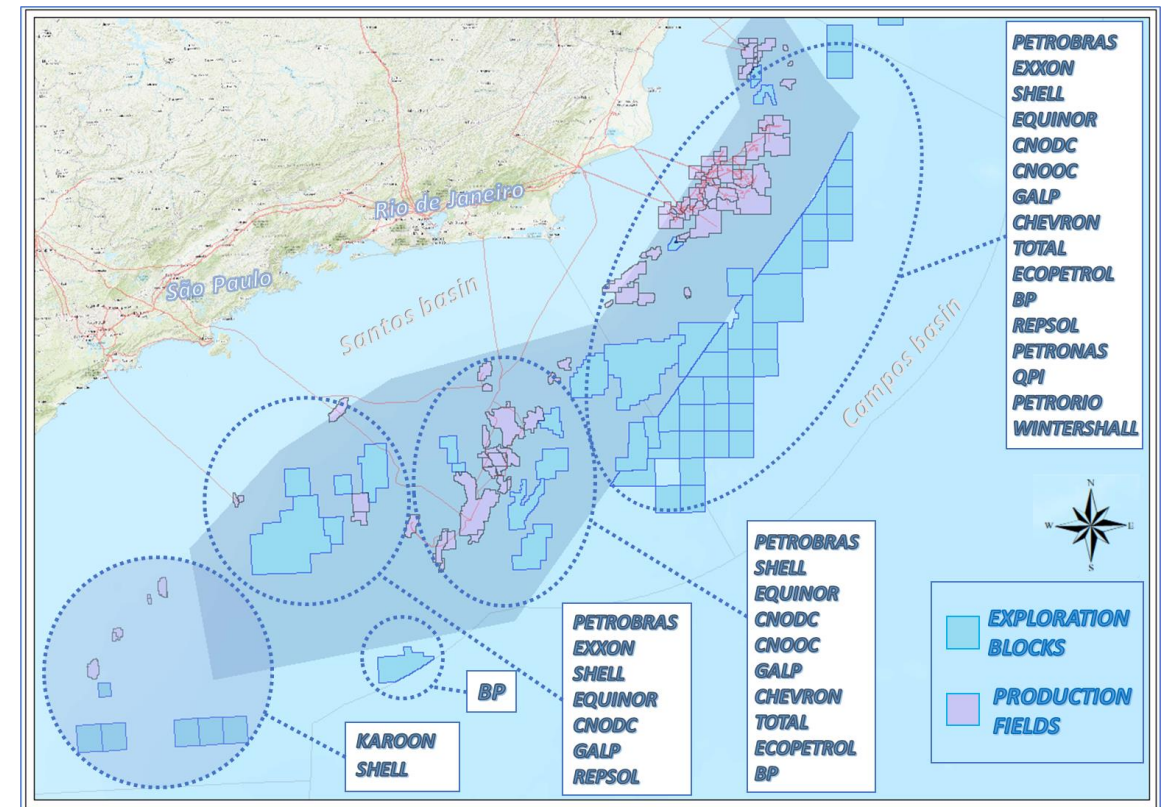
Since opening of market, most major international oil companies present in Brazil

23 years after market opening, Brazilian upstream sector now has diverse set of international and domestic players

Campos and Santos Basin: Round Zero
1998



Campos and Santos basin: After relaunching licensing rounds
2018

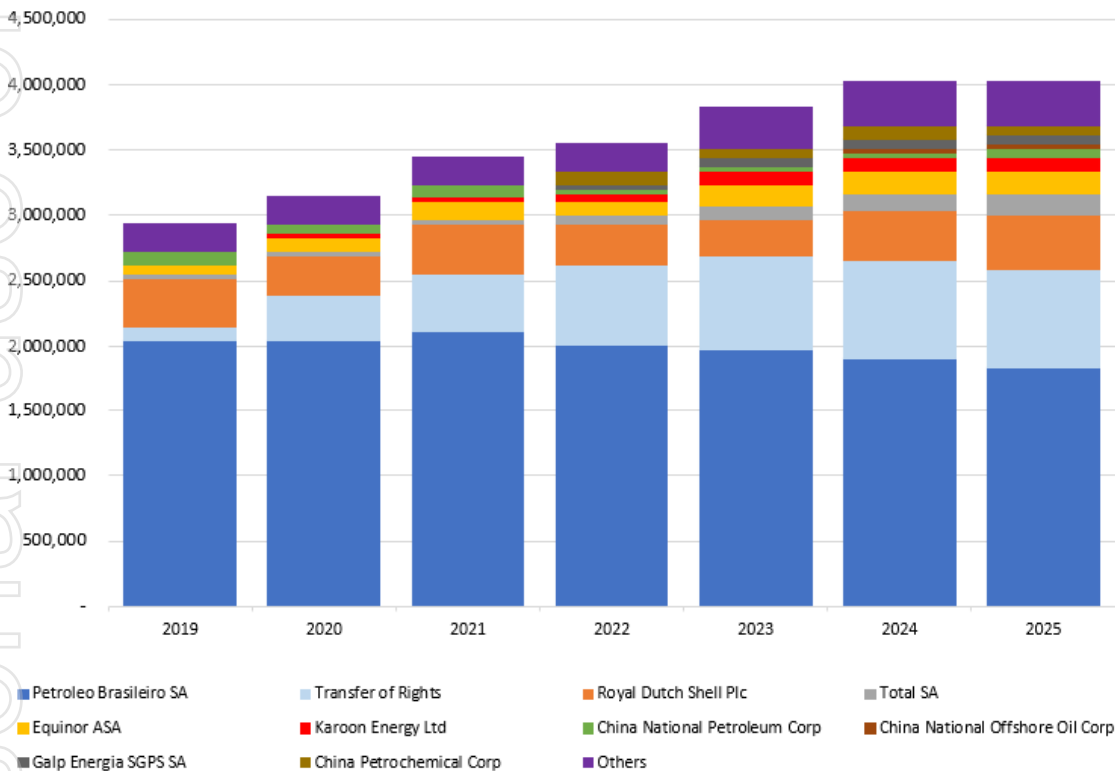


Majors and independents continue to invest

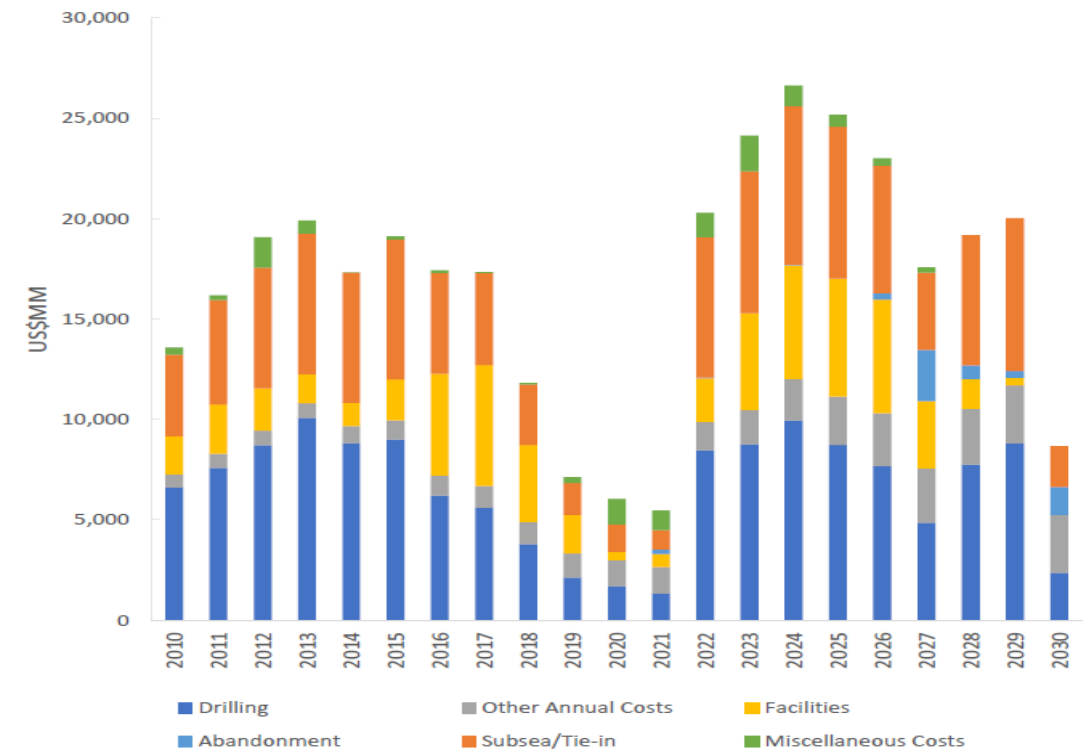
Supported by deep and mature service industry of international and local suppliers

International companies forecast to grow production by 1 MMbpd by 2025¹

Brazil Oil Production Outlook by Company to 2025 (bbl per day)²



... with forecast investment of >US\$20 billion per year through to 2030



- Foreign Direct Investment in O&G sector >US\$10 billion in 2019
- After downturn, activity has resumed
- Expect >US\$20billion/year of upstream CAPEX over next decade

¹ Production includes both Sanctioned and Pre-FID developments

² From industry sources and internal analysis

Karoon has long and successful history in Brazil

Since entering Brazil in 2007, Karoon has developed strong operational organisation



Karoon has become significant player in Brazilian O&G market

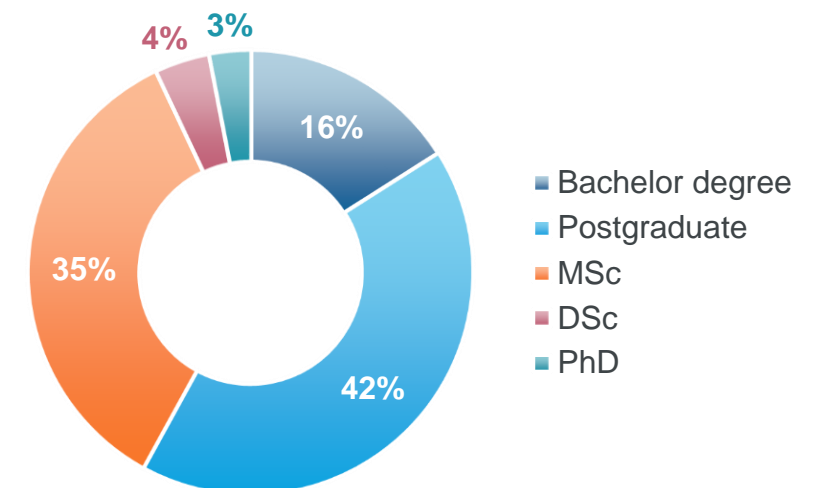


- Karoon qualified as an Operator A¹
- Strong operational organisation with highly experienced personnel
- 87 staff in Brazil office. Total 1,732 years experience, average 22 years experience
- FPSO operated by Altera-Ocyan, very experienced operator, 3.5 years without LTI
- Karoon is now 8th largest operator in Brazil by production rate²

