

20 August 2014



ASX Announcement

Karoon Announces On Market Share Buyback

Karoon Gas Australia Limited (ASX: KAR, "Karoon") advises that it intends to undertake an on-market share buyback (the "Buyback") over the next 12 months of up to 25,112,076* KAR ordinary shares, or up to approximately 10% of the ordinary shares on issue.

Based on a price of A\$3.66 per share, Karoon's last traded price on Tuesday, 19 August 2014, this would equate to up to approximately A\$92 million.

As previously announced, following the sale of 2 of Karoon's Browse Basin permits (WA-315-P and WA-398-P) to Origin Energy, a review of the Company's capital position was conducted taking into account Karoon's capital requirements over the medium term, along with an analysis of the various forms of capital management.

Based on this review, the Board believes the announced Buyback is the most effective mechanism to return KAR surplus capital and provides an ongoing benefit for all shareholders through a reduction in the ordinary shares on issue.

Mr Robert Hosking, Karoon's Executive Chairman said "the on-market buyback highlights the strength of the balance sheet over the medium term and represents a significant milestone for the Company and our shareholders".

"The buyback will reduce the number of shares on issue and increase the exposure for all shareholders to the upcoming appraisal of the Kangaroo oil discovery and the high impact, oil focussed 18 month exploration drilling program."

The Board will continue to assess the merits of the Company's capital management initiative as market conditions evolve and will keep the market informed of the Buyback's progress in accordance with ASX Listing Rules.

The earliest date the Buyback will commence is Wednesday, 3 September 2014.

An Appendix 3C in relation to the Buyback is attached.

*There is no guarantee Karoon will buyback the full share amount of up to 25,112,076 and the Company reserves the right to suspend or terminate the Buyback at any time and to buyback less than 25,112,076 shares. The timing and actual number of shares purchased under the Buyback will depend on the prevailing share price, market conditions and other considerations. All shares purchased under the Buyback will be cancelled.

A handwritten signature in black ink, appearing to read 'R.M. Hosking', is positioned above the typed name.

R.M. Hosking
Executive Chairman
20 August 2014

For further information please see the Karoon website or contact:

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Forward looking statements

This announcement may contains 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.

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity

ABN

Karoon Gas Australia Limited

53 107 001 338

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On market buy-back
2	⁺ Class of shares which is the subject of the buy-back (eg, ordinary/preference)	Ordinary
3	Voting rights (eg, one for one)	One for one
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully paid
5	Number of shares in the ⁺ class on issue	255,841,581
6	Whether shareholder approval is required for buy-back	No shareholder approval required
7	Reason for buy-back	Ongoing capital management
8	Any other information material to a shareholder's decision whether to accept the offer (eg, details of any proposed takeover bid)	No

On-market buy-back

9	Name of broker who will act on the company's behalf	To be determined
10	Deleted 30/9/2001.	
11	If the company intends to buy back a maximum number of shares - that number <small>Note: This requires a figure to be included, not a percentage.</small>	Up to 25,112,076 ordinary shares
12	If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention	12 months from date of commencement of buyback
13	If the company intends to buy back shares if conditions are met - those conditions	Not applicable
Employee share scheme buy-back		
14	Number of shares proposed to be bought back	Not applicable
15	Price to be offered for shares	Not applicable

Selective buy-back

16 Name of person or description of class of person whose shares are proposed to be bought back Not applicable

17 Number of shares proposed to be bought back Not applicable

18 Price to be offered for shares Not applicable

Equal access scheme

19 Percentage of shares proposed to be bought back Not applicable

20 Total number of shares proposed to be bought back if all offers are accepted Not applicable

21 Price to be offered for shares Not applicable

22 *Record date for participation in offer
Cross reference: Appendix 7A, clause 9. Not applicable

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only,

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.

2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.



Sign here:
(Company secretary)

Date: 20 August 2014

Print name: Scott Hosking