

ASX Announcement

Exploration Permit WA-482-P Update

Rig Contract Signed For Levitt-1 Exploration Well

Karoon is pleased to announce a semi-submersible drilling rig has been contracted to drill the first well for Apache and Karoon in the northern Carnarvon Basin exploration permit WA-482-P. The Levitt-1 exploration well is expected to spud during May 2015.

Karoon was advised on Friday afternoon 20 March 2015, by the Operator, Apache Northwest Pty Ltd, that the Diamond Offshore semi-submersible drilling rig, "Ocean America", has now been contracted to drill Levitt-1.

Subsequent to the farm-out of a 50% equity interest in the permit to Apache during May 2014, Apache will be responsible for 90% of the cost of the Levitt-1 exploration well up to a total well cost of US\$70 million. The net to Karoon dry hole cost is estimated to be approximately US\$5 million.

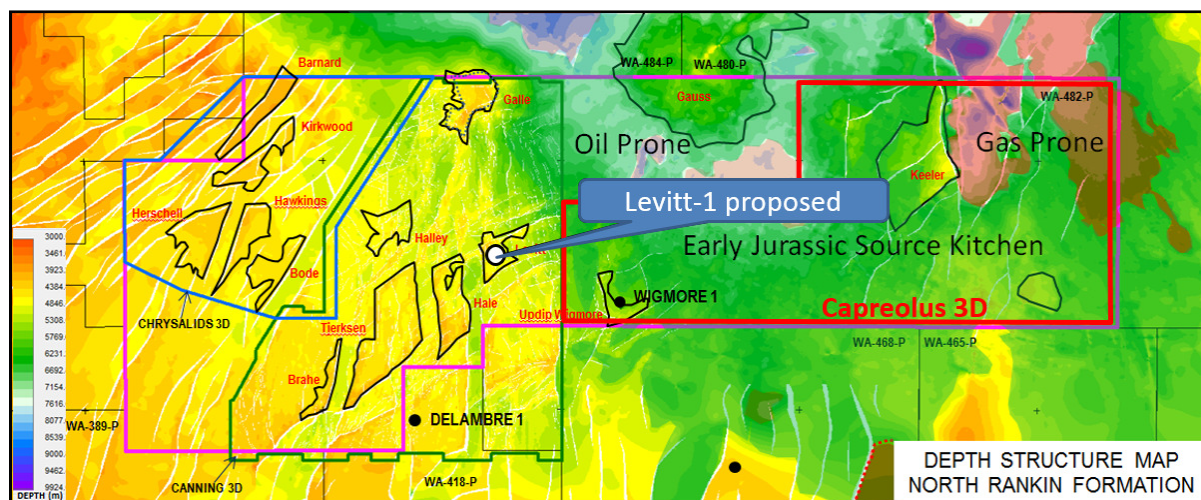


Diamond Offshore "Ocean America" Semi-Submersible Drilling Rig

The Levitt Prospect

The drilling of the Levitt prospect represents a significant milestone for Karoon. It is the first exploration target to be drilled by the joint venture in this new and very large exploration permit, covering 13,539 square kilometres. Exploration in the permit will evaluate new plays in the northern part of the Carnarvon Basin, with Levitt-1 to be the first well in what is expected to be an ongoing exploration program over a number of years.

The permit contains a multi-billion barrel prospective oil resource (as assessed by DeGolyer and MacNaughton) in six prospects identified in the Canning 3D seismic survey area which covers a third of the permit area. Additional prospectivity over the permit area is expected to be identified through the interpretation of existing 2D and 3D seismic data and the 5,256 square kilometre Capreolus 3D seismic survey program currently being acquired.



The Levitt-1 exploration well is targeting an unrisks gross prospective resource best estimate of 220 mmbbls in the Legendre and North Rankin formations. The well is positioned to receive migrating hydrocarbons from the oil mature Early Jurassic source kitchen located in the central and eastern side of the permit.

Prospective Resource Volumes

The prospective resource volumes have been independently assessed by DeGolyer and MacNaughton and disclosed in Karoon's 30 April 2014 announcement.

Net Unrisks Prospective Resource					
Prospect / Permit	Interest	Type	Low	Best	High
Levitt	50%	Oil (mmbbls)	36	110	275
WA-482-P	50%	Oil (mmbbls)	375	1,117	2,837

Karoon is not aware of any new information or data that materially affects the prospective resource estimate 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.

Karoon holds a 50% interest in the jointly held exploration permit WA-482-P Carnarvon Basin, Australia.

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		

Forward looking statements

This announcement may contain certain "forward-looking statements" with respect to the financial condition, results of operations and business of Karoon and certain plans and objectives of the management of Karoon. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this announcement. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this announcement.

Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.