

30 March 2017



## ASX Announcement

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### **Karooon notified by Petrobras the current Baúna and Tartaruga Verde sales process withdrawn, a new process to be initiated**

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On 7 October 2016, Karoon Gas Australia Ltd ('Karooon') confirmed the award of the right to negotiate a final agreement with Petróleo Brasileiro S.A. ('Petrobras'), subject to conducting confirmatory due diligence, on the potential sale of an interest in the Baúna and Tartaruga Verde oil fields.

Shortly after, court proceedings were initiated against the potential sale of the assets, alleging that Petrobras did not follow the correct sale process. An injunction was granted on 19 November 2016, suspending the potential sale.

Petrobras has now notified Karoon (30 March 2017) that the process relating to the sale of Baúna and Tartaruga Verde has been withdrawn.

In addition, Petrobras has advised that it intends to reinstate a sales process for the assets, adhering to Petrobras' revised divestment process methodology which complies with the Brazilian Federal Accounting Court's ('TCU') requirements.

Karooon's Managing Director, Mr. Robert Hosking said: *"It is disappointing that Karoon is no longer in exclusive negotiations relating to the acquisition of Baúna and Tartaruga. The court proceedings, which are yet to be heard, made the timing and outcome of the sales process uncertain.*

*Reinstating the divestment process under Petrobras' revised methodology will help to reduce the risk of any future court action against a potential sale, providing greater certainty for the successful bidder.*

*Karooon remains engaged with interested potential partners and is committed to any future process relating to these assets.*

*Based on Petrobras' existing divestment program targets and the recent TCU ruling, Karoon believes any reinstated process relating to these assets could be imminent."*

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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.