

16 March 2015



ASX Announcement

Kangaroo West-1 Exploration Well Progress Report No 2

As at 1900 hrs BRT on 15 March 2015, the Kangaroo West-1 exploration well is drilling ahead in the 12-1/4" hole section at 1,759 mRT.

Since the 16 March 2015 Progress Report No 1, the 20" casing was run to a depth of 1,106 mRT followed by drilling the 17-1/2" hole section to a depth of 1,700 mRT. The 17-1/2" bottom hole assembly ('BHA') was then replaced with a 12-1/4" BHA and the well drilled from 1,700 mRT to the current depth of 1,759 metres.

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 the large prospect 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.

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