

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	Karoon Gas Australia Limited
ABN	53 107 001 338

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Mr Mark Smith
Date of last notice	9 August 2010

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct and indirect interest
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	IERS (Australia) Pty Ltd
Date of change	21 February 2011 – 25 February 2011
No. of securities held prior to change	2,572,037 Ordinary Fully Paid Shares 750,000 450 cent unlisted options exercisable from 01/05/2009 and expiring 30/04/2011 750,000 500 cent unlisted options exercisable from 01/05/2010 and expiring 30/04/2011
Class	Ordinary fully paid shares
Number acquired	1,500,000
Number disposed	1,070,000

+ See chapter 19 for defined terms.

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Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	750,000 shares acquired at 500 cents 750,000 shares acquired at 450 cents 1,070,000 ordinary fully paid shares disposed of at 720 cents
No. of securities held after change	3,002,037 Ordinary Fully Paid Shares
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Conversion of 750,000 500 cent unlisted options expiring 01/05/2011 Conversion of 750,000 450 cent unlisted options expiring 01/05/2011 On market sale of 1,070,000 ordinary fully paid shares

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

+ See chapter 19 for defined terms.

Part 3 – Closed period

Were the interests in the securities or contracts detailed above traded during a closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

+ See chapter 19 for defined terms.