

2 March 2015



## ASX Announcement

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### Kangaroo West-1 Exploration Well Spuds Progress Report No 1

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Karooon Gas Australia Ltd ('Karooon') is pleased to announce the spudding of the second well in the current Santos Basin drilling campaign, the Kangaroo West-1 exploration well, at 0815 hrs BRT on 26 February 2015.

The 26" hole section has been drilled to a depth of 1,106 mRT and preparations are under way to run 20" casing prior to recommencing drilling in the 17-1/2" hole section.

The top of the reservoir section is expected to be penetrated within approximately 3 weeks with the well reaching total depth during early April 2015.

The Kangaroo West-1 exploration well is located in block S-M-1165, on the western flank of the same salt structure as the Kangaroo oil field and has the same trap type and reservoir and seal intervals that have been mapped into the prospect from surrounding wells.

The well is designed to evaluate the salt-flank prospect on the western side of Kangaroo salt structure, approximately 4.5 kilometres from Kangaroo-2. The salt flank play was first proven by the oil discovery at Kangaroo-1 and further confirmed by the appraisal results at Kangaroo-2.

Due to large size and proximity to Kangaroo, a successful outcome at Kangaroo West-1 could materially add to any possible development of the Kangaroo oil field.

Karooon holds a 65% interest in and is operator of the jointly held block S-M-1165, Santos Basin, Brazil.

#### Upcoming Well Program

The current exploration and appraisal drilling campaign, operated by Karoon, is using the 'Olinda Star' semi-submersible drilling rig for the entire campaign.

The rig contract provides Karoon with 2 firm wells plus 2 option wells providing flexibility for further appraisal of the Kangaroo oil discovery, additional drilling at Kangaroo West or possibly targeting other prospects.

The Kangaroo West-1 exploration well is the last firm well commitment, a decision relating to the first option well is expected in the coming weeks.

## **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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### **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.