

31 July 2017



ASX Announcement

Karooon enters into a framework cooperation agreement with DEA in Brazil

Karooon has entered into agreements with DEA Deutsche Erdoel AG (“DEA”) to review and evaluate and, if thought appropriate, jointly bid for oil and gas assets in selected areas offshore Brazil.

The commercial terms bid for any specific asset will be agreed and finalised at the appropriate time as part of the joint bidding process. As part of these arrangements, an exclusive option has been granted to DEA for the acquisition of a non-operated interest of up to 50% in Karoon’s five Santos Basin offshore exploration blocks, including the Echidna and Kangaroo discoveries, exercise of such option being subject to satisfactory due diligence and agreement of terms.

Managing Director, Mr. Robert Hosking said: *“This agreement is significant in the context of realising Karoon’s strategic ambitions to acquire meaningful oil production in Brazil. Having such a high quality, well capitalised partner in our corner will significantly assist the Company to achieve this goal.*

“DEA is a German based international oil and gas company with full lifecycle capabilities, which is owned by a well-capitalised investment company LetterOne Holdings S.A., based in Luxembourg. DEA has excellent operational capabilities with significant production and earnings, along with ambitious growth strategy making them a very good strategic fit for Karoon.”

DEA Deutsche Erdoel AG / L1 Energy

In March 2015, L1 Energy acquired German oil and gas company DEA from RWE AG. DEA is a mid-sized global exploration and production company with a core portfolio of high-quality operated assets with full life cycle capabilities, i.e. exploration and appraisal, development and production.

During 2016 DEA delivered a strong operational and financial performance. Average daily production was 138kbpd, +20% on 2015, revenue of €1,476 million, EBITDAX of €776 million and a reserve replacement ratio of 286% for a total of 667 mmbob of 2P reserves.

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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.