

28 September 2017

ASX Announcement



Karooon wins Santos Basin block in ANP Bid Round 14, Brazil

Karooon Gas Australia Ltd has successfully bid for a prospective 171 square km offshore block in the Santos Basin in the state of Santa Catarina, Brazil, just south of Rio de Janeiro with a water depth of approximately 400m.

Karooon was awarded Block S-M-1537 yesterday by the ANP (National Agency of Petroleum), in Brazil.

The Block is located in an existing oil and gas producing province in close proximity to several oil and gas producing fields, including Bauna and Piracaba to the north. Other nearby discoveries include the Caravela and Coral oil fields to the west. Karoon believes the Block provides exciting low risk exploration, which has the potential for hundreds of millions of barrels of oil.

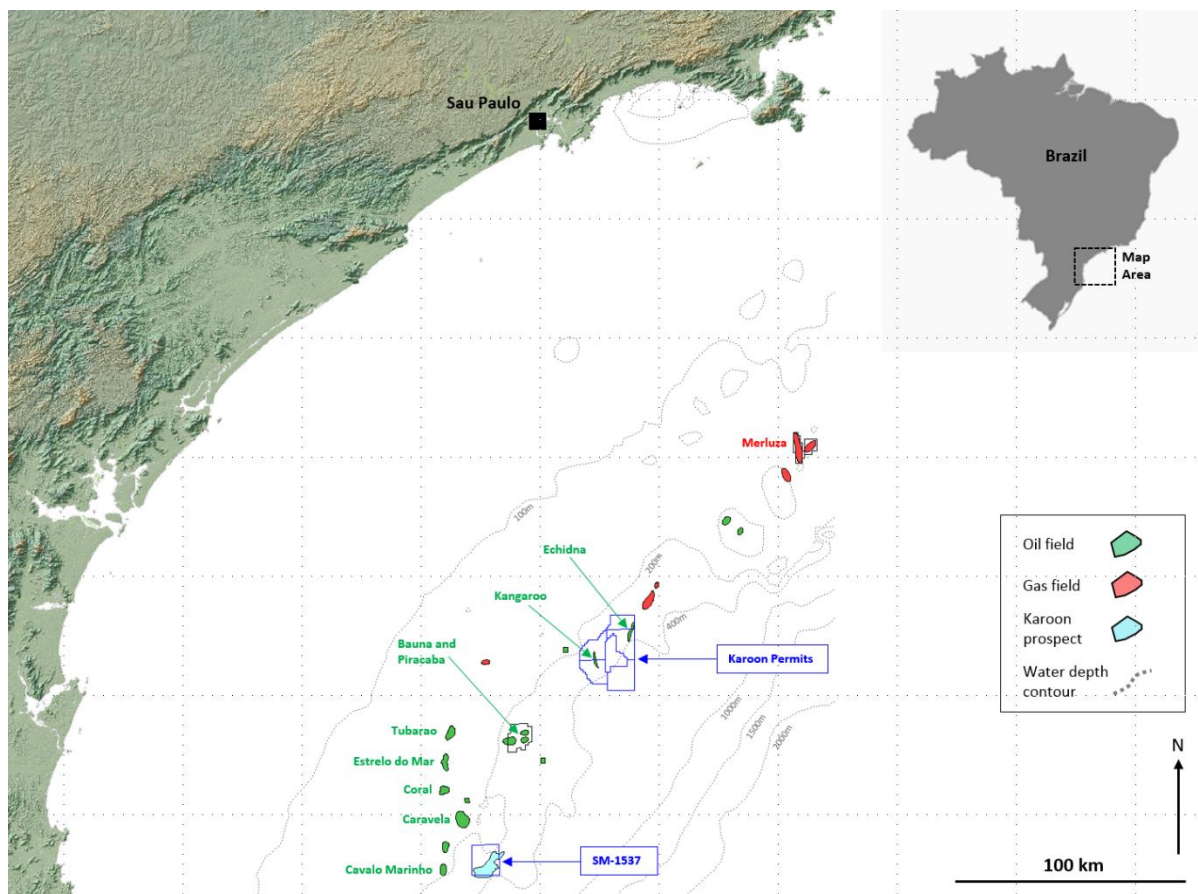
The Block contains one main prospect with the reservoir comprising Oligocene turbidite sands with very high porosity and permeability as seen in the producing Bauna and Piracaba fields. Seismic analysis shows an excellent Amplitude versus Offset anomaly supportive of the presence of trapped oil. The mapped area of the prospect covers a large portion of the Block and is over 100 square km.

Karooon leveraged off its expertise and knowledge of the southern Santos Basin through the evaluation of the Kangaroo and Echidna discoveries and nearby fields to identify this Block as the best high value potential in the southern Santos Basin.

With future success, there are many synergies to be had with a potential joint development at the Kangaroo and Echidna discoveries.

Karooon will complete the acquisition of the Block during December 2017 upon execution of a concession agreement in Brazil, at which time Karoon will pay a total of \$A8 million in a non-refundable bid bonus and will provide a refundable Work Program guarantee bond to ANP of \$A2.5 million. The work program Karoon will undertake consists of seismic acquisition and geological studies.

Set out below is a map of the Block S-M-1537 area.



For further information please 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

About Karoon Gas Australia Ltd

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil, and Peru.

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.

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.