¹ ANP classification that allows KAR to operate in deep and ultradeep water

² ANP – August 2021

Karoon Staff Technical Qualifications



Operating and Delivery Excellence

Ricardo Abi-Ramia

Senior Vice President Operations,
Karoon Brazil

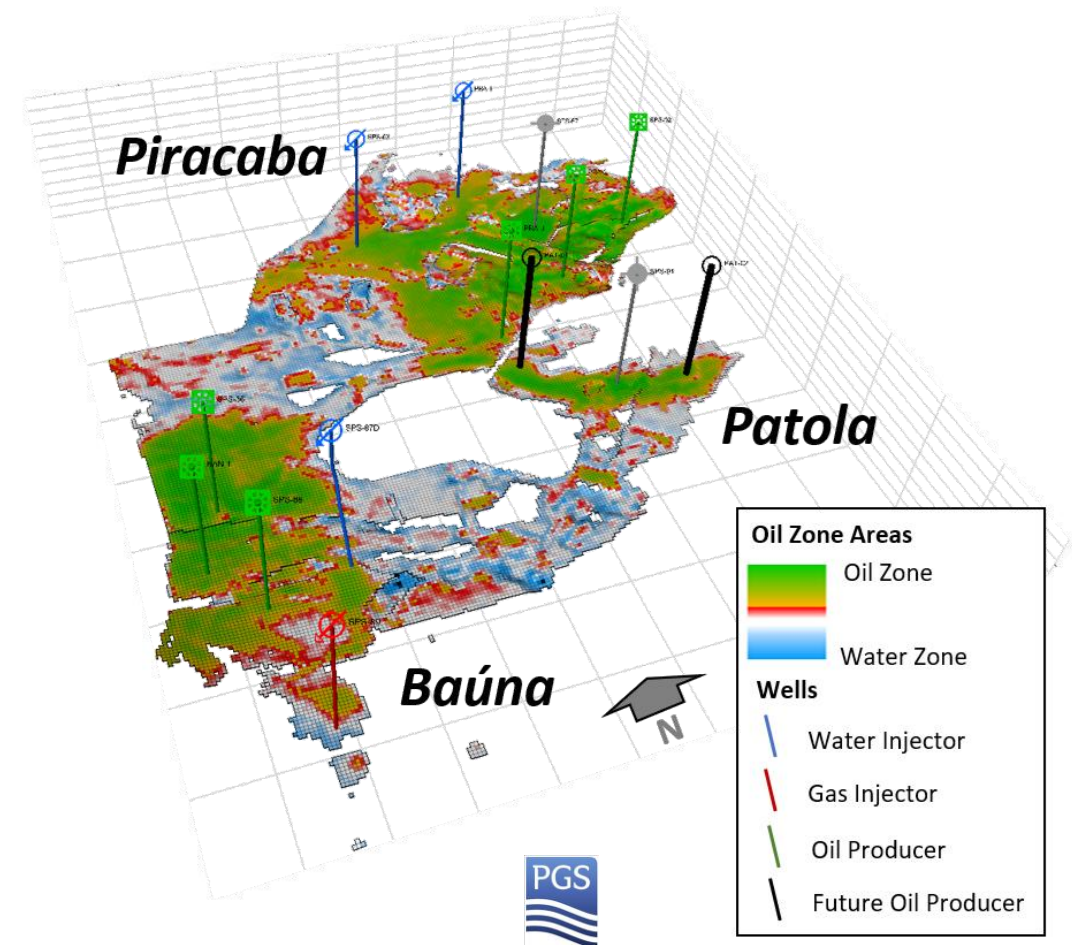


Baúna: Karoon's anchor asset in Brazil

High quality producing field with excellent sub-surface characteristics

- Baúna came onstream in 2013
- Production peaked at 70,000 bopd, >135 MMbbl produced to date
- Karoon acquired 100% and became operator in November 2020
- Current production ~13,500 bopd of high quality, 34° API light oil. Reservoir depth ~2,000 metres, water depth ~280 metres
- High productivity and recovery rates, with producing Baúna and Piracaba wells tied back to leased FPSO
- Patola oil discovery well confirmed 38° API light oil
- Analogous seismic response of Patola to Baúna enables optimised development planning
- Potential for incremental resource addition through targeted field management
 - Material operational and logistical synergies to be gained for any new barrels developed

Seismic derived 3D models used for field management and development planning



HSSE core to all Karoon activities

Focus on setting strong safety culture throughout Baúna operations

- Fully integrated operating management system developed
 - Ensures comprehensive and robust risk management
- One LTI on supply vessel training, pre-operatorship, with no significant safety or environmental incidents since
- Strict COVID-19 protocols successful in reducing COVID risks for workforce, ensuring operating continuity
- >10 socio/environmental projects underway related to Baúna operations
- Baúna's production unit, FPSO Cidade de Itajaí, achieved 1,300 days LTI free

	Achievement	Target	
TRIR	0.0	0.0	✓
HiPos	0	0	✓
Safety Cards	75	70	✓
Safety Observations	18	15	✓
PTs Audited	26.6%	20%	✓



Maximising production through high operational uptime

Focus on operational excellence to support facilities availability

Focus on process safety, facility integrity & preventive maintenance

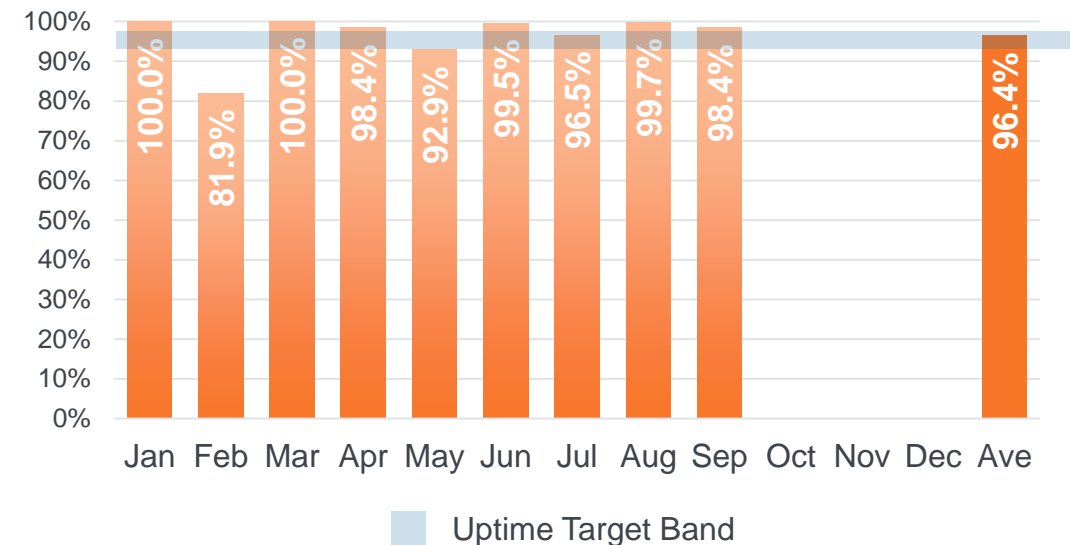
- Maximising production requires facilities to have physical integrity:
 - Minimising unplanned shutdowns
 - Reducing unplanned downtime due to equipment failure
 - Ensuring scheduled maintenance delivered on schedule



Delivering high operational uptime

- Since becoming operator, operations team have undertaken diagnostic audits of FPSO-and operating practices
- Goal is to achieve annual process plant uptime of 92–97%, with consistent high availability and reliability
- Work undertaken during 2021 to establish strong platform having positive results, with average uptime in YTD towards upper end of target

FPSO – Monthly Uptime 2021



Sustaining production through active management

Aim to mitigate decline rate to <15% and find new oil

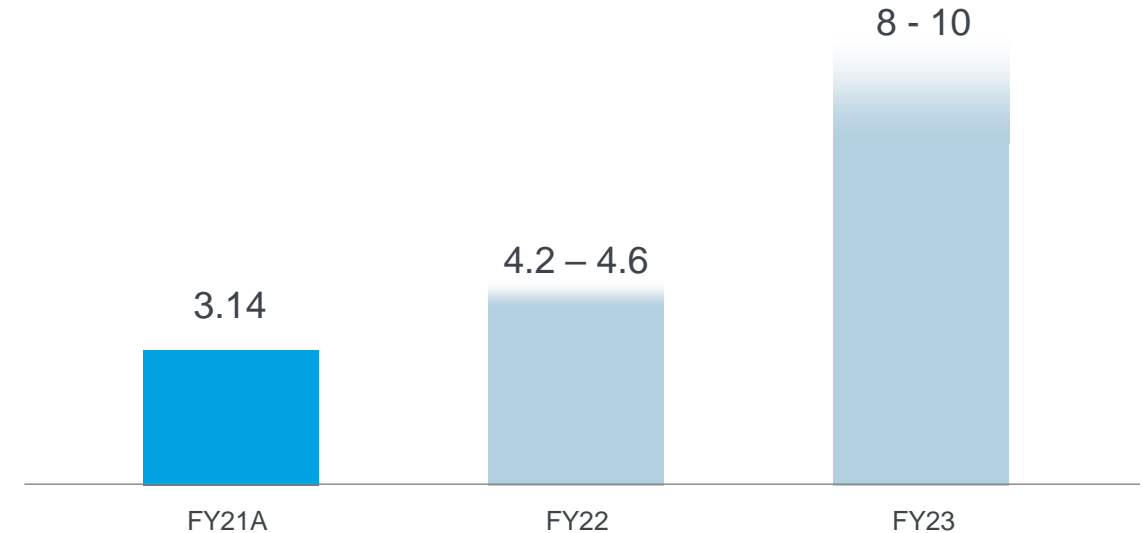
Continuously assessing production enhancing opportunities

- Focus on extracting maximum value and resource from Baúna asset
- Multidisciplinary focus on optimising reservoir management, well operations, cost structure and facilities integrity
- Production outcomes driven by operating reliability and uptime
- Intervention and Patola project expected to grow production base while materially improving unit cost base

Aim to minimise existing field decline to <15% per annum

- Seismic reprocessed to improve static and dynamic reservoir model, to be delivered Q2 2022
- Potentially 4D seismic survey depending on positive Value of Information assessment
- Electric submersible pump (ESP) management is key improved oil recovery (IOR) measure, to assure economic life extension

Indicative Production Profile (MMbbl)*



..... and find new oil

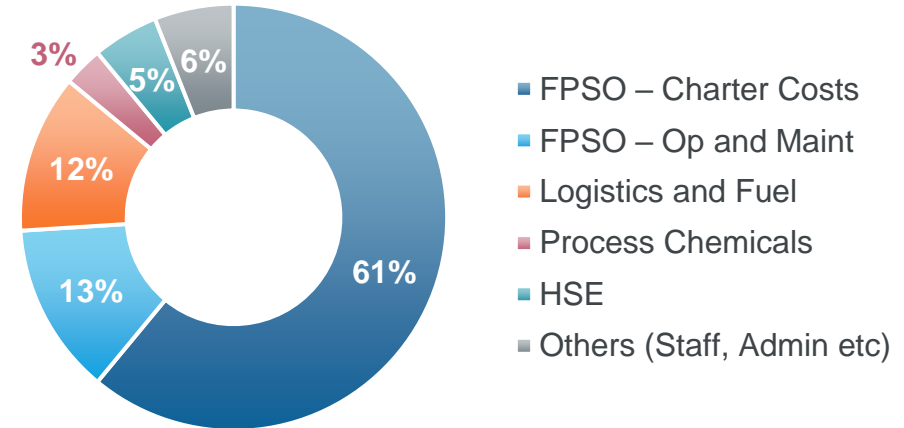
- Near field production exploitation and field development opportunities have potential to be materially value accretive
- Near field exploitation opportunities to be assessed
- Potential Neon tie-back to Baúna (one of concepts being assessed)

* Profile from FY2022 is indicative only, assumes Baúna intervention and Patola projects are delivered within targets

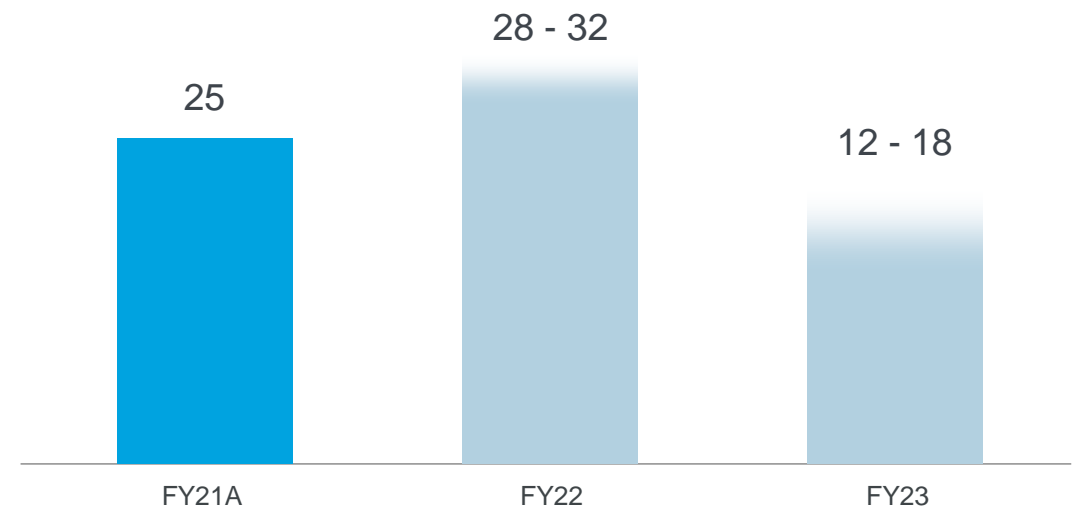
Lowering unit operating cost

Project delivery and production enhancements adds scale, drives down unit operating cost

