KAROON GAS AUSTRALIA LTD
ABN 53 107 001 338

INTERIM FINANCIAL REPORT FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

For further information please see the Karoon website or contact:

Scott Hosking: Company Secretary
Telephone: +613 5974 1044
Email: shosking@karoongas.com.au
Website: www.karoongas.com.au

James Wootton: Investor Relations
Telephone: +613 9616 7520
Email: jwootton@karoongas.com.au

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Forward-looking Statements

This report 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 report. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Investors 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 report 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 report.

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.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

The Board of Directors submits its Directors' Report on Karoon Gas Australia Ltd (the 'Company') and its subsidiaries (the 'Group') for the financial half-year ended 31 December 2017 (the 'financial half-year').

Board of Directors

The names of the Directors of the Company during the financial half-year and up to the date of this Directors' Report are set out below:

Dr David Klingner – Independent Non-Executive Chairman;
Mr Robert Hosking – Managing Director;
Mr Mark Smith – Executive Director;
Ms Luciana Rachid – Independent Non-Executive Director;
Mr Geoff Atkins – Independent Non-Executive Director;
Mr Clark Davey – Independent Non-Executive Director;
Mr Peter Turnbull – Independent Non-Executive Director; and
Mr Jose Coutinho Barbosa – Non-Executive Director.

Review of Operations

Karoon continued to focus efforts on the evaluation of purchasing a potential production and development opportunity, along with new strategic exploration acreage opportunities. Karoon has identified and is pursing high value opportunities. This objective was outlined at the November 2017 AGM and is considered to be of vital strategic importance to the Company. Brazil remains a focus area of this work and Karoon has utilised its resources from across Australia and Brazil in an effort to deliver the best result.

During the financial half-year, the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ('ANP') launched Bid Round 14 opening up new acreage opportunities in the southern Santos Basin, Brazil. Karoon took the opportunity to expand its southern Santos Basin footprint with an exciting exploration acquisition, offshore Block, S-M-1537. This Block complements Karoon's Santos Basin production hub concept, where with success, there is great synergy economically combining production and nearfield exploration.

Karoon implemented cost saving measures during the financial half-year including reducing manpower, office overheads and managing exploration commitments to focus more resources on a production acquisition

<u>Brazil</u>

<u>Santos Basin Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166</u>

Karoon completed its assessment of the Echidna-1 well results and sub-surface dataset, along with preliminary market testing for development infrastructure and elected to progress from the pre-FEED phase of the Echidna light oil discovery. During July 2017 the Board approved the development concept for the Echidna light oil discovery and Karoon launched a formal process to request for tenders for a turnkey development solution which is expected to include a leased FPSO, subsea equipment and services. This FEED proposal phase is expected to continue through the first half of 2018.

The proposed development concept assessment consists of a leased floating production, storage and off-loading facility with 2 extended horizontal production wells and 1 gas injection well.

Karoon's intention is to contract an Engineering Procurement Construction Installation work package for the Echidna development. There is good progress toward this goal based on discussions with suppliers. Karoon expects to receive tenders that substantially reduce upfront capital commitments. The tenders are expected to include deferred payment structures, equipment financing solutions, subsurface risk reward sharing and/or equity ownership. With this and an improving oil price outlook, the Echidna development is far more attractive. In addition, the Kangaroo discovery has the potential to add value to an on-going development.

DIRECTORS' REPORT (Continued)
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Review of Operations (continued)

Brazil (continued)

Karoon remains committed to farming down its 100% equity interest in these Blocks prior to a Final Investment Decision. Discussions continue with a number of interested parties with renewed interest with an increasing oil price outlook.

Subsequent to the financial half-year, Karoon received ANP Board approval to review and close the appraisal plan on the Blocks, this approval clears the way for Karoon to put forward a Declaration of Commerciality and ring fence the areas it requires for a future development.

This decision is a key step in the current FEED process as it eliminates commitments associated with the firm and contingent appraisal program. These commitments totalled $359m as at 31 December 2017, which represented 50% of the Group's total exploration expenditure commitments.

Equity Interest

Karoon Petróleo & Gas Ltda (*Operator*)	100%

Santos Basin Block S-M-1537

Karoon was awarded offshore Santos Basin exploration Block S-M-1537, located in the state of Santa Catarina, Brazil, as part of Bid Round 14. A concession agreement was executed and a non-refundable bid bonus and refundable work program guarantee bond were paid to the ANP. The work program for the Block consists of seismic acquisition and geological studies.

The acquisition of this Block is part of a broader Santos Basin exploration strategy, whereby Karoon utilised its existing knowledge base of the Southern Santos to identify an interesting opportunity approximately 100 kilometres south of its existing acreage, which includes the Echidna and Kangaroo discoveries.

The Block is located in an existing oil and gas producing province, which includes the Bauna and Piracaba oil fields. The Block lies offshore in the state of Santa Catarina, to the south of Rio de Janeiro, covering 171 square kilometres with a water depth of approximately 400 metres.

Karoon believes it has a significant competitive advantage in the evaluation of new exploration opportunities in the southern part of the Santos Basin, gained from over a decade of technical and operational experience in the area. In addition, Block S-M-1537 provides an exciting exploration opportunity, with the potential for hundreds of millions of barrels of oil.

