

28 April 2016



## ASX Announcement

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### Santos Basin JV Partner Update

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

Karooon's 35% joint venture partner, Pacific Exploration and Production Corp. ('Pacific') announced on 27 April 2016 that it and certain of its direct and indirect subsidiaries filed an application for protection under the Companies' Creditors Arrangement Act with the Superior Court of Justice in Ontario, Canada. The application for protection allows Pacific the opportunity to proceed with a comprehensive financial restructuring agreement ('restructuring transaction') with The Catalyst Capital Group Inc., certain senior unsecured noteholders and certain lenders under its credit facilities.

Pacific has announced: *"All operations of the Company's subsidiaries (the "Pacific Group") are expected to continue as normal throughout this process. Importantly, the Company expects regular payments will be made to all of the Pacific Group's suppliers, trade partners, and contractors across the jurisdictions in which it operates in accordance with local regulations. Additionally, employees will continue to be paid throughout this process, without disruption."*

An initial order has been obtained by Pacific from the Superior Court of Justice which:

- authorises Pacific to commence a Court-supervised restructuring process;
- provides protection to allow normal operations to continue; and
- approves a US\$500 million debtor-in-possession financing facility and a US\$134 million letter of credit facility.

Karooon's Managing Director, Mr Robert Hosking said *"while it is unfortunate the depressed oil price environment has forced the parent company of our JV partner into this situation, at this stage Karoon has no reason to believe our current JV work program in the Santos Basin, Brazil will be impacted."*

For further information relating to the application for protection or the restructuring transaction, refer to Pacific's website, [www.pacific.energy](http://www.pacific.energy).

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## **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.