- Goal is to maintain low cost structure, ensuring field commerciality and sustainability by extending end of field life and maximising margin
- Production cost outlook:
 - Intervention and Patola projects will utilise existing infrastructure
 - With ~90% of costs fixed, increased production expected to reduce operating cost per barrel materially in CY2023
 - Charter, operations and maintenance (O&M) contracted cost reduction of 15% from Feb 2022
- Cost drivers identified and being managed strategically:
 - Charter costs, O&M costs are most material controllable cost elements
 - FPSO O&M and logistics and fuel are variable costs
- Tie-back of potential Neon development has potential to improve commerciality further, through sharing logistic and support costs



Indicative Unit Operating Cost Outlook (US\$/bbl)*



* Unit opex from FY2022 is indicative only

Baúna interventions and Patola development on track*

Forecast to more than double current production, to >30,000 bopd in early CY2023

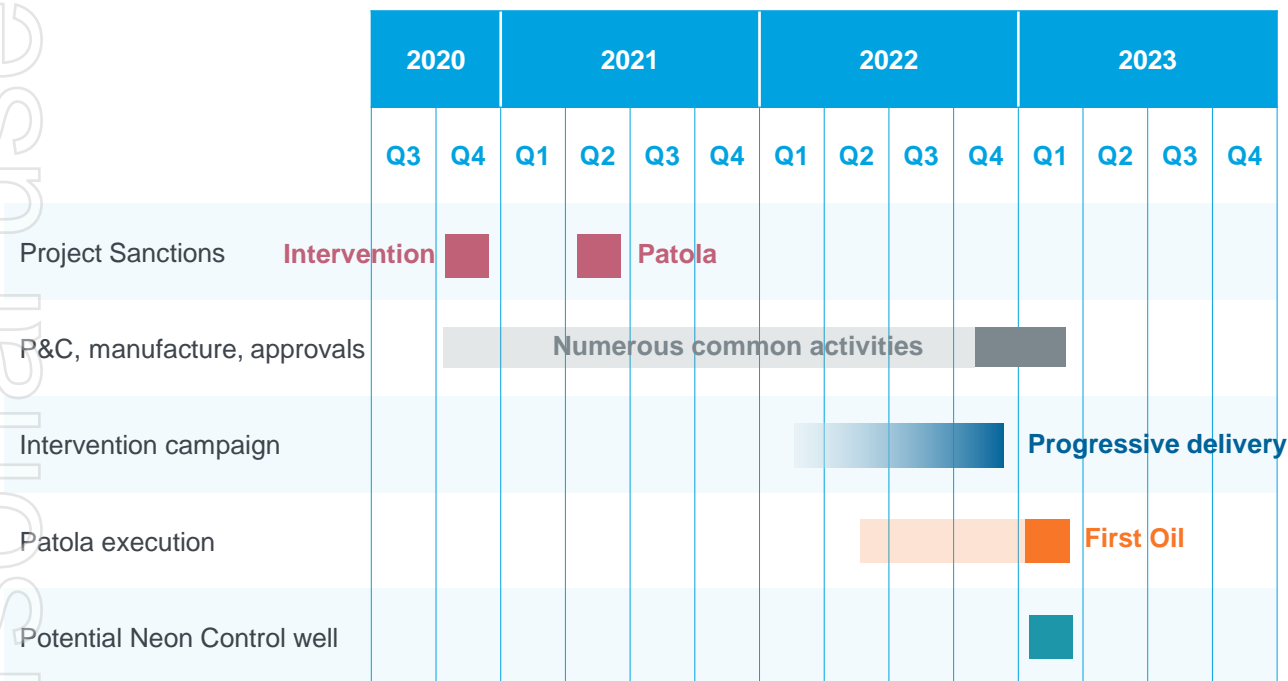


Baúna well intervention project

- Targeting 5,000 – 10,000 bopd incremental production
- Expected to commence mid CY2022
- Estimated cost US\$110 – 130 million

Patola Development

- Targeting first Patola production in early CY2023
- Expected peak production rate >10,000 bopd
- Estimated cost US\$175 – 195 million



Current Status

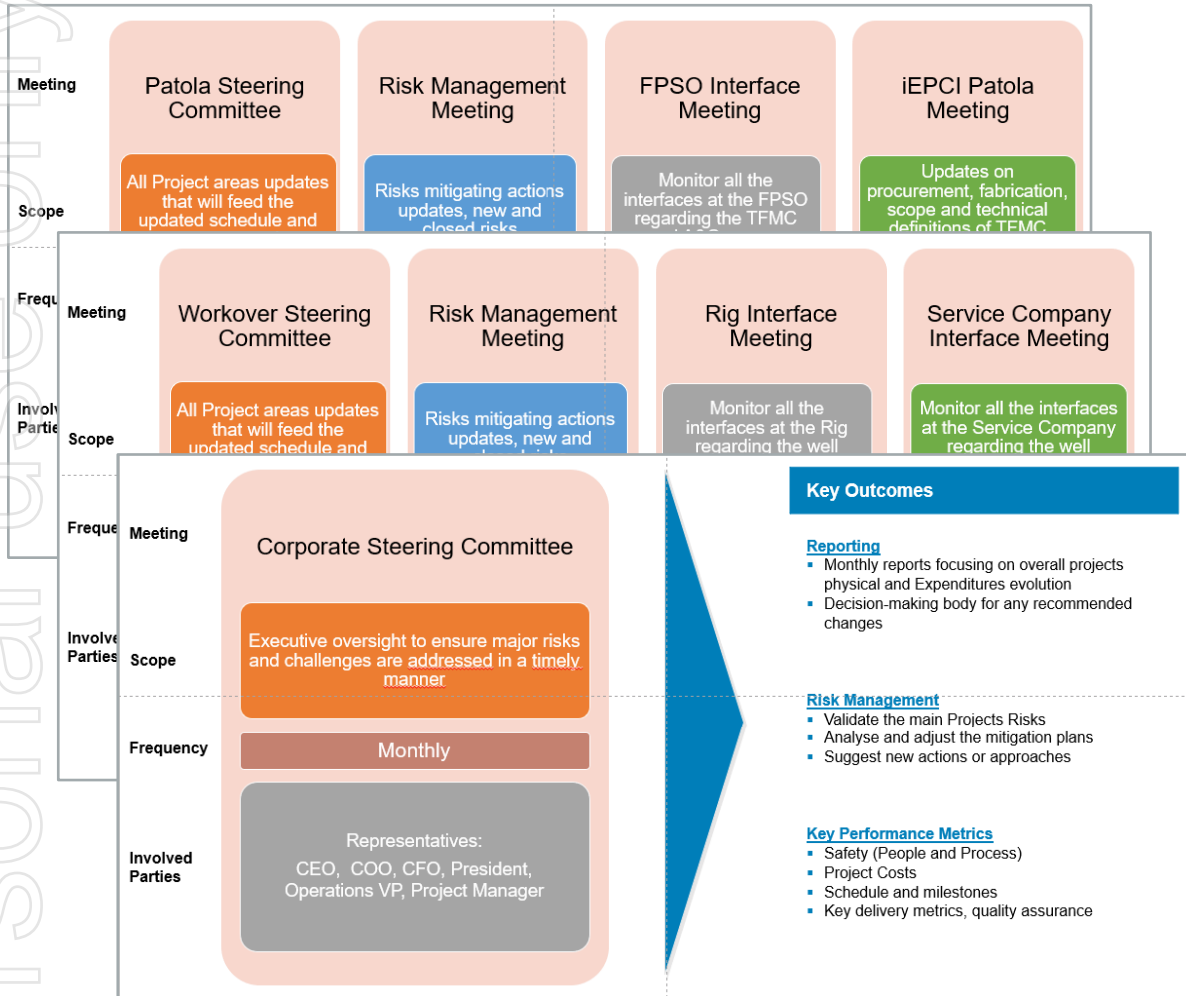
- Suppliers have been selected for >95% of contracts and more than 60% already signed
- Maersk Drilling and TechnipFMC contracts signed:
 - Being actively managed, no major issues or delays at present
- Schedule:
 - 60-day window of operational commencement confirmed, between 1 April to 31 May 2022
 - Window narrowing to 30 days to be confirmed by Maersk in Dec 2021
- Despite global inflationary pressures, no cost increases identified so far

* Subject to timing of arrival of Maersk Developer rig

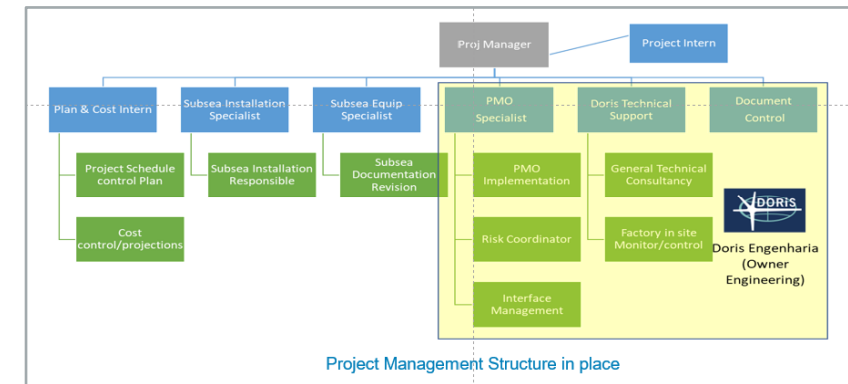
Intervention and Patola project execution and governance

Comprehensive approach in place to deliver projects

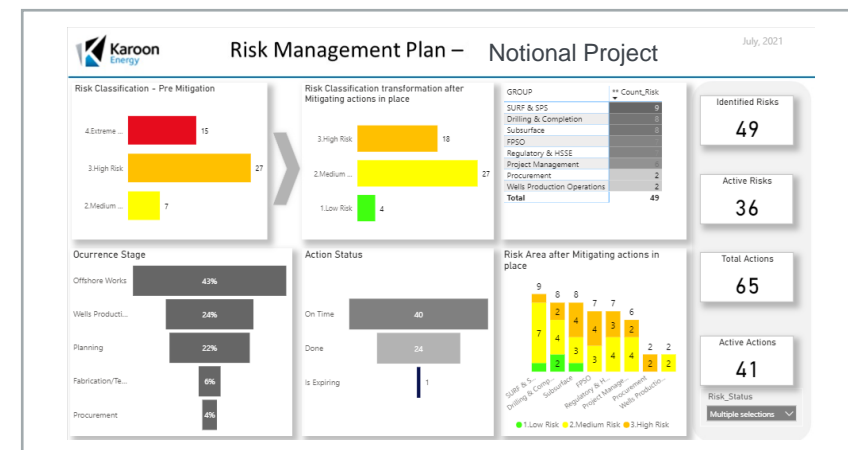
Governance processes tailored to each specific project



Project delivery team managing execution



Risk management processes to anticipate and mitigate possible risks to safety, schedule, cost objectives