The main lead is targeting Oligocene turbidite sands with excellent reservoir porosity and permeability as seen in the producing Oligocene reservoirs of the Bauna and Piracaba oil fields. Seismic analysis shows encouraging Amplitude versus Offset anomaly supportive of the presence of trapped oil. More geoscience work is required to define the target size and risk ahead of future operational decisions.

Karoon considers that this acreage has significant potential and further expands its prospective assets portfolio in Brazil at a low cost incremental work program, building a Santos Basin production hub concept Karoon aspires to benefit from operational and logistical synergies with its existing Blocks and any potential development of the Echidna light oil discovery.

Karoon intends to farm-out an interest prior to undertaking the seismic acquisition.

Equity Interest

Karoon Petróleo & Gas Ltda (*Operator*)	100%

DIRECTORS' REPORT (Continued)
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Review of Operations (continued)

Peru

Tumbes Basin Block Z-38

During January 2018, Karoon successfully completed the farm-out of a 35% equity interest to Tullow. Partnering with Tullow, a very successful international explorer and developer represents a very significant event for Karoon. Both Karoon and Tullow have positive views on the potential to find a large oil field in this Block, in a country with good fiscal terms and strong support for the industry. The farm-out remains subject to the satisfaction of certain licencing conditions and regulatory approvals. Following completion of the farm-out well, Tullow will have an option to assume operatorship of the Block.

During July 2014, exploration Block Z-38 was placed into force majeure with an effective date of 1 September 2013. The Block currently remains in force majeure. The third-period term has approximately 22 months remaining once force majeure is lifted.

Karoon was committed to farming out an equity interest in the Block prior to drilling. The current plan is to drill up to two exploration wells. Approvals and long lead items are in place for the drilling program and the preliminary well location have been selected.

Equity Interests

Equity interests of the participants in Block Z-38 are:

KEI (Peru Z38) Pty Ltd, Sucursal del Peru (*Operator*)	75%*
Pitkin Petroleum Peru Z-38 SRL	25%

* Karoon's 75% equity interest is subject to completion of farm-in obligations. Subsequent to the end of the financial half-year, during January 2018 Karoon reduced its equity interest to 40% following a farm-out to Tullow. The farm-out remains subject to the satisfaction of certain licencing conditions and regulatory approvals. Karoon's remaining interest of 40% is still subject to completion of farm-in obligations.

Australia

Ceduna Sub-basin, Great Australian Bight, Permit EPP46

Karooon has formed a technical view that there is prospectivity for large quantities of oil and gas in this permit.

Karoon's initial 3-year firm commitment term for exploration permit EPP46 consists of the acquisition of 2D and 3D marine seismic surveys and G&G studies.

The seismic surveys include obtaining 5,000 km of 2D and 2,500 square kilometres of 3D seismic data, processed to pre-stack depth migration, with 550 km of 2D seismic reprocessing and gravity and magnetics surveying tied with these seismic acquisition surveys.

Karoon had been planning to acquire 2D seismic data via a multi-client 2D seismic survey over the permit during the first half of calendar year 2018. However, the decision was made not to proceed with the acquisition of 2D marine seismic data via a multi-client 2D seismic survey at the present time. Karoon is currently considering revised timing for this acquisition.

Equity Interest

Karoon Gas Browse Basin Pty Ltd	100%

DIRECTORS' REPORT (Continued)
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Review of Operations (continued)

Australia (continued)

Northern Carnarvon Basin Permit WA-482-P

The Operator of exploration permit WA-482-P received regulatory approval for a variation of the Year 6 work program. The Year 6 exploration well commitment was replaced with a work program that is expected to cost less than $500,000 net to Karoon, consisting of 400 square kilometre full waveform inversion PSDM seismic reprocessing, Quantitative Interpretation/Inversion studies on the reprocessed seismic, fault seal analysis and G&G studies including seismic interpretation.

Karoon will assess its forward plans for the exploration permit once the Year 6 work program results have been received from the Operator and evaluated.

Equity Interests

Equity interests of the participants in WA-482-P are:

Karoon Gas (FPSO) Pty Ltd	50%
Quadrant (*Operator*)	50%

Browse Basin Permit WA-314-P

Following receipt of the final reprocessed Kraken 3D PSDM seismic data for exploration permit WA-314-P, interpretation has commenced which will allow a more accurate evaluation of the Elvie prospect. The reprocessed data shows a considerable improvement in the quality of data.

Equity Interest

Karoon Gas Browse Basin Pty Ltd	100%

DIRECTORS' REPORT (Continued)
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Financial Results

The consolidated result of the Group for the financial half-year was a loss after tax income of $28,165,830 (2016: $8,347,501).

