

20 February 2018

ASX Announcement (ASX Code: KAR)



Santos Basin Update

Karoon is pleased to announce a positive development in the FEED process for the Echidna light oil development proposal. In order to proceed to a Declaration of Commerciality on the Echidna and Kangaroo oil discoveries, Karoon has now received an approval for a variation of the existing work program.

The Board of Directors of the Brazilian oil and gas regulator, Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, has:

- I) approved Karoon Petróleo & Gás Ltda's application to review the Appraisal Plan relating to Santos Basin exploration blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166, thereby removing the appraisal phase commitments to drill two wells and acquire 3D seismic, in favor of progressing Echidna and Kangaroo to a future development phase; and
- II) resolved to close the current Appraisal period.

Karoon will now present the Final Appraisal Report and submit a Declaration of Commerciality application on the areas it intends to retain to progress a future development.

Karoon has issued a Request for Tender to service providers for the proposed Echidna development. FEED is expected to be ongoing for the first half of 2018.

The approval to vary the work program and remove the drilling and seismic commitments in the Blocks, which represented a significant portion of the Group's exploration and evaluation commitments, provides greater certainty of the future development cost requirements and is positive for the current tender process and farm-out intentions.

For further information please see the Karoon website or contact:

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About Karoon Gas Australia Ltd

Karoon 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.