



27 July 2011

KAROON EXECUTES FINAL DOCUMENTATION TO ACQUIRE INCREASED INTEREST IN BROWSE PERMIT WA-314-P

Further to the Company's announcement of 29 November 2010, Karoon Gas Australia Limited (ASX: KAR) and its related entities have executed final and binding documentation with its joint venture partner, ConocoPhillips (Browse Basin) Pty Ltd ("ConocoPhillips") and its related entities, to acquire an additional 50% participating interest in Browse Basin permit, WA-314-P.

The permit is located to the north of permits WA-315-P and WA-398-P, which contain the Poseidon gas discovery.

Key Agreement Terms

The key terms of the transaction are set out below:

- ConocoPhillips will transfer a 50% equity interest in the permit to Karoon for nil cash consideration;
- ConocoPhillips will remain operator of the permit;
- Karoon has the right to determine final location, depth and target for the commitment well to be drilled in the WA-314-P permit;
- The well to be drilled in the joint venture's upcoming Phase -2 drilling program;
- ConocoPhillips will have the option to buy back a 10% interest after the permit well is drilled;
- ConocoPhillips's ongoing obligations under the Farmin Agreement dated 9th October 2006 to pay 80% of the next US\$125 million of expenditure will apply only to expenditure incurred on the WA-315-P permit;
- The interests of Karoon and ConocoPhillips in the permit will be:

Karoon Gas (Browse Basin) Pty Ltd	90%
ConocoPhillips (Browse Basin) Pty Ltd (Operator)	10%

The formal transfer of the interest is now only subject to approval and registration of the relevant documentation under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 which is expected in due course.

For further information please contact:

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