The loss for the financial half-year included:

- the partial write-off of the carrying amount of non-current capitalised exploration and evaluation expenditure associated with Block Z-38 of $5,892,079 (2016: full write-off of Block 144 of $6,809,685), as the liquid mud plant was demobilised during the financial half-year following the Block continuing to be in force majeure and therefore consideration of more cost effective alternatives;
- write-down of the carrying value of inventory to net realisable value of $4,837,620 (2016: $Nil), predominately resulting from potential well design specifications being considered as part of the on-going Echidna FEED work and the future development of the Echidna and Kangaroo discoveries, which is distinct from inventory requirements for exploration drilling. Liquid mud inventory in Peru was also written down following the liquid mud plant demobilisation so as to reflect a pending sale to a third party subsequent to the financial half-year;
- net employee benefits expense of $5,590,745 (2016: $5,629,551), which included share-based payments expense of $1,864,749 (2016: $1,435,774); and
- net foreign currency losses of $4,946,474 (2016: net foreign currency gains of $10,727,748).

The net foreign currency losses were almost entirely attributable to the appreciation in the Australian dollar against the United States dollar (from AUD1:USD0.7692 as at 30 June 2017 to AUD1:USD0.7800 as at 31 December 2017) on cash assets and security deposits held in United States dollars by the Group during the financial half-year.

The financial half-year also included exploration and evaluation expenditure expensed of $3,541,262 (2016: $590,678) from reviewing new exploration ventures predominantly in Brazil and Peru and $2,095,824 (2016: $3,455,861) on business development and other project activities that included internal time allocation of employees and consultants and associated office charges, geotechnical data and external advice relating to due diligence reviews on potential asset acquisitions.

The net foreign currency losses were almost entirely attributable to the appreciation in the Australian dollar against the United States dollar (from AUD1:USD0.7692 as at 30 June 2017 to AUD1:USD0.7800 as at 31 December 2017) on cash assets and security deposits held in United States dollars by the Group during the financial half-year.

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Partially offsetting the loss for the financial half-year were interest income of $171,229 (2016: $482,854) earned on interest bearing cash assets and security deposits; and tax income of $3,052,535 (2016: $530,707) associated with de-recognition of a deferred tax liability largely due to unrealised foreign exchange losses on depreciation of the United States dollar against the Australian dollar.

Financial Position

At the end of December 2017, the Group had a cash and cash equivalents balance of $333,889,410 (30 June 2017: $375,069,427) and no debt.

The Group's working capital, being current assets less current liabilities, decreased from $366,574,781 as at 30 June 2017 to $329,039,767 as at 31 December 2017 predominantly as a result of expenditure on exploration and evaluation assets, a new security deposit (guarantee bond for Block S-M-1537) and the appreciation in the Australian dollar against the United States dollar during the financial half-year on cash assets and security deposits held in United States dollars.

DIRECTORS' REPORT (Continued)
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Financial Results (continued)

During the financial half-year, total assets decreased from $806,569,836 to $766,262,819, total liabilities decreased from $47,677,671 to $39,593,635 and total equity decreased by $32,222,981 to $726,669,184. The major changes in the condensed consolidated statement of financial position were largely due to the following:

- exploration and evaluation expenditure in Australia, Brazil and Peru, including the acquisition of a 100% equity interest in Block S-M-1537;
- partial write-off of capitalised exploration and evaluation expenditure associated with Block Z-38;
- write down of inventory to net realisable value;
- appreciation in the Australian dollar against the United States dollar (from AUD1:USD0.7692 as at 30 June 2017 to AUD1:USD0.7800 as at 31 December 2017) on cash assets and security deposits held in United States dollars;
- the negative movement in the foreign currency translation reserve as a result of the depreciation of the Brazilian REAL against the Australian dollar; and
- reduction in deferred tax liabilities due to a decrease in unrealised foreign currency gains as a result of the appreciation in the Australian dollar against the United States dollar.

Exploration and evaluation expenditure of $16,207,772 was incurred during the financial half-year, with major expenditure in the following operating segments:

- Brazil, the Group acquired a 100% equity interest in Block S-M-1537 and also began work for FEED for the Echidna light oil discovery, at a total cost of $14,050,369; and
- Peru, the Group continued with drill planning and logistics, G&G studies, at a total cost of $1,772,144.

Business Strategies and Prospects, Likely Developments and Expected Results of Operations

The Directors' Report sets out information on the business strategies and prospects for future financial years and refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Directors' Report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Details that could give rise to likely material detriment to Karoon, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage has not been included. Other than the matters included in this Directors' Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included.

External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial half-year, as required under Section 307C of the *Corporations Act 2001*, is set out on page 8.

This Directors' Report is made in accordance with a resolution of the Directors.

