

20 April 2015

ASX Announcement



Echidna-1 Exploration Well Progress Report No 3

213 Metre Gross Oil Column Confirmed Testing to Commence Immediately

Karooon Gas Australia Ltd is pleased to announce that a 213 metre gross oil column has been confirmed in the Echidna-1 exploration well from wireline pressure data across the Paleocene and Maastrichtian aged reservoir intervals. Physical oil samples recovered measure a 39.5 degree API oil gravity.

As at 0800 hrs AEST on 20 April 2015, the Echidna-1 exploration well had completed the wireline program and was preparing for the commencement of a production testing program within the Paleocene reservoir section.

Karooon Managing Director Mr. Robert Hosking said, *"The Echidna discovery represents another significant achievement for Karoon. Echidna adds incremental resource to Karoon's discovered Kangaroo oil field which further supports Karoon's ambitions to develop an integrated production hub in the Santos Basin"*.

Wireline Results

The Paleocene reservoir interval has a gross thickness of 75 metres, 54 metres net, with an average porosity of 25%. Oil recovered from wireline MDT samples is 39.5 degree API with a GOR of 750 scf/bbl.

The Maastrichtian reservoir interval has a gross thickness of 113 metres, 50 metres net, with an average porosity of 21%. A pressure defined oil gradient shows the Maastrichtian to have the same oil pressure gradient as the Paleocene reservoir, indicating that the oil API and GOR are very similar to the recovered Paleocene samples.

A deeper Maastrichtian oil column was also intersected in a separate 7 metre sand having an average 23% porosity. The interpretation of oil is supported by natural shows and a pressure-defined oil gradient.

The Echidna-1 exploration well is located in Block S-M-1102, on the east side of the "Emu" salt diapir complex, and tested a similar salt flank play first proven by Kangaroo-1 and later confirmed by Kangaroo-2 and its two sidetracks. Results of Echidna further substantiate the validity of the salt flank play.

The joint venture will conduct a production testing program over the Paleocene reservoir section which is set to commence as soon as preparations are complete, expected later this week. The Maastrichtian reservoir section is planned to be tested as part of the follow up drilling program.

A decision with respect to the second well option will be made in the coming weeks.

Forward Plan

Over the coming months Karoon will continue to conduct the required geoscience and engineering work to characterise the Kangaroo and Echidna oil fields. Further appraisal drilling is planned to commence in the near term with pre-FEED studies to be conducted in tandem with drilling.

Karoon holds a 65% interest in and is operator of the jointly held block S-M-1102, Santos Basin, Brazil. Pacific Rubiales Energy Corp. (TSX: PRE) (BVC: PREC) holds the remaining 35% working interest.

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

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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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