Neon Area Hub Development & Subsurface

John Steel

Team Lead Asset Development,
New Business & Exploration



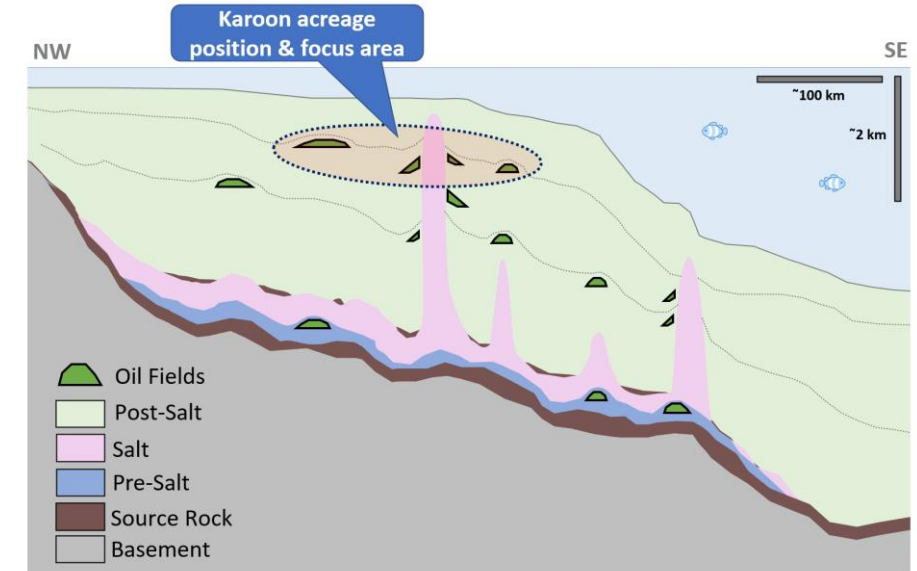
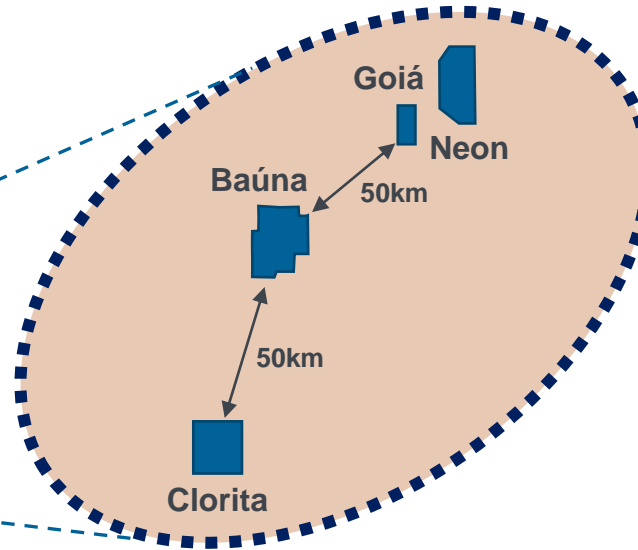
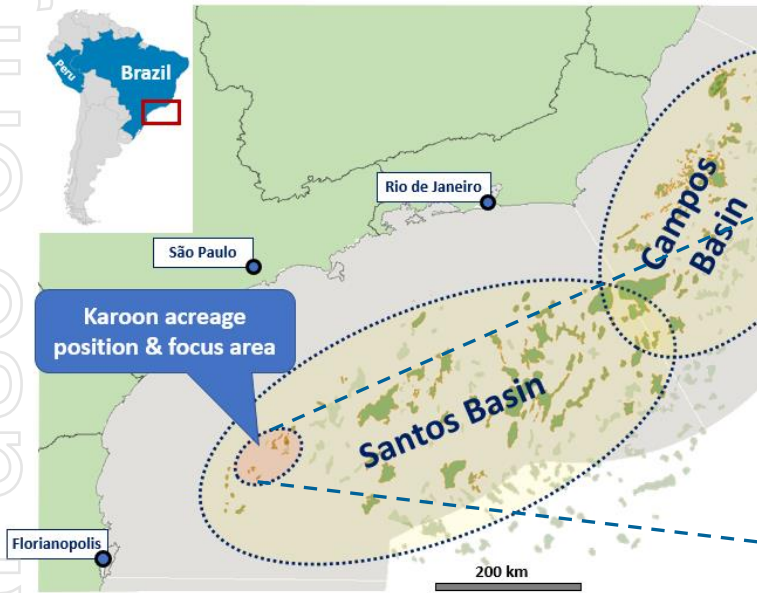
Neon hub development

Within Karoon's Southern Santos heartland

Great address

Karoon portfolio

Subsurface Characteristics



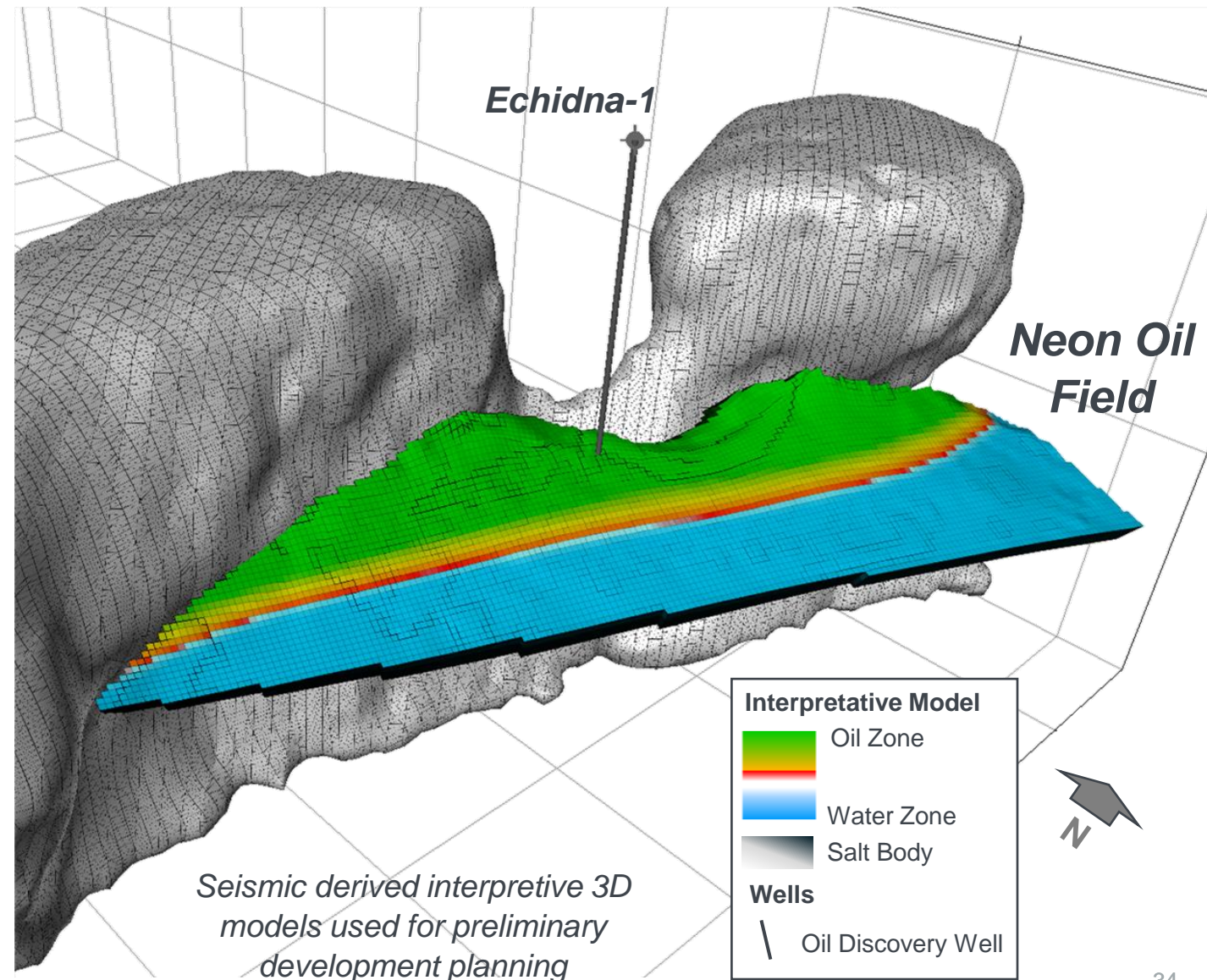
Brazilian offshore oil basin schematic cross-section

- Brazilian offshore basins world renowned for “Super Basin” scale prospectivity
- Karoon focus on targets in shallower water areas with high deliverability reservoirs, high-quality light oils and strong project economics
- Leveraging advanced seismic analysis and integrated subsurface modelling to de-risk near-field exploration targets and optimise exploitation

Neon Oil Field

Alternative development concepts being explored, to maximise value

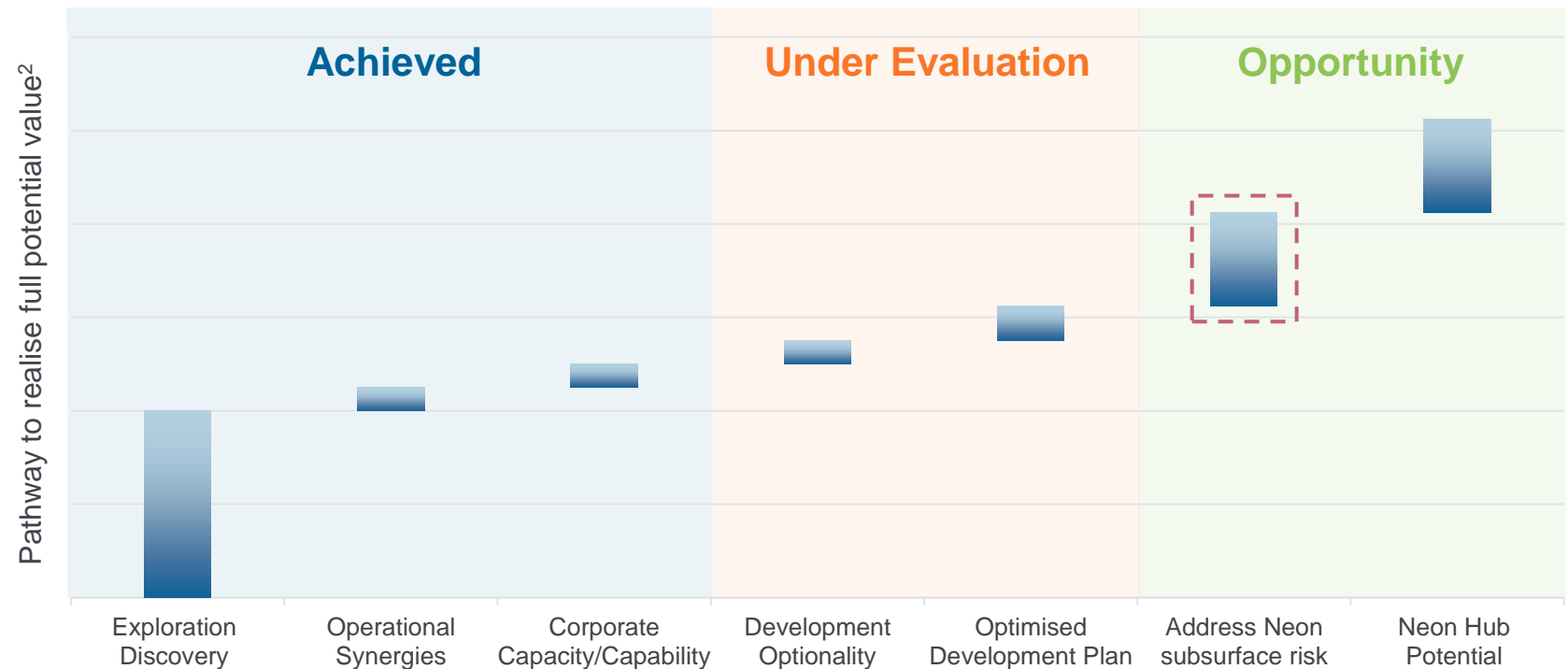
- Neon oil field discovered by Echidna-1 exploration well in 2015
- Located 60km NE of Baúna in ~300m water depth
- Targeted reservoirs encountered <2km burial depth
- Contains high quality 39° API light oil
- Strong production rates potential confirmed by flow testing
- Exhibits seismic response to presence of oil-filled reservoir sands
- Detailed subsurface modelling leveraging seismic response, to update preliminary field development planning and re-evaluate commercial potential