On behalf of the Directors:

Dr David Klingner
Independent Non-Executive Chairman

Mr Robert Hosking
Managing Director
9 March 2018

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Auditor's Independence Declaration

As lead auditor for the review of Karoon Gas Australia Ltd for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Karoon Gas Australia Ltd and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
9 March 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

		Consolidated Financial Half-year Ended	
	Note	31 Dec 2017 $	31 Dec 2016 $
Revenue	2	171,229	482,854
Other income	2	-	10,727,780
Total revenue and other income		171,229	11,210,634
Business development and other project costs	2	(2,095,824)	(3,455,861)
Computer support		(870,034)	(759,672)
Consulting fees		(359,501)	(325,860)
Depreciation and amortisation expense		(520,077)	(487,162)
Employee benefits expense (net)		(5,590,745)	(5,629,551)
Exploration and evaluation expenditure expensed or written-off	2	(9,433,341)	(6,533,635)
Farm-out costs		(190,445)	(246,665)
Finance costs	2	(157,116)	(131,659)
Insurance expense		(165,621)	(175,200)
Write-down of inventory to net realisable value	2	(4,837,620)	-
Legal fees		(21,008)	(236,214)
Net foreign currency losses	2	(4,946,474)	-
Property costs		(1,061,286)	(1,126,152)
Share registry and listing fees		(84,555)	(98,776)
Telephone and communication expenses		(134,663)	(163,325)
Travel and accommodation expenses		(59,608)	(208,691)
Other expenses		(861,676)	(510,419)
Total expenses		(31,389,594)	(20,088,842)
Loss before income tax		(31,218,365)	(8,878,208)
Tax income		3,052,535	530,707
Loss for financial half-year attributable to equity holders of the Company		**(28,165,830)**	**(8,347,501)**
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from the translation of financial statements of foreign subsidiaries		(5,921,900)	6,471,558
Other comprehensive income (loss) for financial half-year, net of income tax		**(5,921,900)**	**6,471,558**
Total comprehensive loss for financial half-year attributable to equity holders of the Company, net of income tax		**(34,087,730)**	**(1,875,943)**
Loss per share attributable to equity holders of the Company:			
Basic loss per ordinary share		(0.1147)	(0.0341)
Diluted loss per ordinary share		(0.1147)	(0.0341)

The accompanying notes form an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	Consolidated 31 Dec 2017 $	Consolidated 30 June 2017 $
Current assets			
Cash and cash equivalents		333,889,410	375,069,427
Receivables		770,543	1,430,487
Inventories		-	10,858
Security deposits		236,197	24,746
Current tax asset		312,267	391,020
Other assets		1,366,081	2,129,830
Total current assets		336,574,498	379,056,368
Non-current assets			
Inventories		40,927,931	46,368,852
Plant and equipment		978,117	1,139,163
Intangible assets		1,052,675	1,167,575
Exploration and evaluation expenditure carried forward		376,669,260	371,029,112
Security deposits		10,060,338	7,808,766
Total non-current assets		429,688,321	427,513,468
Total assets		766,262,819	806,569,836
Current liabilities			
Trade and other payables		7,244,159	12,234,940
Provisions		290,572	246,647
Total current liabilities		7,534,731	12,481,587
Non-current liabilities			
Trade and other payables		268,291	318,976
Deferred tax liabilities		31,533,249	34,585,784
Provisions		257,364	291,324
Total non-current liabilities		32,058,904	35,196,084
Total liabilities		39,593,635	47,677,671
Net assets		**726,669,184**	**758,892,165**
Equity			
Contributed equity	4	802,295,334	802,295,334
Accumulated losses		(61,114,734)	(32,948,904)
Share-based payments reserve		45,399,364	43,534,615
Foreign currency translation reserve		(59,910,780)	(53,988,880)
Total equity		**726,669,184**	**758,892,165**

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated	Contributed Equity	(Accumulated Losses)/ Retained Earnings	Share-based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Balance as at 1 July 2016	802,967,815	48,578,609	40,189,876	(33,773,553)	857,962,747
Loss for financial half-year	-	(8,347,501)	-	-	(8,347,501)
Exchange differences arising from the translation of financial statements of foreign subsidiaries	-	-	-	6,471,558	6,471,558
Total comprehensive loss for financial half-year	-	(8,347,501)	-	6,471,558	(1,875,943)
Transactions with owners in their capacity as owners:					
Ordinary shares bought back (on-market) and cancelled	(671,998)	-	-	-	(671,998)
Share buy-back transaction costs	(483)	-	-	-	(483)
Share-based payments expense	-	-	1,435,774	-	1,435,774
	(672,481)	-	1,435,774	-	763,293
Balance as at 31 December 2016	**802,295,334**	**40,231,108**	**41,625,650**	**(27,301,995)**	**856,850,097**
Balance as at 1 July 2017	802,295,334	(32,948,904)	43,534,615	(53,988,880)	758,892,165
Loss for financial half-year	-	(28,165,830)	-	-	(28,165,830)
Exchange differences arising from the translation of financial statements of foreign subsidiaries	-	-	-	(5,921,900)	(5,921,900)
Total comprehensive loss for financial half-year	-	(28,165,830)	-	(5,921,900)	(34,087,730)
Transactions with owners in their capacity as owners:					
Share-based payments expense	-	-	1,864,749	-	1,864,749
	-	-	1,864,749	-	1,864,749
Balance as at 31 December 2017	**802,295,334**	**(61,114,734)**	**45,399,364**	**(59,910,780)**	**726,669,184**

