

28 October 2013



ASX Announcement

Brazilian Regulator Approves the Assignment of a 35% equity interest in Karoon's Santos Basin Blocks to Pacific Rubiales Energy Corp.

Karoon (ASX:KAR) is pleased to announce it has received notification from the Agência Nacional do Petróleo ("ANP") that the assignment of blocks S-M-1101, S-M-1102, S-M-1037 and S-M-1065 to Pacific Rubiales Energy Corp (TSX:PRE; BVC:PREC; BOVESPA:PREB) ("Pacific Rubiales") has been approved and that the transfer of the 35% participating interest in these blocks is now complete.

On 19 September 2012 Karoon announced the execution of the final agreements for Pacific Rubiales to acquire a 35% interest in Karoon's wholly owned Santos Basin Blocks, S-M-1101, S-M-1102, S-M-1037 and S-M-1065 with an option to acquire a 35% interest in S-M-1066. This transaction was conditional on obtaining regulatory approval from the ANP for the assignment.

As a consequence of the approval by the ANP, Pacific Rubiales is now a 35% equity interest holder in the Kangaroo discovery and in any additional exploration potential in the Santos Basin Blocks. Pacific Rubiales is also required to fund its pro rata commitment in any further work programs in the Santos Basin Blocks.

Pursuant to the terms of the transaction, specifically the option over S-M-1066 (exercised in March 2013), the approval for the assignment of block S-M-1066 to Pacific Rubiales is expected in the near future.

For further information please see the Karoon website or contact:

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