



16 September 2011

(ASX Code: KAR)

ASX Announcement

Karooon retains Executive Chairman

Karooon Gas Australia Ltd (**Karooon**) is pleased to announce that it has retained its Executive Chairman, Robert Hosking, under a new employment agreement. This agreement provides Karoon with certainty that management will remain stable through its upcoming global exploration campaigns which are planned to include a minimum of ten wells over the upcoming two year time frame.

The ongoing retention of Mr Hosking as Executive Chairman is essential for business continuity as Karoon prepares to move to a drilling campaign targeting multi billion barrel of gross prospective oil resources in the upcoming Australian, Brazilian, and Peruvian drilling campaigns.

Mr Hosking has managed the company since its inception and subsequent Australian Securities Exchange listing in 2004 for \$0.20 per share. Since listing, Karoon shareholders have seen a rise of 1,600% to current share price levels and 6,050% to historical highs at just over \$12 per share. Further, Karoon has established a track record of obtaining exploration acreage in the most sought after areas with relatively large exploration upside potential, unmatched by any other company its size, and had its first success with discovery of the Poseidon Field in 2009. Poseidon was reported as the third biggest global discovery in 2009.

Beginning this year, Karoon will continue to assess the Poseidon trend with the commencement of the phase two drilling campaign with its Joint Venture partner ConocoPhillips. This will be followed by the drilling of three wells in Santos Basin, Brasil in mid 2012, targeting 100-400 million barrel oil prospects, then the drilling of two wells in the Tumbes Basin, Peru targeting 100-300 million barrel oil and gas prospects.

Karooon is pleased to have retained Mr Hosking's services for such important upcoming events.

Key Terms of Employment

Mr Hosking's revised employment agreements are now complete.

Remuneration

Annual salary consists of three components;

1. **Salary**; A \$500,000 base salary including superannuation, with annual salary reviews.
2. **Premium Priced Share Options**; Subject to Shareholder approval, Mr Hosking will be issued premium priced options.
3. **Proposed Performance Based Bonus Share Option Allocation**; Subject to shareholder approval, an annual issue of key performance indicator based premium priced options may be granted to Mr Hosking.

Termination of Employment

Mr Hosking and the Company may terminate the employment under the agreement by giving six months notice in which time he will receive accrued statutory and contractual entitlements.

For more information please see the Karoon website or Contact:

Shareholder Enquiries:

Scott Hosking: Company Secretary

Telephone: +613 59741044

Email: shosking@karoongas.com.au

Website: www.karoongas.com.au

James Wootton: Investor Relations

Telephone: +613 9616 7520

Email: jwootton@karoongas.com.au

Media Enquiries:

Ian Howarth: Collins Street Media

Telephone: +614 0782 2319

Email: ian@collinsstreetmedia.com.au