

ASX Announcement

Karooon Enters Agreement for the Sale of Browse Basin Exploration Permits WA-315-P and WA-398-P to Origin for up to US\$800 million

Karooon has entered into a binding Sale and Purchase Agreement (the "Agreement") with Origin Energy Limited ("Origin") for the sale of the Company's 40% equity interest in Browse Basin exploration permits WA-315-P and WA-398-P for up to US\$800 million.

Under the terms of the Agreement, the consideration payable to Karooon is structured as follows:

1. An upfront cash payment of US\$600 million payable upon Completion;
2. A deferred cash payment of US\$75 million payable on Final Investment Decision ("FID");
3. A deferred cash payment of US\$75 million payable on First Production; and
4. A deferred resource cash payment of up to US\$50 million payable on First Production. Origin will pay US\$5 million for every 100 BCFe of Independently Certified 2P reserves exceeding 3.25 Tcfe across the permits at the time of FID up to a maximum of US\$50 million.
5. In addition, Origin will be responsible for all costs associated with the current Pharos-1 exploration well, located in permit WA-398-P.

The Agreement remains subject to normal Joint Venture pre-emptive rights and regulatory approval, and is expected to complete during the third Quarter 2014.

As a result of the Agreement, Karooon has requested re-admission to quotation on the ASX effective today, Monday 2 June 2014.

"The Karooon Board has approved the sale of WA-315-P and WA-398-P to Origin for up to US\$800 million. This is the culmination of approximately 12 months of negotiations with a number of international oil and gas companies.

This Offer is a clear demonstration of the value created for Karooon's shareholders by executing on the core business strategy.

The subsequent balance sheet flexibility allows Karooon to pursue the planned near term high impact oil appraisal and exploration programmes in the Santos, Carnarvon and Tumbes Basins. Upon receipt of proceeds, Karooon will be in a position to advance the Kangaroo oil discovery toward development, pending a successful outcome from the Kangaroo-2 appraisal well."

*Mr Robert Hosking
Executive Chairman*

Citi is acting as Financial Advisor to Karoon Gas Australia in this transaction.

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.

For further information please see the Karoon website or contact:

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