

**21 September 2012**

**ASX ANNOUNCEMENT**



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**Karooon executes an agreement to farmin into  
North Carnarvon Basin Permit WA-482-P**

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Karooon Gas Australia Ltd (ASX: KAR) through its subsidiary Karoon Gas (FPSO) Pty Ltd, executed final agreements for Karoon to acquire a 100% interest in WA-482-P in the North Carnarvon Basin, Australia ("Permit"), from USA Independent Liberty Petroleum Corporation ("Liberty"). In consideration for the equity in the Permit, during the first two work permit years, Karoon will managment the permits and be solely responsible for the programmes, budgets and expenditure on the Permits.

Karooon has conducted a significant amount of due diligence over this acreage before its recent award to Liberty, and is pleased that it has the opportunity to add prospective acreage at the beginning of the exploration lifecycle to complement its more mature exploration acreage which has reached the drilling phase. Karoon believes that the transaction was executed on favorable terms allowing Karoon freedom to explore the block in the early stages but avoid a large capital commitment if it chooses to exit before Year 3.

**Key Terms**

- Karoon is required to meet the year 1 and 2 work program commitments, as outlined below:
  - Year 1: License 3,800 km<sup>2</sup> of reprocessed 3D seismic data and approximately 5,000 line km of reprocessed 2D seismic data; and
  - Year 2: Acquire and process 2,010 km<sup>2</sup> of 3D seismic data.
- Following completion of the second year of the Permit term, Karoon has withdrawal rights under the farmin agreement and would be removed from title after Year 2 and, importantly, before Year 3 well commitment in is due. If Karoon elects to acquire the Permit, such assignment will be conditional on regulatory approval.
- Liberty is entitled to certain milestone cash bonuses and a royalty in the event of production.
- Karoon is responsible for conducting all operations on the Permit during the farmin period.

**Geology**

The primary target traps are at intra Mungaroo (Triassic) levels where clastic reservoirs are interpreted to present in early formed traps and have received early hydrocarbon charge from thick Triassic and Lower to Middle Jurassic source rocks in depocentres mainly in the north of the permit. A key element of the work program is to identify prospects unbreached by structural events from late Jurassic onward.

A small field to the east called Phoenix, has gas trapped in an early formed structure, providing some support that the exploration model that Intra Mungaroo Fm traps may be valid in the Permit. The play type has similar characteristics to successfully explored Intra Mungaroo Fm fairway on the Exmouth Plateau to the south.

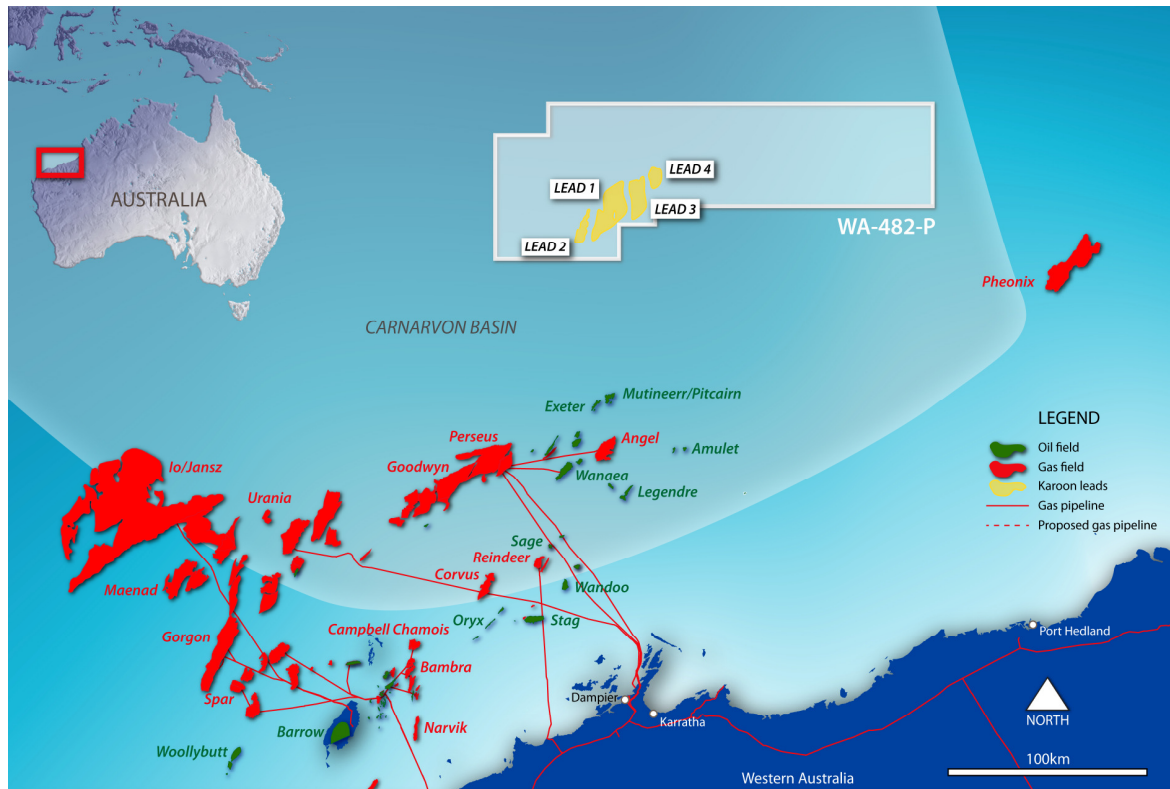
Higher risk, shallower targets may be present above the top Mungaroo Fm.

Karooon's mapping and assessment indicate the potential for multi-trillion cubic foot ("tcf") targets. To date 4 main prospects have been identified with preliminary estimates of prospective resources in each in the 0.5 to 3tcf range.

As the work program progresses the definition of the size, risk and numbers of prospects will emerge before a decision on drilling can be made.

### Financial impact

Karoon is required to fund 100% of the first two years of mandatory work commitments on the Permit which is expected to be at least A\$16,500,000. Following completion of the first two years of work commitments, Karoon will then assess whether or not to withdraw, or take on the well commitment in year 3 and seek to farm out an interest.



For further information please see the Karoon website or contact:

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