

26 February 2013



ASX Announcement

Zephyros-1 Exploration Well in WA-398-P Progress Report No 8

At 06:00 hours (WST) today, Karoon advises that the drilling assembly at Zephyros-1 is being pulled out of the hole in preparation to commence coring operations after intersecting the primary reservoir objective.

The well intersected a sandstone interval characterized by a ROP (Rate of Penetration) increase, sandy drill cuttings and an increase in the mudlog gas readings indicating a potential gas bearing reservoir. Coring operations will be undertaken to allow more extensive analysis of rock properties in potential reservoir intervals in the Zephyros-1 well.

On completion of the coring and drilling operations to Total Depth, wireline logging, pressure and sampling programs will be used to define the thickness and properties of any sands penetrated and the presence and characteristics of any movable hydrocarbons which they may contain.

The Transocean Legend semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

ConocoPhillips is the operator of the jointly held WA-314-P, WA-315-P and WA-398-P Browse Basin permits containing the previously announced Poseidon and Kronos gas discoveries. Karoon Gas Australia Ltd holds 40% of the permit WA-315-P and WA-398-P, and 90% of permit WA-314-P. Zephyros-1 is the second well in the exploration program and follows the recent Boreas-1 well.

Zephyros-1 is located in permit WA-398-P on the flank of a large tilted fault block approximately 9 kilometres southwest of the Kronos-1 discovery well. The objective of the Zephyros-1 well is to test the extent, presence and quality of Plover formation reservoirs.

Upcoming Well Program

The exploration program, operated by ConocoPhillips, plans to utilise the Transocean Legend semi-submersible rig for the entire campaign and is expected to continue through 2013.

A minimum of five wells will be drilled during the exploration program. The principal objective of the exploration program is to better define the size and quality of the hydrocarbon accumulations within the exploration permits which contain the greater Poseidon trend.

The third well, Proteus-1, is located in WA-398-P on a large tilted fault block approximately 14 kilometres south east of the Poseidon-1 discovery location.

Additional well locations for the remainder of the program will be announced as they obtain joint venture approval.

Ongoing progress reports

In addition to complying with its continuous disclosure obligations, Karoon proposes to provide fortnightly progress reports during drilling operations.

For further information please see the Karoon website or contact:

Shareholder Enquiries

Scott Hosking:	Company Secretary	James Wootton:	Investor Relations
Telephone:	+613 59741044	Telephone:	+613 9616 7520
Email:	shosking@karoongas.com.au	Email:	jwootton@karoongas.com.au

Media Enquiries

Ian Howarth:	Collins Street Media
Telephone:	+614 0782 2319
Email:	ian@collinsstreetmedia.com.au