

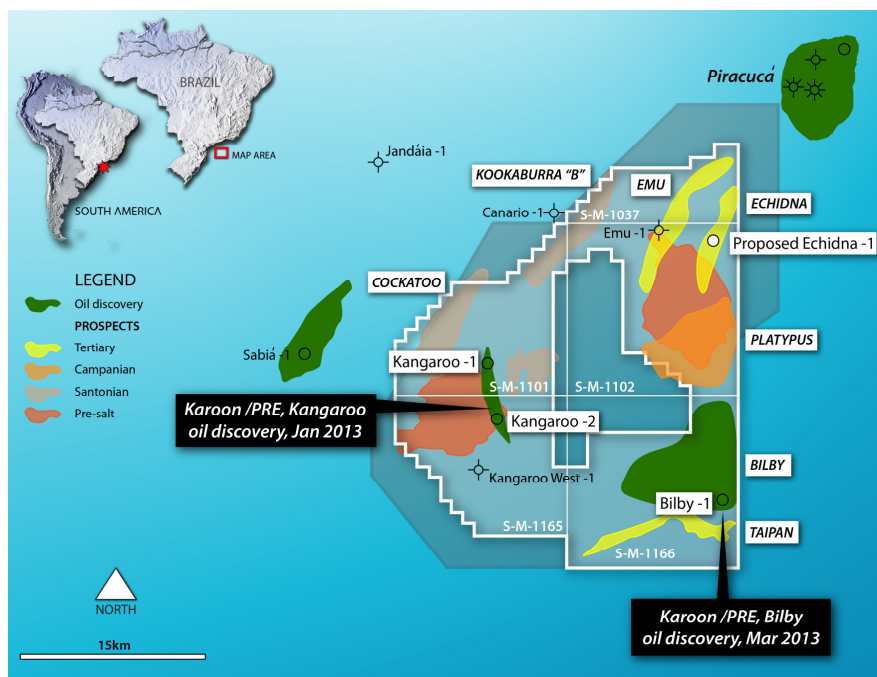
## ASX Announcement

### Echidna-1 Exploration Well Spuds Progress Report No 1

Karoon Gas Australia Ltd ('Karoon') is pleased to announce the spudding of the third well in the current Santos Basin drilling campaign, the Echidna-1 exploration well, at 1500 hrs BRT on 31 March 2015.

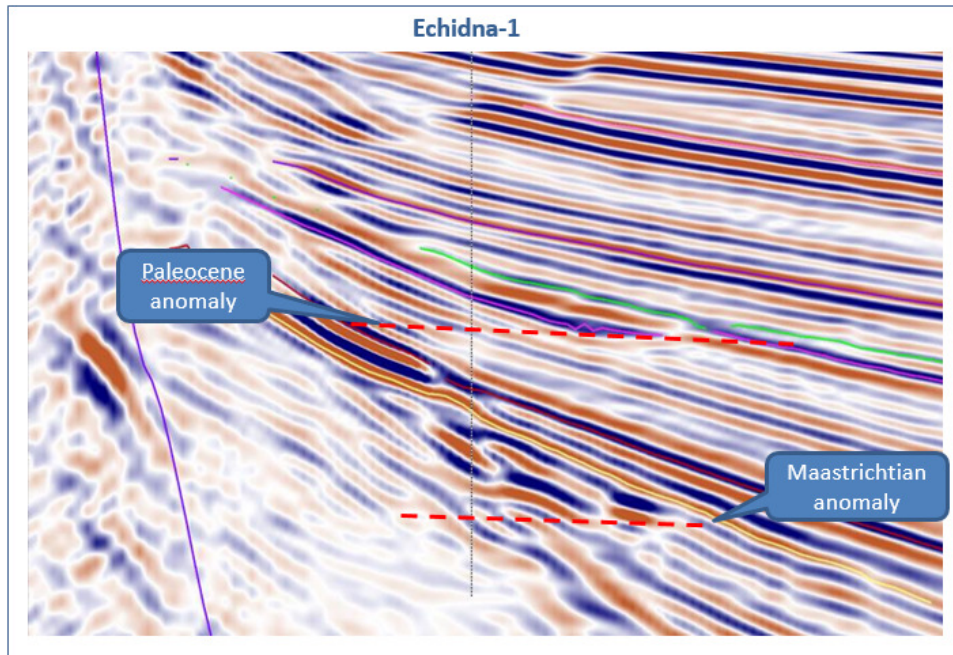
The top of the reservoir section is expected to be penetrated within approximately 3 weeks with the well reaching a planned total depth of 2,400mRT during April 2015.

The Echidna Prospect is located in exploration block S-M-1102, approximately 20 kilometres north-east of Kangaroo on the eastern flank of a salt diapir in a similar geological setting to the Kangaroo oil field.



The 3D seismic at Echidna shows excellent seismic anomalies similar to those seen in Kangaroo-2 where in some reservoirs the oil water contact (flat spot) has been imaged, boosting confidence in the presence of oil.

Based on the new higher resolution seismic data, the faulting density in the Echidna prospect appears to be less than that seen in surrounding fields and prospects, reducing the complexity of any potential oil accumulation. The Paleocene and Maastrichtian sands in the Echidna Prospect likely were deposited in shallower marine settings, resulting in an increased likelihood of cleaner and better reservoirs.



The net unrisked Echidna prospective resource estimate to be tested in the Echidna-1 exploration well is as follows:

Net Unrisked Prospective Resource					
Prospect	Interest	Type	Low	Best	High
Echidna	65%	Oil (mmbbl)	37	95	226

The Echidna Prospect has been risked with a chance of success calculated at 43%.

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

Karoon holds a 65% interest in and is operator of the jointly held block S-M-1102, 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 one additional option well allowing flexibility for further appraisal of the Kangaroo oil discovery, or possibly targeting other prospects.

## **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 contains 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.

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