

ASX Announcement

Corporate Governance Update

Independent Chairperson Executive Search – Significant Progress

Karoon Gas Australia ('Karoon') has made significant progress in the search for a new independent Chairperson with an appointment expected before the end of this year, 2014.

As previously announced, the Chairperson recruitment process is being managed by the independent Nomination Committee. Global executive search firm Heidrick & Struggles is advising the committee and, since being appointed has provided a strong pool of candidates.

The interview process has commenced and, based on calibre and suitability of these individuals, the committee is confident that a very suitable appointment will be made in the near term. In addition to the current shortlist, unsolicited expressions of interest have also been received from several, highly qualified, individuals who are being considered as part of the process.

Due to the number and quality of candidates on the shortlist, the process is expected to be completed earlier than anticipated. The committee is confident it will be in a position to appoint the right independent Chairperson to lead Karoon into the future well within the revised timetable.

Upon completion, the Karoon board will have a total of eight directors consisting of five independent Non-Executive Directors three of which will be new Directors to Karoon including the Chair, one Non-Executive Director and two Executive Directors. Under this revised structure the Board will consist of a majority of independent, non-executive directors to provide the best oversight of activities for shareholders and conforming to currently accepted best corporate practice.

Related Party Transactions

As part of the corporate governance review by the Risk and Governance Committee, led by new Independent Director, Peter Turnbull, all related party transactions or services provided to Karoon Gas Australia or its subsidiaries, including employment, remuneration and performance reviews of related parties, will now be formally reviewed by the Risk and Governance Committee in addition to the Remuneration Committee.

Previously, related party transactions were contemplated by the Board with the conflicted Director absenting himself from the discussion and voting. Remuneration and performance reviews of related parties were conducted by the Remuneration Committee, then contemplated and signed off by the Board.

In the future, any related party transactions will be required to first be considered by the Risk and Governance Committee before a recommendation to proceed or otherwise is provided to the Board. For clarity, the Board has full control over the approval or otherwise of any related party transactions.

Succession Planning

At the 25 September 2014 Nomination Committee meeting, it was resolved to commence a formal review of the succession planning framework and process for all key personnel and Board positions. This review is being led by committee member, Mr Peter Turnbull. Mr Turnbull is a Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia and has significant experience in designing and implementing corporate governance frameworks and risk management processes.

The formal review is expected to be completed during the first quarter, 2015 and a framework will be implemented to monitor succession planning going forward.

Mr Robert Hosking said;

“As outgoing Chairman of Karoon, I have been pleased with the level of interest and the quality of candidates proposed to the nomination committee. The short list is exceptional. As part of earlier governance changes, I am happy to welcome Mr Peter Turnbull and Mr Bernard Wheelahan to the Board of Directors. Their contribution to the company and Board structuring is already proving invaluable. I welcome our new structure and look forward to getting back to business in my new role as managing director under the oversight of our newly re-structured Board. “

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.

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