

10 January 2018



## ASX Announcement

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### Karooon Farm-out to Tullow 35% of Block Z-38, Tumbes Basin Peru

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Karooon Gas Australia Ltd (ASX: KAR) is pleased to announce the farm-out of a 35% interest in offshore exploration Block Z-38, Tumbes Basin Peru to Tullow Peru Limited, a wholly owned subsidiary of Tullow Oil plc ('Tullow').

Pursuant to the Farm-out Agreement ('Agreement'), Tullow will acquire a 35% interest in the block on the following terms:

1. Fund 43.75% of the cost of the first exploration well, capped at US\$27.5 million (at 100%), beyond which Tullow will pay its 35% share.
2. Pay US\$2 million upon completion with a further US\$7 million payable upon declaration of commercial discovery and submission of a development plan to Perupetro.

The Agreement remains subject to the satisfaction of certain licensing conditions and regulatory approvals. Following completion of the farm-out well, Tullow will have an option to assume operatorship of the block.

Managing Director Mr Robert Hosking said: "Karooon is excited to welcome a partner with such a long and successful exploration track record into Peru. Tullow is a company, like Karoon, that recognises the importance of high-impact offshore exploration as a core driver of a company's future value.

*Karooon is pleased that Tullow has recognised the exploration opportunity in Z-38 and looks forward to testing the block's potential through drilling the Marina prospect.*

*Block Z-38 sits in the heart of the Tumbes Basin, adjacent to the prolific oil producing Talara Basin which has produced 1.7 billion BOE since 1880. The Tumbes Basin has a proven working petroleum system and evidence suggests the prospects in Z-38 are accessing the same source rocks as the giant onshore Talara Basin fields.*

*Historically offshore Peru has experienced only limited exploration activity, however 2017 has seen a resurgence of interest and inflow of industry capital looking to test Peru's exciting offshore potential. Anadarko was awarded 3 new offshore licence contracts during 2017 along with offshore and onshore Technical Evaluation Agreements awarded to Repsol and Global Petroleum".*

#### **Joint Venture Partner Equity Interests:**

KEI (Peru Z38) Pty Ltd, Sucursal del Peru	40%
Tullow Oil Plc	35%*
Pitkin Petroleum Peru Z-38 SRL	25%

\* Tullow's 35% equity interest remains subject to conditions including regulatory approvals

## About Tullow Oil plc

Tullow is a leading independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian stock exchanges (symbol: TLW). The Group has interests in over 80 exploration and production licences across 16 countries, including 3 countries in South America (Guyana, Suriname and Uruguay), which are managed as three business delivery teams: West Africa, East Africa and New Ventures.

## 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.

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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.