

5th April 2013



ASX Announcement

WA-315-P and WA-398-P Exploration Update

Karooon Gas Australia pre-emptive rights WA-315-P and WA-398-P

Karooon Gas Australia Ltd (ASX: KAR) has now notified ConocoPhillips of its intention not to exercise its right to pre-empt the proposed sale by ConocoPhillips of a 20% interest in Browse Basin exploration Blocks WA-315-P and WA-398-P to Chinese National Petroleum Company ("PetroChina").

By not exercising its pre-emptive right under the joint venture agreements, Karoon clears the way for the entry into the Joint Venture of a second highly appropriate partner for the future development of the Poseidon project. PetroChina is also a potential end user for LNG out of Poseidon.

As previously announced, PetroChina has agreed to acquire a 20% interest in the Browse Basin joint ventures covering exploration Blocks WA-315-P and WA-398-P ("Joint Venture"), which include the Poseidon gas condensate discovery.

Karooon welcomes PetroChina to the Joint Venture and looks forward to a productive relationship.

Transocean Legend Rig Option Exercise

The Joint Venture has exercised one drilling option to extend the Transocean Legend rig contract to six firm wells for the Phase 2 drilling campaign. A single well option remains to be exercised with a decision required later in the drilling campaign.

Proteus-1 well update

At 06:30 WST on the 5th of April, Proteus-1 was drilling ahead in the 12-1/2" hole section at a current depth of 2913mRT.

After spudding on the 25th of March 2013, the Proteus-1 well was drilled to a depth of 2690mRT in the 17-1/2" hole where the 13-3/8" casing was set and cemented. The blow out preventor and marine riser were then run and latched to the well head. The blowout preventor was then successfully tested and drilling the next hole section commenced.

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 Greater Poseidon 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.

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

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 mid-2014.

A minimum of six 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.

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:

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