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated Financial Half-year Ended	
	31 Dec 2017	**31 Dec 2016**
	$	**$**
Cash flows from operating activities		
Receipts from customers (inclusive of GST refunds)	950,548	869,470
Payments to suppliers and employees (inclusive of GST)	(10,445,381)	(11,005,660)
Payments for exploration and evaluation expenditure expensed	(2,756,700)	(648,878)
Interest received	125,715	610,158
Interest and other costs of finance paid	(148,809)	(131,659)
Income taxes refund	71,750	51,800
Net cash flows used in operating activities	(12,202,877)	(10,254,769)
Cash flows from investing activities		
Purchase of plant and equipment and computer software	(131,633)	(264,274)
Payments for exploration and evaluation expenditure capitalised	(21,427,974)	(29,160,292)
(Payment)/repayment of security deposits	(2,565,680)	123,862
Net cash flows used in investing activities	(24,125,287)	(29,300,704)
Cash flows from financing activities		
Share buy-back (on-market)	-	(672,687)
Payments for finance lease	(119,789)	-
Net cash flows used in financing activities	(119,789)	(672,687)
Net decrease in cash and cash equivalents	(36,447,953)	(40,228,160)
Cash and cash equivalents at beginning of financial half-year	375,069,427	479,590,366
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(4,732,064)	10,968,789
Cash and cash equivalents at end of financial half-year	**333,889,410**	**450,330,995**

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 1. Basis of Preparation of the Condensed Consolidated Financial Statements

This Interim Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

The condensed consolidated financial statements do not include all the notes of the type normally included in an Annual Report and should be read in conjunction with the Company's Annual Report for the financial year ended 30 June 2017.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as disclosed in the Company's Annual Report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The condensed financial statements are for the Group.

The condensed consolidated financial statements are presented in Australian dollars.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with financial half-year amounts and other disclosures.

New or Revised Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all of the new and/or revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') that are relevant to its operations and effective for the financial half-year ended 31 December 2017. The Group has not elected to apply any new or revised Australian Accounting Standards before their operative dates during the financial half-year.

Significant new and/or revised Australian Accounting Standards and amendments thereof and Interpretations effective for the financial half-year that are relevant to the Group include:

(i) AASB 2016-2 *'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'*
The AASB amended AASB 107 *'Statement of Cash Flows'*.

The adoption of all of the relevant new and/or revised Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on either the amounts reported for the current or previous financial half-years.

Statement of Compliance

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 '*Interim Financial Reporting'.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 2. Results for Financial Half-Year

	Consolidated Financial Half-year Ended	
	31 Dec 2017	**31 Dec 2016**
	$	**$**
The results for the financial half-year include the following revenue and expense items which are unusual because of their nature, size or incidence:		
Revenue		
Interest income from unrelated entities	171,229	482,854
Total revenue	171,229	482,854
Net foreign currency gains	-	10,727,748
Net gain on disposal of non-current assets	-	32
Total other income	-	10,727,780
Expenses		
Exploration and evaluation expenditure expensed or written-off:		
- exploration and evaluation expenditure expensed	(3,541,262)	(590,678)
- exploration and evaluation expenditure written-off (refer (a) below)	(5,892,079)	(5,942,957)
Total exploration and evaluation expenditure expensed or written-off	(9,433,341)	(6,533,635)
Finance costs:		
- finance charges under finance lease	(8,307)	-
- bank charges	(148,809)	(131,659)
Total finance costs	(157,116)	(131,659)
Share-based payments expense	(1,864,749)	(1,435,774)
Business development and other project costs (refer (b) below)	(2,095,824)	(3,455,861)
Write-down of inventory to net realisable value (refer (c) below)	(4,837,620)	-
Net foreign currency losses	(4,946,474)	-

(a) The liquid mud plant for Block Z-38 was demobilised during the financial half-year, as more cost effective alternatives are considered whilst the Block remains in force majeure. Accordingly, previously capitalised mud plant costs were written-off (2016: exploration and evaluation expenditure carried forward associated with Block 144 written-off on relinquishment).

(b) Reviewing new exploration opportunities predominantly in Australia and Brazil on business development and other project activities that included internal time allocation of employees and consultants and associated office charges, geotechnical data and external advice relating to due diligence reviews on potential asset acquisitions.

(c) The write-down resulted predominately from potential well design specifications being considered as part of the on-going Echidna FEED work and the future development of the Echidna and Kangaroo discoveries, which is distinct from inventory requirements for exploration drilling. Liquid mud inventory was also written down following the liquid mud plant demobilisation so as to reflect a pending sale to a third party subsequent to the end of the financial half-year.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017**

Note 3. Segment Information
(a) Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and Executive Director/Exploration Director (identified as the 'chief operating decision maker') in assessing performance and in determining the allocation of resources.

The operating segments are based on the Group's geographical location of its operations.

The Group has identified operating segments based on the following three geographic locations:

- Australia – in which the Group is currently involved in the exploration and evaluation of hydrocarbons in three offshore exploration permit areas: EPP46, WA-314-P and WA-482-P;
- Brazil – in which the Group is currently involved in the exploration and evaluation of hydrocarbons in six offshore exploration blocks: Block S-M-1037, Block S-M-1101, Block S-M-1102, Block S-M-1165, Block S-M-1166 and Block S-M-1537. Exploration Block S-M-1537 was acquired during the financial half-year; and
- Peru – in which the Group is currently involved in the exploration and evaluation of hydrocarbons in offshore exploration Block Z-38.

