

16 May 2014



## ASX Announcement

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### **Karooon Farms-out 50% of WA-482-P, Carnarvon Basin to Apache**

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Karooon Gas FPSO Pty Ltd, a wholly owned subsidiary of Karoon Gas Australia Ltd, has entered into a Farm-out Agreement to farm-out a 50% interest in Carnarvon Basin Exploration Permit WA-482-P (the Permit) to Apache Northwest Pty Ltd a wholly owned subsidiary of Apache Corporation ('Apache').

Pursuant to the Farm-out Agreement, Apache will acquire a 50% interest in the Permit on the following terms:

1. Pay Karoon US\$9.04 million in reimbursement of seismic acquisition costs.
2. Fund 90% of the drilling costs for one exploration well capped at a value of US\$63 million. This exploration well will fulfill the Permit Year 3 work obligations.
3. Assume operatorship of the Permit.
4. Commit to drill an exploration well in first half calendar year 2015.

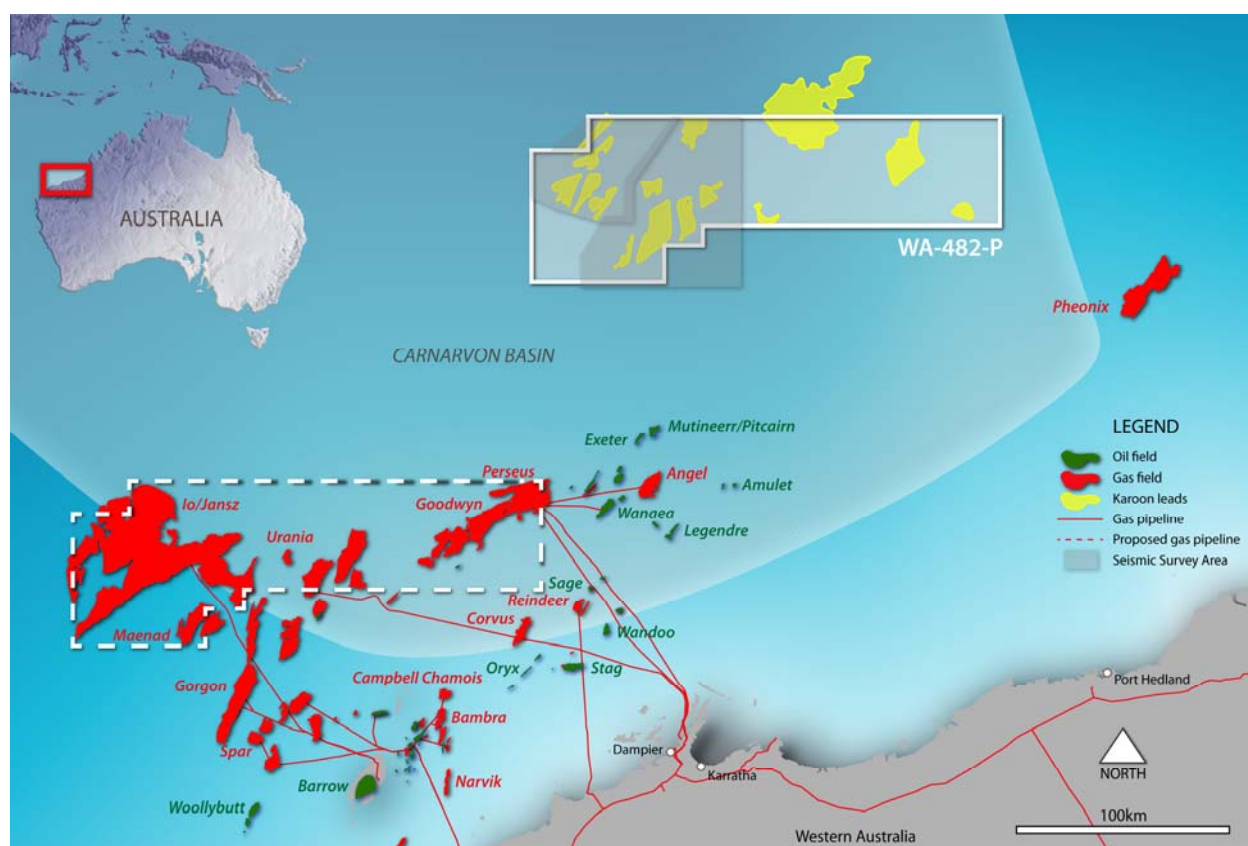
*"We are delighted to welcome Apache as a joint venture partner in the Permit. Apache is an established and significant operator in the Carnarvon Basin with an active 13 well off-shore Western Australian drilling program in 2014.*

*Apache brings to the table an excellent track record of bringing projects into production in Australia and they are one of the largest suppliers of gas into the heavy industrial based Western Australian domestic gas market.*

*This transaction is a significant milestone for Karoon, and a further endorsement on Karoon's ability to identify exciting, very large early stage exploration opportunities."*

*Mr Robert Hosking, Executive Chairman*

**Exploration Permit WA-482-P**



**Independently Certified Prospective Resource Summary**

		Un-risked Prospective Resource		
		Oil (mmbbls) - Estimate		
	Karoon's Equity Interest	Low	Best	High
Gross		750	2,234	5,675
NET to Karoon	50%	375	1,117	2,837

The prospective resource volume estimates have been independently certified by DeGolyer and MacNaughton and disclosed in Karoon's 30 April 2014 announcement, 'Independently Certified Net Un-risked Prospective Resource, Australia and Peru, Best Case Net to Karoon 4.5 Tcf Wet Gas and 4.2 Bn bbls Oil'.

Karoon is not aware of any new information or data that materially affects the prospective resource estimates presented in the above table and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## **About Karoon Gas Australia Ltd**

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil and Peru and a member of the S&P/ASX 200 Index.

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.

## **About Apache**

Apache Energy Limited is the principal Australian subsidiary of Apache Corporation, one of the largest independent oil and gas exploration and production companies in the world. With a presence in Western Australia for more than 20 years, Apache Energy is now one of Australia's most significant producers of oil and gas, and the most active offshore explorer over the past ten years.

Apache has interests in more than 31,000 square kilometres (7.8 million acres) of offshore acreage, including exploration permits and production licences, predominantly in the Exmouth and Carnarvon Basins offshore Western Australia.

Current Australian production operations include the Varanus Island, Devil Creek and Macedon domestic gas and condensate facilities, and the Stag and Pyrenees oil production facilities.

New projects under development include the Coniston and Balnaves oil projects, and the Halyard and Spar-2 gas projects.

Apache is also joint venture partner in the Wheatstone Project, which will produce LNG, domestic gas and condensate using gas from the Apache-operated Julimar and Brunello gas fields.

**For further information please see the Karoon website or contact:**

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