

18 October 2013



ASX Announcement

Grace-1 Exploration Well in WA-314-P Progress Report No 2

At 0600 WDT on 18th October the hole was at a depth of 2965 mRT, and being prepared for running the 13-3/8" casing.

Since the last update the 36" hole section was drilled to 629m where the 30" conductor string was set and cemented in place. The 17-1/2" hole section was then drilled to a depth of 2965m. Casing running operations will resume on completion of the hole preparation.

Grace-1 is the fourth well in the current exploration program. Grace-1 is located in permit WA-314-P on a separate structural trend to the previously announced Greater Poseidon gas discoveries. The well is located in a crestal position on a large fault block approximately 35 kilometres north of the Poseidon field.

ConocoPhillips is the operator of the jointly held WA-314-P Browse Basin permit in which Karoon Gas Australia Ltd holds 90%.

The Transocean Legend semi-submersible rig is drilling the exploration 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 2014.

A minimum of six wells will be drilled during the exploration program. The principal objective of the forward 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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