'All other segments' include amounts not specifically attributable to an operating segment.

The accounting policies of the reportable operating segments are the same as the Group's accounting policies.

Segment revenues and results do not include transfers between segments as intercompany balances are eliminated on consolidation.

Employee benefits expenses and other operating expenses, that are associated with exploration and evaluation activities and specifically relate to an area of interest, are allocated to the area of interest and are capitalised as exploration and evaluation assets.

Reportable segment assets and segment liabilities are equal to consolidated total assets and total liabilities respectively. These assets and liabilities are allocated on the operations of the segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 3. Segment Information (continued)

(a) Operating Segments

Segment performance	Australia $	Brazil $	Peru $	All Other Segments $	Consolidated $
Result for financial half-year 31 December 2017					
Segment revenue (interest income from unrelated entities)	105,700	65,492	37	-	171,229
Business development and other project costs	(7,148)	(1,325,359)	-	(763,317)	(2,095,824)
Depreciation and amortisation expense	(81,276)	(278,968)	(159,833)	-	(520,077)
Employee benefits expense (net)	(3,551,121)	(1,722,425)	(317,199)	-	(5,590,745)
Exploration and evaluation expenditure expensed	(136,955)	(2,444,834)	(822,326)	(137,147)	(3,541,262)
Exploration and evaluation expenditure written-off	-	-	(5,892,079)	-	(5,892,079)
Finance costs	(35,237)	(115,463)	(6,416)	-	(157,116)
Write-down of inventory to net realisable value	(9,944)	(3,670,268)	(1,157,408)	-	(4,837,620)
Net foreign currency losses	(4,934,148)	4,110	(16,436)	-	(4,946,474)
Property costs	(378,776)	(505,000)	(177,510)	-	(1,061,286)
Administration and other operating expenses	(1,330,242)	(627,540)	(789,329)	-	(2,747,111)
Loss before income tax	(10,359,147)	(10,620,255)	(9,338,499)	(900,464)	(31,218,365)
Tax income	3,052,535	-	-	-	3,052,535
Loss for financial half-year	(7,306,612)	(10,620,255)	(9,338,499)	(900,464)	(28,165,830)
Result for financial half-year 31 December 2016					
Segment revenue (interest income from unrelated entities)	72,190	410,664	-	-	482,854
Other income	10,791,546	18,149	(81,915)	-	10,727,780
Business development and other project costs	(133,609)	(3,322,252)	-	-	(3,455,861)
Depreciation and amortisation expense	(214,387)	(163,908)	(108,867)	-	(487,162)
Employee benefits expense (net)	(3,907,271)	(1,105,203)	(617,077)	-	(5,629,551)
Exploration and evaluation expenditure expensed	(208,496)	(264,436)	(7,660)	(110,086)	(590,678)
Exploration and evaluation expenditure written-off	866,728	-	(6,809,685)	-	(5,942,957)
Finance costs	(43,592)	(80,203)	(7,864)	-	(131,659)
Property costs	(382,326)	(577,609)	(166,217)	-	(1,126,152)
Administration and other operating expenses	(1,492,451)	(610,502)	(621,869)	-	(2,724,822)
Loss (profit) before income tax	5,348,332	(5,695,300)	(8,421,154)	(110,086)	(8,878,208)
Tax income	530,707	-	-	-	530,707
Loss (profit) for financial half-year	5,879,039	(5,695,300)	(8,421,154)	(110,086)	(8,347,501)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 3. Segment Information (continued)

(b) Operating Segments (continued)

	Australia $	Brazil $	Peru $	Consolidated $
Segment assets				
As at 31 December 2017				
Segment asset information				
Cash and cash equivalents	332,100,040	872,476	916,894	333,889,410
Exploration and evaluation expenditure carried forward	52,854,543	264,358,877	59,455,840	376,669,260
Security deposits	430,694	2,590,812	7,275,029	10,296,535
Inventories	-	17,223,658	23,704,273	40,927,931
Other	1,042,079	2,185,400	1,252,204	4,479,683
Segment assets	386,427,356	287,231,223	92,604,240	766,262,819
As at 30 June 2017				
Segment asset information				
Cash and cash equivalents	373,920,044	898,220	251,163	375,069,427
Exploration and evaluation expenditure carried forward	52,467,284	254,225,048	64,336,780	371,029,112
Security deposits	430,694	38,092	7,364,726	7,833,512
Inventories	10,858	21,145,461	25,223,391	46,379,710
Other	1,256,717	2,958,744	2,042,614	6,258,075
Segment assets	428,085,597	279,265,565	99,218,674	806,569,836

Segment liabilities

	Australia $	Brazil $	Peru $	Consolidated $
As at 31 December 2017				
Segment liability information				
Trade and other payables	2,767,575	3,715,902	1,028,973	7,512,450
Deferred tax liabilities	31,533,249	-	-	31,533,249
Provisions	547,936	-	-	547,936
Segment liabilities	34,848,760	3,715,902	1,028,973	39,593,635
As at 30 June 2017				
Segment liability information				
Trade and other payables	3,424,634	8,232,785	896,497	12,553,916
Deferred tax liabilities	34,585,784	-	-	34,585,784
Provisions	537,971	-	-	537,971
Segment liabilities	38,548,389	8,232,785	896,497	47,677,671

