

30<sup>th</sup> November 2016



## ASX Announcement

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### Chairman's Address to Shareholders:

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Ladies and Gentlemen

It is my pleasure to welcome you to the 12<sup>th</sup> Annual General Meeting of Karoon. This is my second meeting as your Chairman and I look forward to interacting with all of you to further discuss your company's present and future prospects.

Today I am going to briefly outline the progress Karoon has made in the course of financial year 2016. Our Managing Director, Robert Hosking, will then address you on our exploration and operational activities and he will be followed by Mark Smith, our Exploration Director, who will take you through our projects individually. There will be an opportunity after these addresses for shareholders to ask questions.

Financial year 2016 was a challenging year for Karoon as it was for all in the oil and gas industry because of the continuing low oil prices which reached a multi-year low in February. Since then there has been a significant recovery though oil prices remain subdued. As in any significant downturn in commodity prices there are both challenges and opportunities.

Exploration activity by almost all participants in the oil industry has been reduced and this has made the introduction of partners into our drill ready prospects quite difficult.

On the other hand, rig costs have been reduced substantially making well costs and ancillary equipment significantly cheaper.

The downturn in the industry had an effect on Pacific Exploration and Production, our former partner in the Echidna, Kangaroo and Bilby discoveries in the Santos basin Brazil, eventually causing them to get into financial difficulty. Karoon was able to buy them out at an attractive price and become 100% owner of the discoveries.

The Managing Director and this team worked very hard in the course of the year looking at producing assets for acquisition. Finding the right asset at a value creating price, proved a demanding task but eventually Karoon's efforts were rewarded when we were granted the exclusive right to negotiate the acquisition of two significant oil fields in Brazil. Extensive due diligence is being undertaken which is hoped may bring this acquisition to fruition. We have the balance sheet strength to support a meaningful production acquisition.

It is Karoon's aim over the next one to two years to become an oil producer with a stable income stream so as to be able to support our ongoing exploration led growth strategy and associated development activities.

There were changes to the Board at year end. Ms Luciana Rachid an experienced petroleum engineer was appointed to the Board and will stand for election at today's meeting. Mr Bernard Wheelahan has announced his resignation which will take effect at the close of business at this meeting. Bernard has made a significant contribution to Karoon in his 3 years as director and we will miss his wise counsel.

Ladies and Gentlemen, it has been a pleasure for me to be able to interact with the professional, dedicated and dynamic team at Karoon over the past year. I commend the very interesting addresses you will now hear from Bob and Mark. I now invite Bob Hosking our Managing Director to address the meeting.

### **About Karoon Gas Australia Ltd**

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil and Peru and a member of the S&P/ASX 200 Index.

Karoon looks for high equity interests in early stage exploration opportunities containing large potential targets in basins with proven Petroleum Systems. Karoon strives to create shareholder value through the geotechnical work-up of the acreage, leveraging its high equity interests to explore and appraise these opportunities to achieve commercialisation.

While the company's core strategy is identifying off-shore early stage exploration opportunities, Karoon's longer-term strategy is to retain residual equity interests in the assets as they go into production.

**For further information please see the Karoon website or contact:**

Scott Hosking | Company Secretary  
T: +613 5974 1044  
E: [shosking@karoongas.com.au](mailto:shosking@karoongas.com.au)

James Wootton | Investor Relations  
T: +613 9616 7520  
E: [jwootton@karoongas.com.au](mailto:jwootton@karoongas.com.au)

Ian Howarth | Collins Street Media  
T: +614 0782 2319  
E: [ian@collinsstreetmedia.com.au](mailto:ian@collinsstreetmedia.com.au)

### **Forward looking statements**

This announcement 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 announcement. Indications of, and guidance on, future 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 announcement 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 announcement.

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.