

14 June 2016



ASX Announcement

Santos Basin JV Partner Status Update

Karooon Gas Australia Ltd (ASX: KAR) would like to update stakeholders on further developments relating to Karoon's 65% owned Santos Basin Brazil blocks S-M-1037, 1101, 1102, 1165 & 1166 (the 'Blocks').

Karooon has issued a default notice in respect of an overdue payment to joint venture partner Pacific Exploration and Production Corp. ('Pacific') consistent with Karoon's rights under the Joint Operating Agreement ('JOA'). Pacific holds a 35% interest in the Blocks.

Both parties are working together to resolve the issue and Karoon will provide further updates as necessary.

The planned Echidna appraisal drilling campaign scheduled for the September quarter 2016 is currently under review and a status update will be provided in due course.

Karooon's Managing Director, Mr Robert Hosking said *"while it is unfortunate the JOA default provisions have been triggered, Karoon and Pacific will be working together to remedy the current situation as quickly as possible. It is in both our interests to work together to resolve this issue in a timely manner and continue with the good work done on the Echidna light oil discovery to date."*

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About Karoon Gas Australia Ltd

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

Karooon 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.