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 4. Contributed Equity

	Consolidated	
	31 Dec 2017	**30 June 2017**
(a) Contributed Equity	**$**	**$**
Ordinary shares, fully paid	802,295,334	802,295,334
Total contributed equity	802,295,334	802,295,334

(b) Movement in Ordinary Shares

Date	Details	Number of ordinary shares	$
1 July 2016	Opening balance in previous financial year	245,260,124	802,967,815
	Performance rights conversion	472,426	-
	Ordinary shares bought back (on-market) and cancelled	(514,945)	(671,998)
	Share buy-back transaction costs		(689)
	Deferred tax credit recognised directly in equity		206
30 June 2017	Balance at end of previous financial year	245,217,605	802,295,334
	Performance rights conversion	370,181	-
31 December 2017	Balance at end of financial half-year	245,587,786	802,295,334

Note 5. Dividends

There were no ordinary dividends declared or paid during the financial half-year by the Company (31 December 2016: $Nil).

Note 6. Financial Instruments

The Group's financial instruments consist of cash and cash equivalents, receivables, security deposits, trade and other payables. The fair values of financial assets and financial liabilities are represented by their carrying values as disclosed in the condensed consolidated statement of financial position.

Note 7. Contingent Liabilities

As at 31 December 2017, the Group had contingent liabilities in the form of a performance guarantee, bank guarantees, bonds, the Pacific Exploration and Production Corp. deferred contingent obligation, Brazilian Local Content and other matters. Except for a guarantee bond of $2,393,903 provided during the financial half-year to the ANP, to carry out the minimum work program in relation to exploration in Santos Basin Block S-M-1537, there have not been any significant changes from the 30 June 2017 Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 8. Commitments

	Consolidated	
	31 Dec 2017	**30 June 2017**
	$	$
(a) Capital Expenditure Commitments		
Contracts and/or signed Authorities for Expenditure for capital expenditure in relation to assets not provided for in the condensed consolidated financial statements and payable:		
Drilling operations		
Not later than one year	929,487	2,819,813
Total capital expenditure commitments	929,487	2,819,813
(b) Exploration Expenditure Commitments		
The Group has commitments for exploration expenditure arising from obligations to governments to perform minimum exploration and evaluation work and expend minimum amounts of money pursuant to the award of exploration tenements EPP46, WA-314-P, WA-482-P, Block S-M-1037, Block S-M-1101, Block S-M-1102, Block S-M-1165, Block S-M-1166, Block S-M-1537, and Block Z-38 (30 June 2017: EPP46, WA-314-P, WA-482-P, Block S-M-1037, Block S-M-1101, Block S-M-1102, Block S-M-1165, Block S-M-1166, and Block Z-38) not provided for in the condensed consolidated financial statements and payable. Included in exploration expenditure commitments are $396,416,026 (30 June 2017: $439,745,268) of commitments that relate to the non-guaranteed work commitments:		
Not later than one year	123,250,533	-
Later than one year but not later than five years	596,482,734	769,920,329
Later than five years	2,393,903	-
Total exploration expenditure commitments	722,127,170	769,920,329

Estimates for future exploration expenditure commitments to government are based on estimated well and seismic costs, which will change as actual drilling locations and seismic surveys are organised, and are determined in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

The commitments may also be reduced by the Group entering into farm-out agreements, which are typical of the normal operating activities of the Group.

Where exploration and evaluation expenditure included in this category relates to an existing contract for expenditure and/or signed Authorities for Expenditure, the amount will be included in both categories (a) and (b) above.

Subsequent to the end of the financial half-year exploration expenditure commitments in relation to Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165, S-M-1166 were removed, refer to note 9(b) for further details.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

Note 9. Subsequent Events

Since 31 December 2017, the following material events have occurred:

(a) Farm-out 35% of Block Z-38 to Tullow
During early January 2018, Karoon farmed-out a 35% equity 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 (the 'Agreement'), Tullow will acquire a 35% equity 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; and
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 SA (the Peruvian oil and gas regulator).

The Agreement remains subject to the satisfaction of certain licencing conditions and regulatory approvals. Following completion of the first exploration well, Tullow will have an option to assume operatorship of the Block.

(b) Variation of Existing Brazilian Work Program
During February 2018, the ANP approved Karoon's application to review the Appraisal Plan for Santos Basin exploration Blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 thereby removing the appraisal phase firm commitments to drill two wells and acquire 3D seismic and drilling up to four contingent wells, in favour of progressing Echidna and Kangaroo oil discoveries to a future development and resolved to close the current Appraisal period.

Karoon will now present the Final Appraisal Report and submit a Declaration of Commerciality application on the areas it intends to retain to progress a future development.

The removal of the appraisal plan minimum work commitments reduces the Exploration Expenditure Commitments as disclosed in Note 8(b) by $359 million.

The Interim Financial Report was authorised for issue by the Board of Directors on 9 March 2018. The Board of Directors has the power to amend and reissue the condensed consolidated financial statements and notes.

