

**20/11/2014**

**Karoo Gas Finds More Oil Off Brazil's Coast**

**(Dow Jones Institutional News)**

Karoo Gas Australia Ltd. (KAR.AU) said an appraisal well it's drilling offshore Brazil encountered oil and natural gas, but the deposit will need to be analysed further to confirm the quality of the find. Karoo is drilling the Kangaroo-2 well to confirm the size, consistency and quality of the Kangaroo field, which it discovered in early 2013. By 0043 GMT, its shares had risen 5%.

The Australian company has already discovered oil in two out of three exploration wells drilled in the Santos Basin, located south of Rio de Janeiro, with joint-venture partner Pacific Rubiales Energy Corp. (PRE.T). Karoo owns 65% of the venture, and analysts expect it will sell more of its interest if there is enough oil to underpin a multibillion-dollar development.

Kangaroo-2 displayed oil shows and elevated gas readings at a depth of 1,660 meters and will continue to descend to around 1,760 meters. "Drilling will continue to total depth before running wireline logging designed to confirm the presence and extent of the hydrocarbon column," Karoo said in a statement. It next plans to drill another exploration well, called Kangaroo West.