

4 October 2013



ASX Announcement

Grace-1 Exploration Well in WA-314-P Spudded Progress Report No 1

Karooon Gas Australia Ltd advises that the Grace-1 exploration well, the fourth well in the Phase 2 exploration drilling program was spudded at 1600 hours (WDT) on 3 October 2013.

Grace-1 is located in permit WA-314-P in a crestal position on a large fault block approximately 35 kilometres north of the Poseidon field. The objective of the well is to test the multi tcf potential of the Plover and Montara formations (Fm.).

Good quality, thick Plover Fm. reservoir was penetrated in the Buffon-1 well, located approximately 13 kilometres south west of Grace-1, which was drilled in 1981. This well was drilled hundreds of meters downdip of the Plover Fm. trap crest. The positioning of the Buffon-1 well was based on poor quality 2D seismic data with no well control.

New 3D seismic, 3D reprocessing and recent well results has allowed the delineation of well defined targets at Grace. A thick Plover Fm. sequence is interpreted with good seismic well correlation back to discovery wells in the Poseidon area. The presence of a Montara Fm. secondary target is supported by direct correlation with the Montara Fm. gas bearing reservoir seen in the nearby Argus-1 well and supported regionally by the recent gas discovery at Proteus.

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.

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 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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