Pathway to drive Neon value

Revised Neon development concept could drive significant value upside

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



- Neon economics benefit from Karoon's established operational capacity and activities
- Baúna ownership brings funding capacity and corporate capabilities
- Application of integrated subsurface modelling techniques and optimised engineering solutions
- Control drilling has potential to confirm economically attractive project at Neon – Maersk contract option available
- Neon commerciality could enable exploitation of other nearby resources

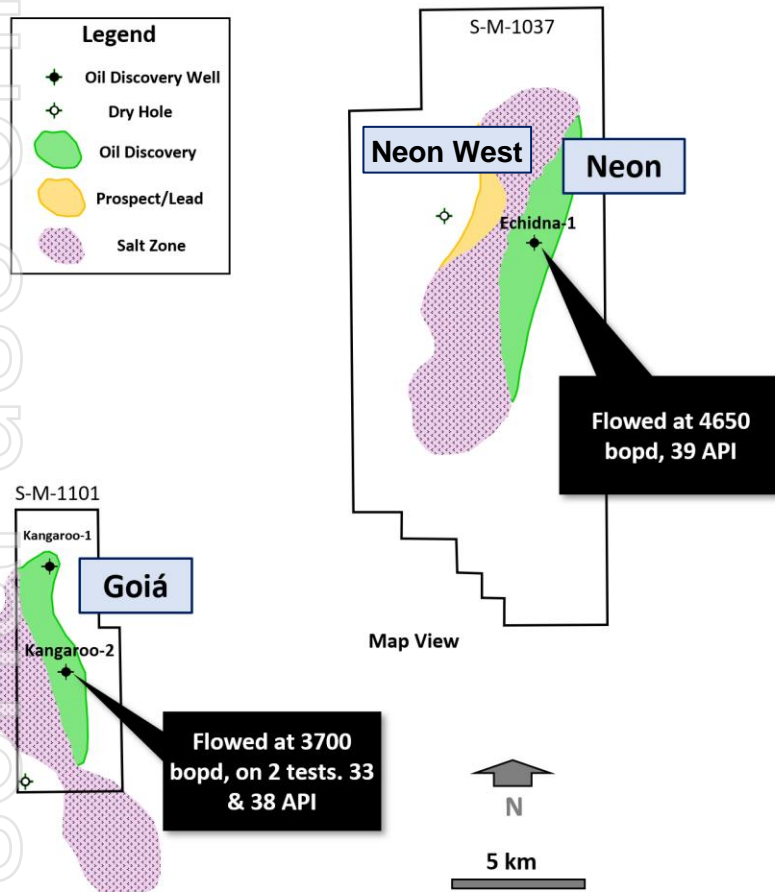
Note 1. Contingent resource volume estimates presented for Neon and Goiá were disclosed in the 8 May 2018 ASX announcement "Resources Update" and published in the 2021 Annual Report. Karoon is not aware of any new information or data that materially affects these resource estimates and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcement continue to apply and have not materially changed.

Note 2. Incremental boxes are not to scale and are provided for illustrative purposes only

Neon area hub development optionality

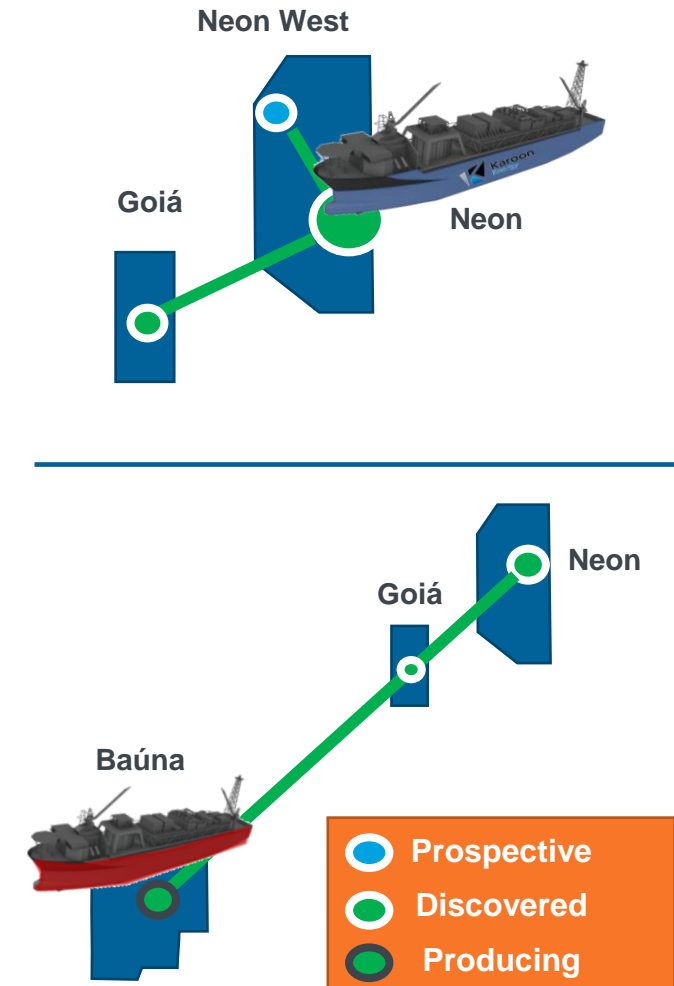
Resource expansion beyond Neon and development optionality being evaluated

Incremental Resources



- Potential for increased recovery from Neon field
- Production rates of >30,000 bopd modelled (100%)
- Goiá field subsurface modelling and exploitation plan being revised
- Neon West emerging as potentially low risk, prospective opportunity
- Feasibility of pipeline connection to Baúna being investigated, as alternative to Neon-dedicated FPSO:
 - Likely reduction in development capex
 - Potential to extend Baúna field life, improving economics
 - Partially offset by potential impacts on Neon recovery factors

Development Optionality



Possible Neon control drilling to meet multiple objectives

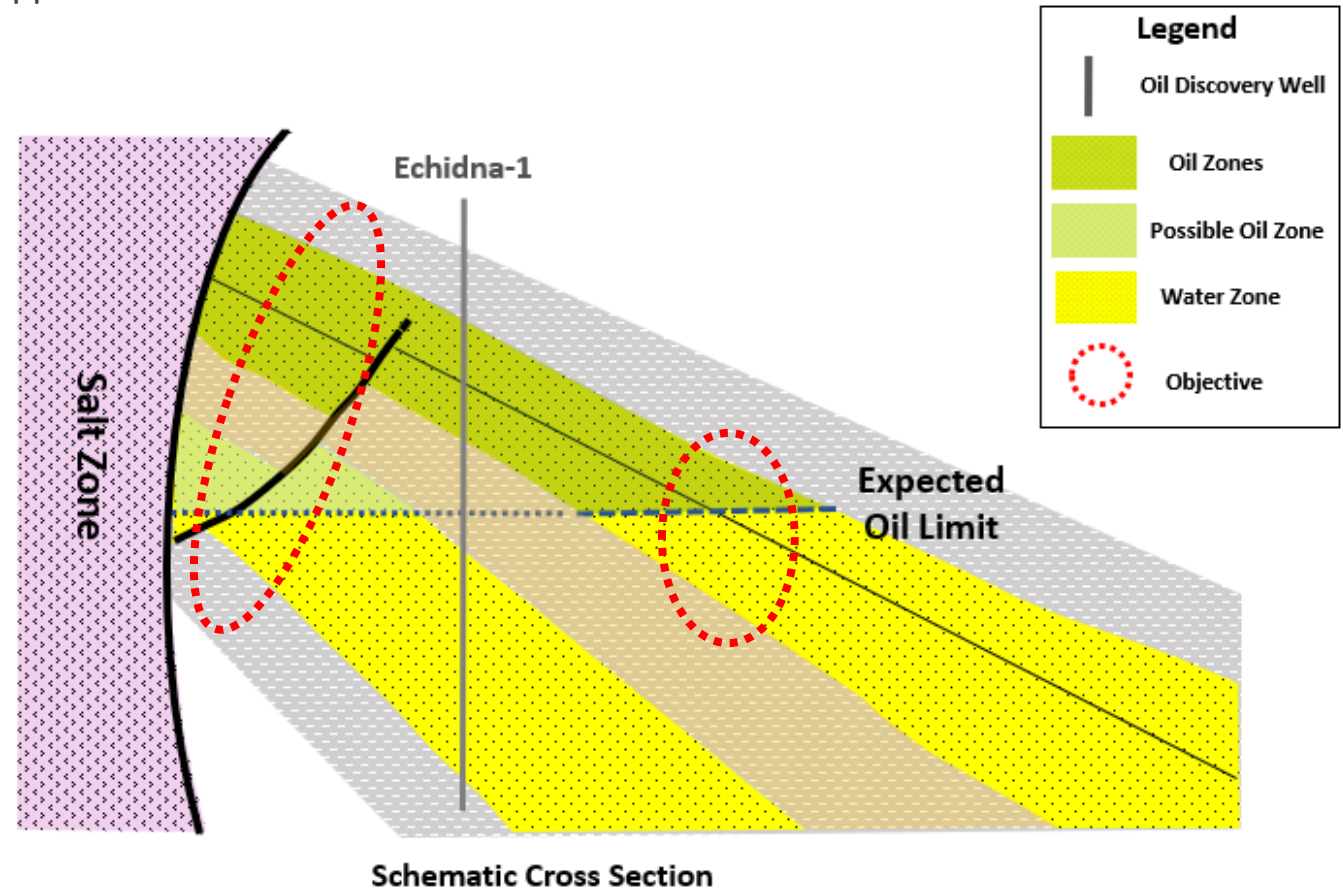
Focus on removing subsurface uncertainty and derisking resource base

- Potential control well to assess remaining subsurface uncertainties, subject to meeting internal business case

- Drilling strategy will be defined based on key risks and opportunities

- Objectives:

- Confirm reservoir quality in crestal field areas
- Determine fault characteristics
- Test identified upsides in deeper reservoirs
- Prove reservoir continuity and calibrate predictive models
- Prove field oil water contact and field extents
- Provide key data for calibration of production performance expectations



Revised concept process and timeline

Disciplined approach to ensure project robustness

- Maersk drilling rig being evaluated as potentially cost-effective opportunity to progress Neon development
- Successful control well will:
 - Validate resource expectations
 - Enable progressing asset through project tollgate process
 - Potential for first oil from Neon development by end 2026

