

## ASX Announcement

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### Chairman's Clarification Letter to Shareholders

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Dear Shareholder,

Karooon seeks to clarify recent public comments made by an activist shareholder.

Karooon has a strong record of success since its IPO in 2004 including:

- Listed on the ASX in 2004 at approximately A\$8m market cap. Market cap. reached A\$2 billion for a period and is currently approximately A\$800 million.
- \$A800 million market cap. represents approximately a 33% compound annual growth rate in the share price since 2004.
- Two out of the big three proxy advisory firms recommend a vote FOR the remuneration report and all three proxy advisory services recommend AGAINST a Board spill - all noting a change to the Board is not in shareholder's interests.
- Karooon recently sold multi-trillion cubic feet gas resources to Origin Energy for up to \$US800 million (\$A909 million).
- Karooon currently holds 88 million barrels of 2C contingent oil resources and up to 2.9 billion barrels of prospective resources.
- Karooon employs up to 50 full time staff plus approximately 30 full time consultants and 10 to 20 part time consultants (around 100 people).
- Karooon's Chairman Robert Hosking sold approximately \$28 million of Karooon shares. After paying tax he reinvested approximately \$16 million in Karooon.
- Karooon has a strong balance sheet with \$660 million in cash (at August 31, 2014), contingent receivables of over US\$200 million, no debt and a unique portfolio of high value assets.
- Independent Board established in July 2014.
- Independent Chairman to be in place by December 2014.
- Karooon expects to take possession of the drill rig, Olinda Star, in Brazil this week and start drilling Kangaroo 2 within 2 weeks.
- Karooon has a proven, clear and transparent strategy to create shareholder value.

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

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