

4 April 2018

ASX Announcement



Santos Basin Update

Karooon Gas Australia Ltd (ASX: KAR) has submitted the Final Discovery Evaluation Report ('RFAD') for wholly owned Santos Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 along with a Declaration of Commerciality ('DoC') relating to the Echidna and Kangaroo light oil accumulations to the Brazilian oil and gas regulator, Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ('ANP').

The RFAD and DoC documents submission to the ANP mark the end of the Exploratory Phase and, upon approval, the commencement of the Development and Production Phase. While approval marks the start of the Development and Production Phase, this does not constitute a final investment decision ('FID').

The documents outline two distinct areas identified for retention which remain subject to ANP approval. These include the Echidna and Kangaroo oil accumulations along with some near field prospective resource opportunities.

Approval of the RFAD is expected within 60 days of submission to the ANP and Karoon (as operator) will submit a development plan within 180 days of the DoC. A FID will be assessed by Karoon independently of these approvals and Karoon is expected to be in a position to decide on FID later in 2018.

Karooon currently has a Request for Proposals with tendering underway. Submitted proposals are expected to share risk and provide funding flexibility with possible deferred payment structures, equipment financing solutions, subsurface risk sharing, and / or equity ownership. Karoon remains committed to farming down equity in the 100% owned Santos Basin blocks prior to FID.

Karooon acknowledges the announcement by Petrobras on 3 April 2018 regarding the relaunch of the Baúna oil field sales process. Baúna remains an opportunity of interest for Karoon and due to the proximity to Karoon's existing acreage position would provide the possibility for material operational synergies.

Managing Director, Mr Robert Hosking said: *"While the declaration of commerciality is largely procedural in nature, this is an important step in moving closer to making a final investment decision."*

While Karoon is assessing various acquisition opportunities, we welcome the re-launch of the Baúna sales process. The company has existing strategic partnerships and has positioned itself to take advantage of acquisition opportunities that support Brazilian growth strategy."

For further information please contact:

Scott Hosking | Company Secretary
T: +613 5974 1044
E: shosking@karoongas.com.au

James Wootton | Investor Relations
T: +613 9616 7520
E: jwootton@karoongas.com.au

About Karoon Gas Australia Ltd

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil and Peru.

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.

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.