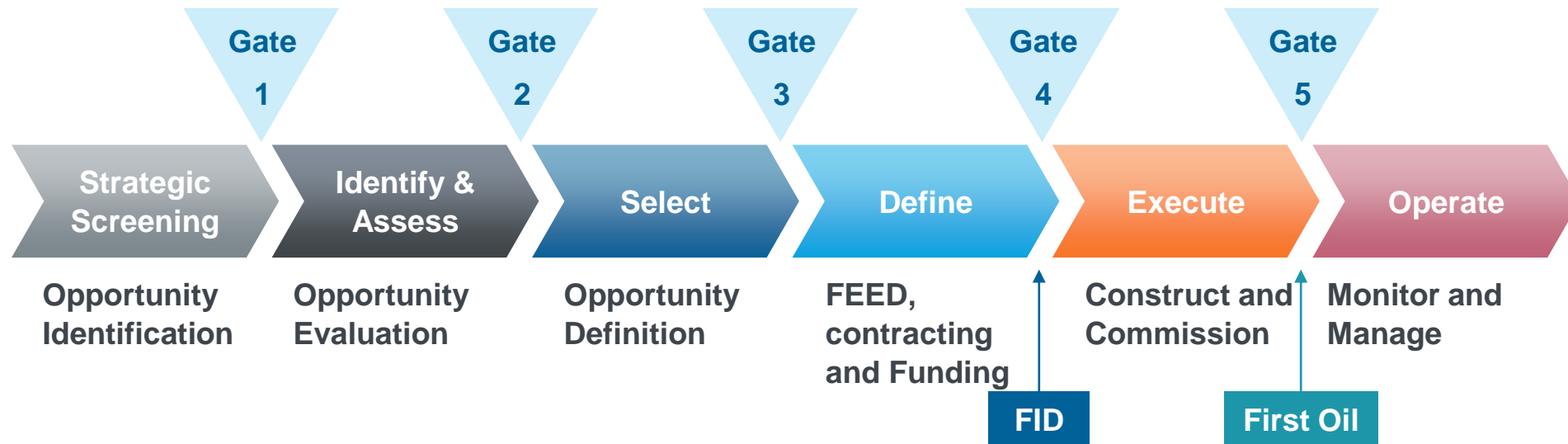
Subject to success

Q2 2023

Enter Concept Select Phase

End 2026

First Oil

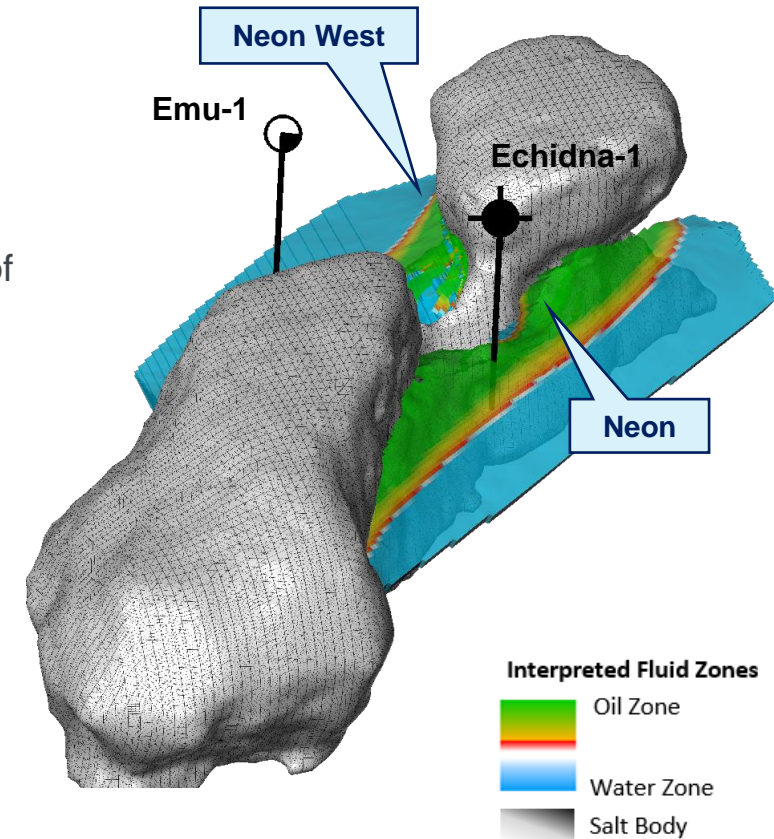
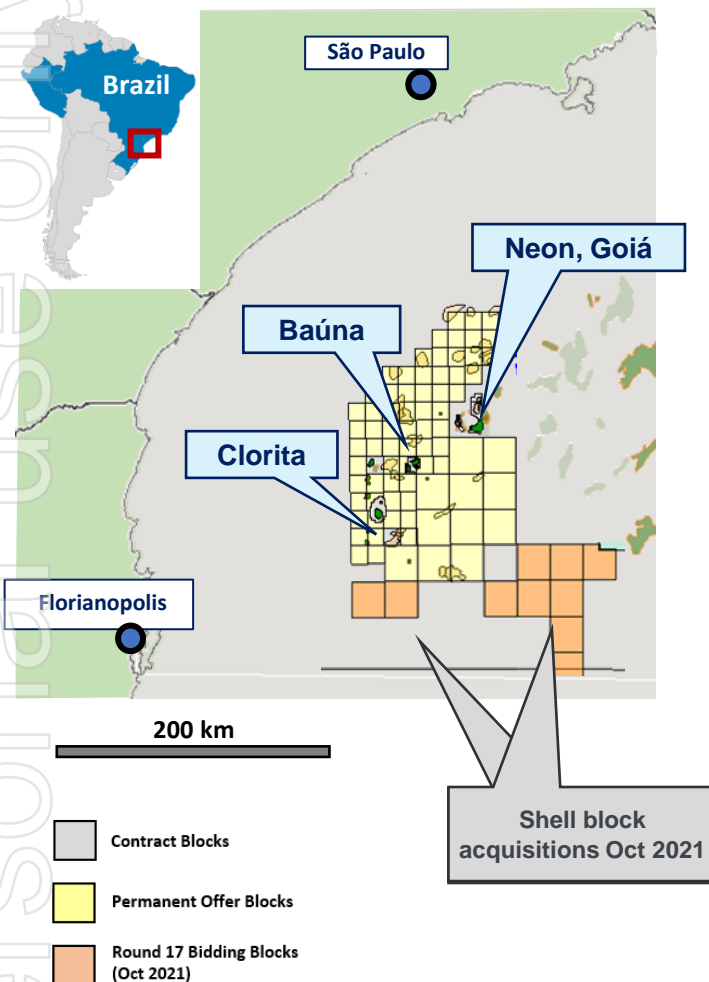


Nearfield opportunities in Karoon's heartland

Leverage >10 years experience to maximise value in Santos Basin heartland

- Refreshed Strategy to focus on:

- Near field exploitation around Baúna
- Build resource base to improve Neon project scale and robustness
- Leverage low-cost activities through application of new technologies to existing 3D seismic
- Prioritise short-dated barrels
- Portfolio management – withdrawn from Peru, EPP46 (GAB), farm-down or drop WA-482-P
- Maintain and build core technical expertise in Brazil Business Unit and Melbourne Corporate Centre



Brazil M&A

Martin Austgulen

New Business and
Reservoir Manager, Brazil

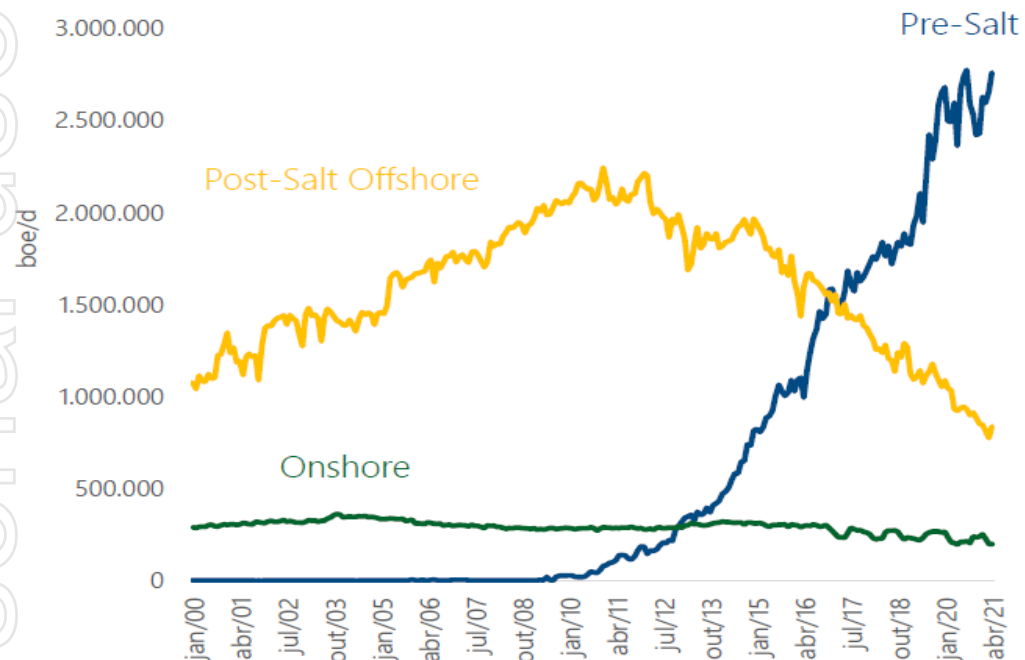


Brazil M&A potentially a key driver of growth

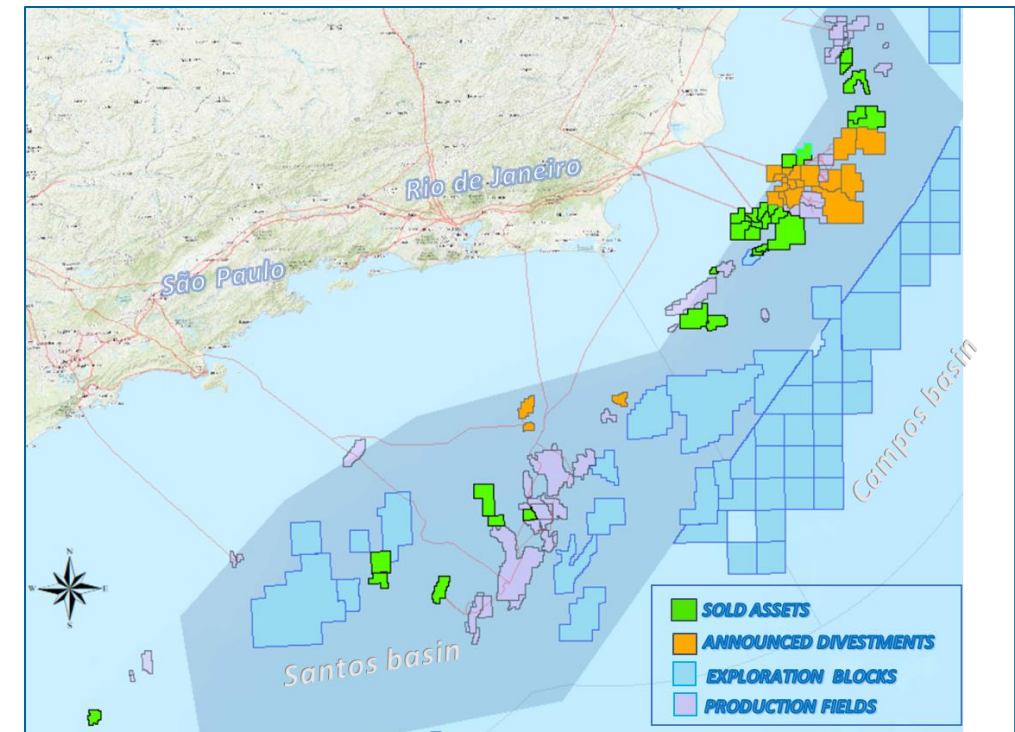
Unique opportunity with Petrobras and majors restructuring their portfolios

- Brazil to see significant production growth, driven by Petrobras and Majors' investment plans in world class pre-salt fields
- Legacy assets in conventional shallow water and deepwater offshore in decline, impacted by change in Majors' focus to pre-salt. Assets still have material upside
- Petrobras carrying out expansive divestment program, to rationalise portfolio and focus on its most productive assets

