

ASX Announcement

Santos Basin, Brazil Drilling Update:

Karooon Takes Possession of the Olinda Star Drilling Rig

Karooon Gas Australia is pleased to announce the Company has now taken possession of the Olinda Star Semi-submersible drilling rig from Petrobras.

The rig is currently in the Campos Basin and expected to be on location in the Santos Basin running anchors in the next few days with a likely spud date for the Kangaroo-2 appraisal well during the second week of November.

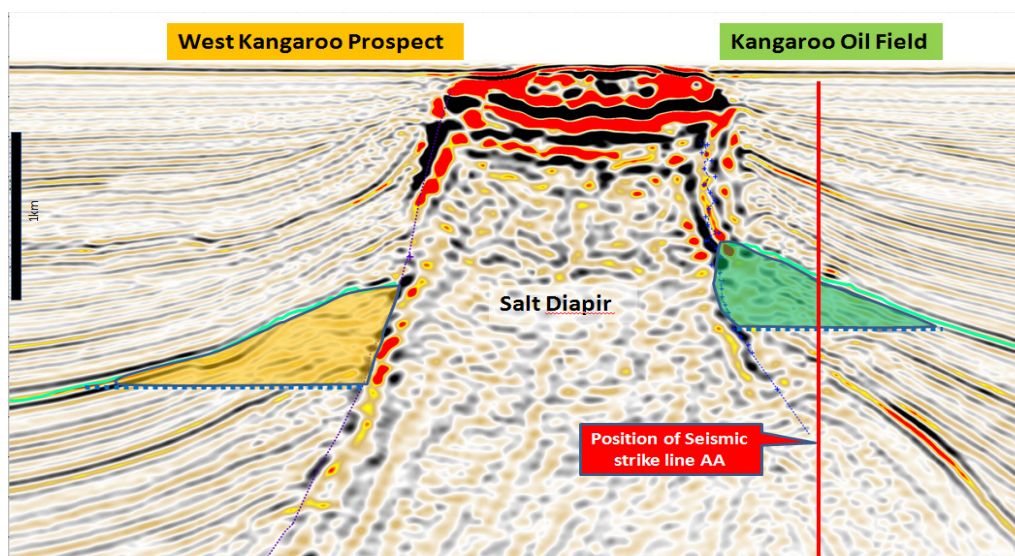
The Kangaroo-2 appraisal well is designed to confirm the following properties for the Kangaroo oil discovery:

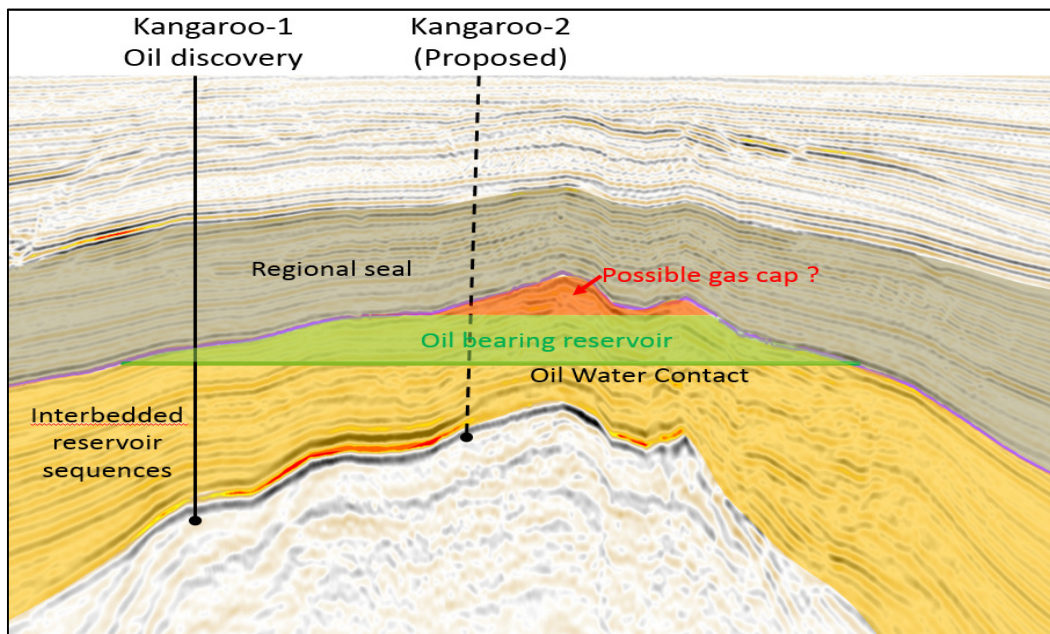
- size of the oil column,
- the presence and size of a possible gas cap,
- reservoir continuity and properties, and flow rates.

This information will be crucial for assessing the commerciality of the Kangaroo oil field and, which upon success, will be the basis for the Front End Engineering and Design ('FEED') phase bringing the project a step closer to commerciality.

The Kangaroo-2 appraisal well is located approximately 300 metres updip from Kangaroo-1 and will test the thick reservoir sequence observed in all surrounding wells. It is anticipated that a 350 metre plus gross hydrocarbon column will be intersected in this well.

For more detail on Karoon's pending Santos Basin drilling campaign, please refer to the announcement titled 'Santos Basin, Brazil Drilling Update' released on 16 October 2014.





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:

Scott Hosking | Company Secretary
 T: +613 5974 1044
 E: shosking@karoongas.com.au

James Wootton | Investor Relations
 T: +613 9616 7520
 E: jwootton@karoongas.com.au

Ian Howarth | Collins Street Media
 T: +614 0782 2319
 E: ian@collinsstreetmedia.com.au

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