

20 December 2016



## ASX Announcement

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### Brazil Assets Acquisition Update

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On 25 October 2016, Court proceedings were initiated in the Federal Court of Sergipe by Mr. José Hinaldo Nunes Santos against Petróleo Brasileiro S.A. ('Petrobras'), the Brazilian oil and gas regulator Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ('ANP') and Karoon alleging that the correct sale procedure was not followed.

On 19 November 2016, an injunction was granted suspending the potential sale of the Baúna oil project and an interest in the Tartaruga Verde oil development. Petrobras filed an appeal against the injunction on 21 November 2016.

Karoon has been advised that the Federal Court of Sergipe has rejected Petrobras' appeal (dated 21 November 2016) to lift the injunction. The sales process relating to the Baúna and Tartaruga oil projects remains suspended.

The court has now entered a recess period until 20 January 2017.

Karoon is required to file its defense in respect of the main court proceedings during February 2017. Karoon is currently taking advice regarding this, any decision will likely be made in the new year.

Petrobras disputes the allegations and has announced the sales process was conducted in compliance with the stages laid down in Petrobras' Divestment System, which in turn complies with the simplified bidding mechanism outlined in Decree No. 2745/1998, and guaranteed extensive competition among potential interested parties, as a means of ensuring the best deal for the Company.

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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.