Brazil Oil and Gas production by resource theme



Upstream asset transactions in Campos and Santos basins

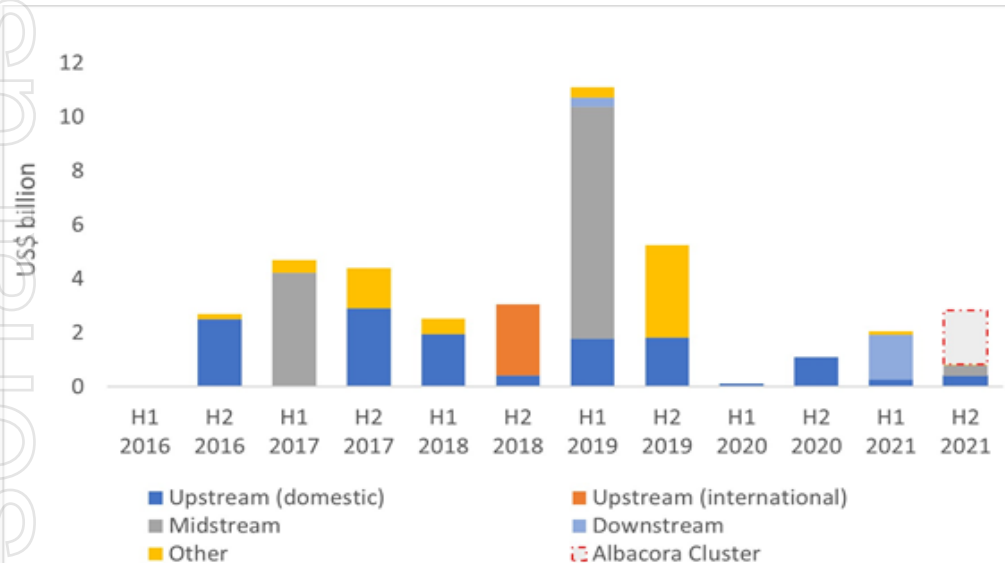


Major divestment program underway

High quality opportunities becoming available

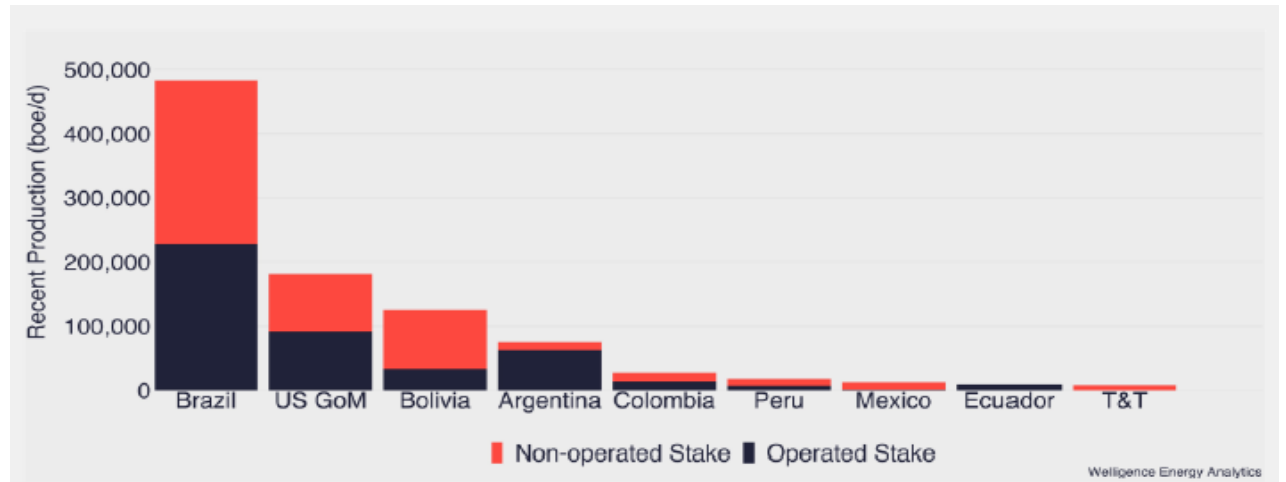
- More than US\$40 billion in O&G transactions since 2015
- Petrobras has stated target of US\$25-35 billion* still to be divested across Upstream, Midstream and Downstream
- Petrobras divestment process well-established with motivated seller
- High-quality conventional E&P assets with large remaining resource and redevelopment potential are among potential divestment targets
- Up to 600,000 boed could be divested in period 2021 – 2025 (Petrobras 2020 Annual Report)

Petrobras Divestments by Sales Value



Source: Petrobras Day 2020 presentation

Acquisition Opportunities Reserves by Country (Latam)

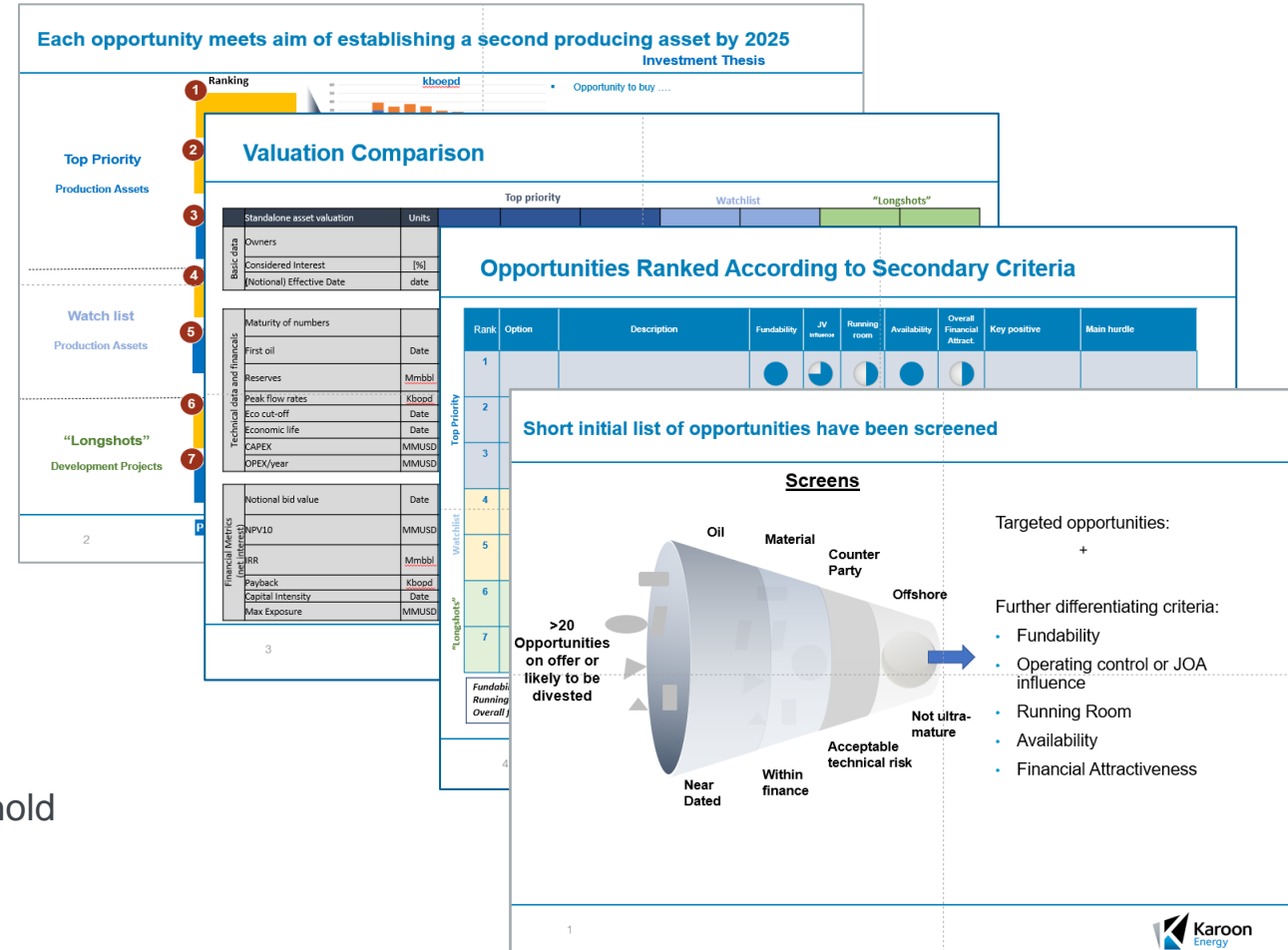


Source: Welligence Energy Analytics

Applying Karoon's technical and commercial skills

Actively assessing inorganic growth options through a disciplined process

- Karoon actively screening for inorganic growth opportunities
- Several high-quality assets expected to be marketed over next 24 months
- Karoon well placed to take advantage of ongoing M&A wave
- Competing against relatively small but highly motivated field of potential buyers, including Brazilian independents and private equity
- Rigorous process being followed utilising two criteria sets:
 - Initial screen to get working short-list
 - Secondary screen fine tuning based on asset characteristics
- Key asset selection priorities:
 - Value accretive opportunities, exceeding Karoon's return threshold
 - Fundable
 - Producing or close to production



Sustainability

Jo Hynes

HSSE & Sustainability Manager



Karoon's five pillars of sustainability

Underpinned by oversight from Board Sustainability and Operational Risk Committee

HSE

- Safety is our first priority
- Working closely with FPSO operator to improve already strong safety record, >3.5 years without a Lost Time Incident



Climate

- Carbon management core focus of Karoon's sustainability strategy
- New emissions targets, with action plan to ensure success



Our People and Human Rights

- 50% female employees across Karoon Group at 30 June 2021
- Target of 30% female participation on the Board, in senior management and across Karoon Group by 2025
- Karoon's first Modern Slavery Statement to be submitted December 2021



Community

- Opportunity to build on 'Project RUMO', Karoon's primary social consultation project in Brazil
- Establishing new local sustainability team to engage and consult with local communities to:
 - Develop new social investment programs
 - Identify projects that can deliver both environmental and social benefits



Environment

- Establishing Sun Coral research project aiming to protect biodiversity in waters around Baúna
- Additional environmental monitoring and education projects already in place
- No significant environmental incidents recorded



Carbon management action plan – carbon neutral in FY2022

As a new oil producer, Karoon has opportunity to achieve meaningful emissions targets



**Carbon
Neutral
FY 2022**

**Scope 1 and 2
GHG Emissions**

Carbon Neutral on Baúna-Patola* now

Carbon Neutral on new assets within
five years of purchase*

Internal carbon pricing for new
investment decisions

Scope 3 Materiality Analysis and
reporting FY 2022

**Net Zero
2035**

**Scope 1 and 2
GHG Emissions**

* Scope 1 and 2 GHG emissions

Carbon Management Action Plan to achieve emissions targets

First priority is to reduce emissions where possible

Avoid and Reduce

First priority is to avoid or reduce emissions within existing operations

- Emissions reductions projects implemented in operations
 - Installation of mooring buoy to reduce diesel consumption in support vessels
 - Replacement of low-pressure flare blower to improve flare efficiency
- Further technological solutions to be investigated for existing and future assets

Assess investments in high quality offsets

Assessing investment in high quality projects to offset residual emissions

- Entered non-binding MOU with Shell to investigate equity and/or development opportunities for new Nature Based Solution offset projects
- All offset projects must achieve Verified Carbon Standard (VCS) and Climate, Community and Biodiversity Standard (CCB) certifications

Purchase additional if needed

Until generating own offsets, will purchase only high-quality carbon credits

- Binding offers sought to purchase carbon credits to offset 40% of FY2021 residual Scope 1 emissions. Credits to be purchased from Brazil REDD+ project with VCS and CCB certification
- Binding offers sought for carbon credits to offset approximately 60% of residual Scope 1 emissions from Baúna-Patola until 2029 (including FY2021). Credits must come from projects satisfying minimum quality profile

Internal carbon pricing

Internal carbon pricing incorporated into future investment decisions

- Test resiliency of future investments with internal carbon price
- Internal carbon price to be reviewed on annual basis.