DIRECTORS' DECLARATION
FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2017

The Directors declare that:

1. in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 9 to 20, are in accordance with the *Corporations Act 2001,* including:

    a) complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*; and
    b) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and

2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors:

Dr David Klingner
Independent Non-Executive Chairman

Mr Robert Hosking
Managing Director

9 March 2018
Melbourne

pwc

Independent auditor's review report to the members of Karoon Gas Australia Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Karoon Gas Australia Ltd (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Karoon Gas Australia Ltd. The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Karoon Gas Australia Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Karoon Gas Australia Ltd is not in accordance with the *Corporations Act 2001* including:

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
9 March 2018

GLOSSARY

Term	Definition
2D seismic	Two-dimensional seismic.
3D seismic	Three-dimensional seismic.
$ or cents	Units of Australian currency.
AASB	Australian Accounting Standards Board.
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis.
API	American Petroleum Institute's inverted scale for denoting the 'lightness' or 'heaviness' of crude oils and other liquid hydrocarbons.
appraisal well	A well drilled to confirm the size or quality of a hydrocarbon discovery.
ASX	ASX Limited (ACN 008 624 691), trading as Australian Securities Exchange.
Block	A licence or concession area. It may be almost any size or shape, although usually part of a grid pattern.
boe	Barrel of oil equivalent. The factor used to convert gas to oil equivalent is based upon an approximate energy value of 6,000 standard cubic feet per barrel and not price equivalence at the time.
Company	Karoon Gas Australia Ltd.
contingent resources	Those quantities of hydrocarbons estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable (as evaluation of the accumulation is insufficient to clearly assess commerciality). 1C- Denotes low estimate scenario of contingent resources. 2C- Denotes best estimate scenario of contingent resources. 3C- Denotes high estimate scenario of contingent resources.
DEA	DEA Deutsche Erdoel AG.
Director	A Director of Karoon Gas Australia Ltd.
discovery well	The first successful well on a new prospect.
exploration	The process of identifying, discovering and testing prospective hydrocarbon regions and structures, mainly by interpreting regional and specific geochemical, geological, geophysical survey data and drilling.
farm-in and farm-out	A commercial agreement in which an incoming joint operation participant (the ‘farmee’) earns an interest in an exploration permit by funding a proportion of exploration and evaluation expenditures, while the participant owning the interest in the exploration permit (the ‘farmor’) pays a reduced contribution. The interest received by a farmee is a farm-in while the interest transferred by the farmor is a farm-out.
FEED	Front End Engineering and Design.
FID	Final Investment Decision.
field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area although it may refer to both the surface and underground productive formation.
financial half-year	Financial half-year ended 31 December 2017.
FPSO	Floating production, storage and off-loading facility.
G&G	Geological and geophysical.
GOR	Gas to oil ratio.

GLOSSARY (Continued)

Term	Definition
hydrocarbon	A chemical compound of the elements hydrogen and carbon, in either liquid or gaseous form. Natural gas and petroleum are mixtures of hydrocarbons.
Karoon or Group	Karoon Gas Australia Ltd and its subsidiaries.
lead	A potential hydrocarbon target which has been identified but requires further evaluation before it can be classified as a prospect.
LNG	Liquefied natural gas.
m	Metres.
mm	Million.
mmbbls	Millions of barrels (1,000,000 barrels).
mmscf	Millions of standard cubic feet.
mmscf/d	Millions of standard cubic feet per day; equivalent to 28,317 cubic metres per day.
mRT	Metres Rotary Table.
Operator	One joint operation participant that has been appointed to carry out all operations on behalf of all the joint operation participants.
ordinary shares	The ordinary shares in the capital of Karoon Gas Australia Ltd.
permit	A hydrocarbon tenement, lease, licence, concession or Block.
Petróbras	Petróleo Brasileiro SA.
play	A trend within a prospective basin that has common geologic elements containing one or more fields, prospects or leads with common characteristics.
prospect	A geological or geophysical anomaly that has been surveyed and defined, usually by seismic data, to the degree that its configuration is fairly well established, and on which further exploration such as drilling can be recommended.
PSDM	Pre-stack depth migration.
psia	Pounds per square inch absolute.
REAL	Brazilian currency.
reservoir	A porous and permeable rock formation to store and transmit fluids such as hydrocarbons and water.
Rotary Table	A flat plate in the drill floor which is turned mechanically at varying speeds and directions imparting the rotary action to the drill string which passes through its centre.
seismic survey	A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near vertical plane back to the surface from subsurface boundaries. This data is typically used to determine the depths to form of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures.
spud	To start drilling a new well.
Tullow	Tullow Oil plc.
Tcf	Trillion cubic feet (1,000,000,000,000 cubic feet).
trap	A formation in the earth's subsurface which prevents the onward migration of hydrocarbons.
risk	Prospect risk or geologic risk is the assessed chance that the drilling of the prospect will be successful in finding significant volumes of hydrocarbons. The risk is calculated by multiplying the chance of success of each of the petroleum system elements involved in the prospect.
USD or US$	United States dollars.