Funding and capital priorities

Ray Church

Executive Vice President and CFO

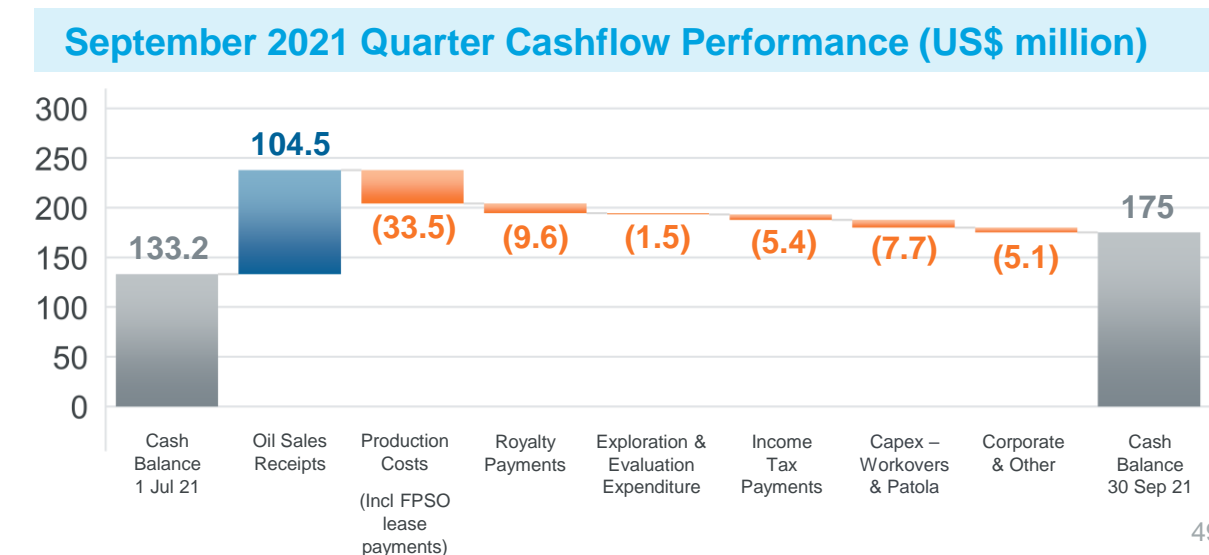
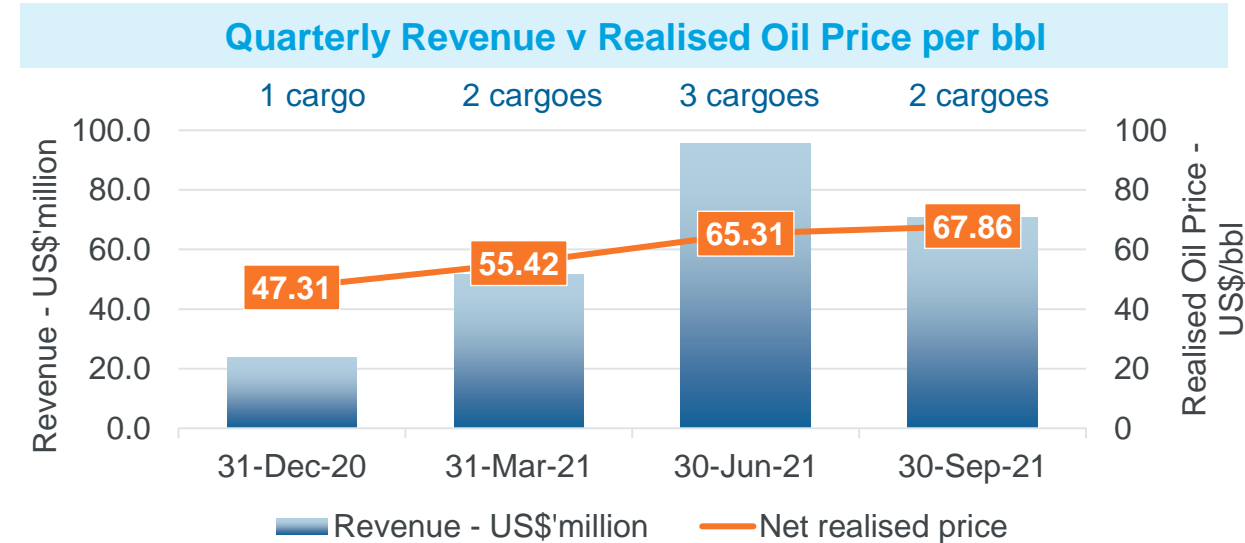


Strong and improving cash position

Consistent Baúna production delivering strong cash flow foundation



- Current Baúna production provides solid foundation for growth. In FY21, generated oil revenues of US\$171 million (eight months of production) at average realised Brent price of US\$59/bbl
- Strong operating cashflow margin, with unit production costs of US\$25/bbl during FY21
- During September 2021 quarter:
 - Average realised oil price – US\$68/bbl
 - Average revenue per cargo – US\$35 million
 - Operating cashflow – US\$60 million before long-lead capex, corporate and tax outflows of US\$18 million
- Cargo shipped in early October 2021, ~US\$40m revenue

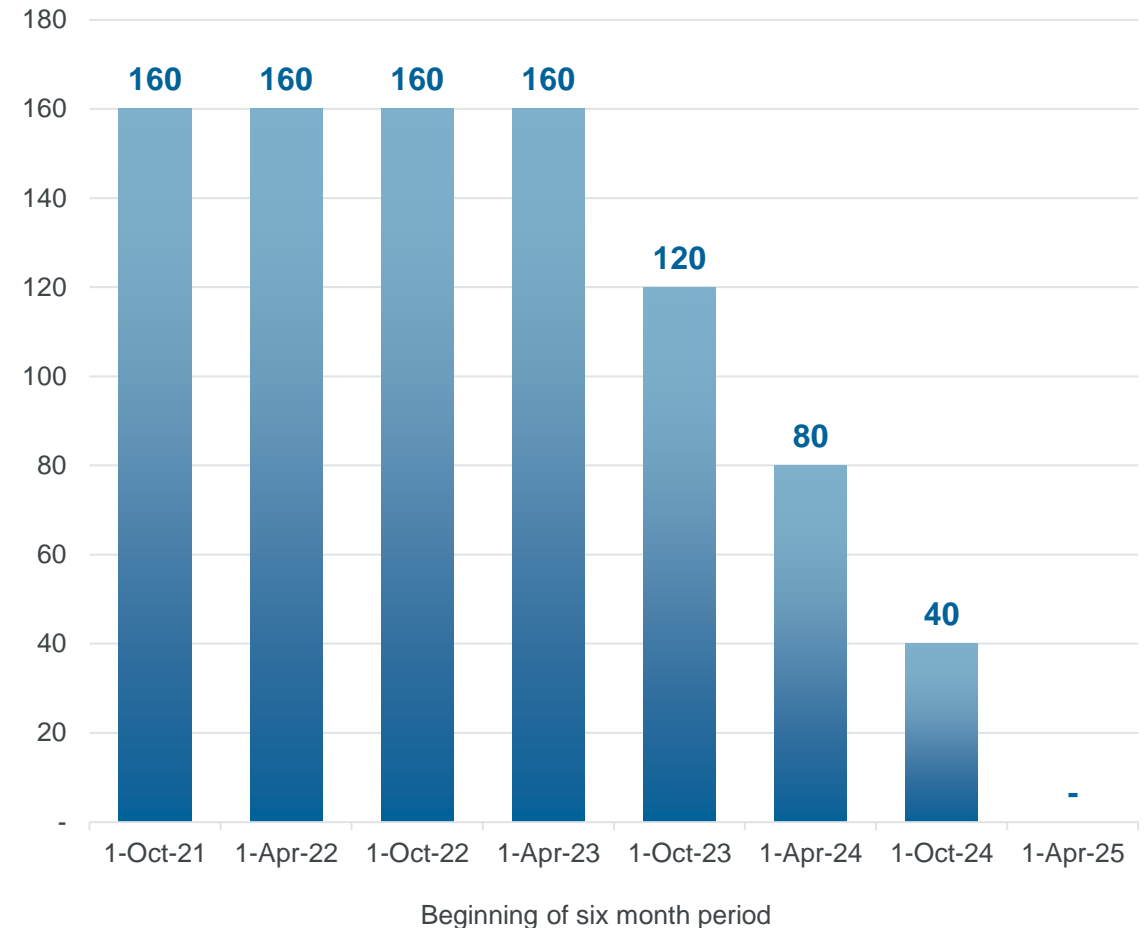


Broadening funding sources

First debt facility secured, substantial borrowing base

- New US\$160 million reserve-based, non-recourse facility to fund Patola development an important step in diversifying funding mix to include debt finance
- Cost-competitive funding source, 425bps margin over LIBOR
- Established high quality lender group comprising Deutsche, ING, Macquarie and Shell
- Proven capability to access debt markets and high-quality lenders, providing credentials and opportunity to consider debt funding for future growth opportunities
- Potential to expand via US\$50 million accordion facility provides additional future funding flexibility
- Facility borrowing base significantly greater than facility amount and demonstrates opportunity to leverage further existing assets for future organic or inorganic growth opportunities
- Oil hedging to be entered into (~30-40% year 1 & 2 production) to support investment plans and ongoing debt obligations, retaining material exposure to oil price upside
- US\$175 million cash at 30 September 2021

Facility amount during period – US\$ million



Priority uses of capital

Deliver safe and reliable operations

- Deliver production from on-going operations
- Investment in long term maintenance to maximise life of facilities

Build and maintain strong, flexible balance sheet

- Meet debt obligations and covenants
- Develop new sources of debt finance as production and asset base grows

Baúna interventions and Patola development

- Baúna interventions to maximise recoveries
- Brownfield tie-back developments, i.e. Patola

Future growth opportunities (organic and acquisitions) and/or dividends/returns of capital

- New growth investments to compete with value of returns to shareholders
- Progress Neon discovery
- Consider complementary strategic oil acquisition opportunities
- Project plans and economics to include sustainability investments

Capital prioritisation framework for incremental investment will ensure disciplined use of capital

Strengthening governance processes around Capex and Opex, systems simplification, broadening growth-funding sources

Scalable, clear & high-impact internal disciplines, mature & optimal debt funding sources

Capital spend – Baúna interventions and Patola delivery

Capital allocation framework for growth and returns to shareholders, including dividends

Operating cost, cash flow disciplines and liquidity

Streamlined and governance-enabling business operating systems

Banking partner relationships and debt sources, flexibility and cost

FY2022 guidance unchanged¹

Will be reviewed with H1 2022 results

	Low	High
Production (MMbbl)	4.2	4.6
Costs		
▪ Unit Production Costs (US\$/bbl) ²	28	32
▪ Other Operating Costs (US\$ million) ³	15	17
▪ Unit DD&A (US\$/bbl) ⁴	12	13
Investment Expenditure		
▪ Intervention and Patola Projects (US\$ million) ⁵	100	135
▪ Subsurface Evaluation and New Ventures (US\$ million)	5	7
▪ Other Plant and Equipment (US\$ million)	9	11

Notes:

1. Guidance as at 28 October. Is subject to various risks (including those “Key Risks” set out in Karoon’s 2021 Annual Report).
2. Unit Production Costs: based on daily operating costs associated with Baúna production, excluding government royalties.
3. Other Operating Costs: includes corporate and non-oil and gas related depreciation, excludes government royalties.
4. Excludes depreciation on FPSO right-of-use asset capitalised under AASB 16 ‘Leases’, which is included as part of Unit Production Costs.
5. The variance between low and high guidance is largely related to timing of the commencement of the Maersk Developer drilling rig in Brazil, with the exact timing subject to the completion of its current drilling program. Excludes any borrowing costs associated with the Patola development that may be capitalised.

Summary

Julian Fowles

Managing Director and CEO



Karoon well positioned to deliver significant growth in value

Transformation from explorer to producer with clear growth path



Successful transition from explorer to oil producer following acquisition of Baúna

- One of the only companies with pure oil exposure listed on the ASX
- 100% owner/operator of a high-quality asset, delivering on promises

Building reputation as safe and reliable operator

- Knowledgeable and experienced operations and development teams
- Thorough maintenance program combined with financial discipline to ensure long term viability of asset
- Integrating sustainability, including carbon neutrality and net zero, into strategic decision framework

Clear growth path

- High value near term production growth through sanctioned Baúna interventions and Patola development
- Additional growth potential at Neon and Goiás light oil discoveries

Strong financial position with a robust balance sheet

- Strong cash flows at relatively low unit operating cost, set to grow strongly with doubling of production over the next 15 months
- Demonstrated ability to access debt financing
- Favourable oil price outlook

Experienced Board and management team leading a refreshed and agile organisation

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Q&A

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