

ASX Announcement

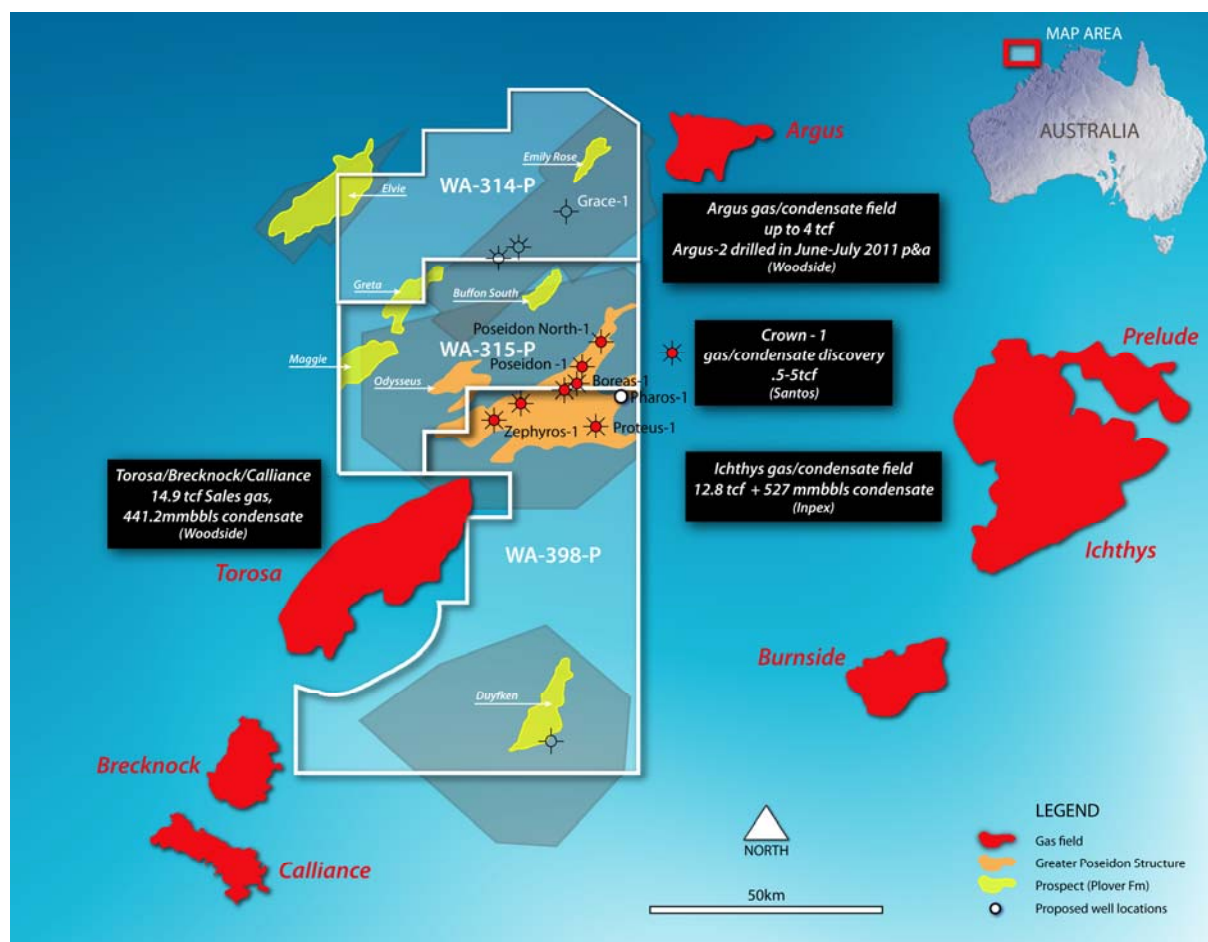
Pharos-1 Exploration Well, WA-398-P Progress Report No 1

Pharos-1, the sixth and final well in the Browse Basin Phase 2 exploration drilling campaign, was spudded at 2240 WST on 20 May 2014.

As at 0600 WST on 22 May 2014 the well was drilling ahead in the 17-1/2" hole section. The current well depth is 716 mRT.

Pharos-1, the sixth and final well in the Browse Basin Phase 2 Exploration Drilling Campaign is located approximately 9 kilometres north east of Proteus-1 and will be a further test of the Proteus-Crown trend. Pharos-1 is targeting an extension of the discovery made at Proteus-1 which established excellent reservoir quality and condensate bearing gas in the Montara formation.

Pharos-1 is a low risk exploration well with the potential to add considerable resource to any future Poseidon development.



The exploration campaign, operated by ConocoPhillips, plans to utilise the Transocean Legend semi-submersible rig for the final well. The principal objective of the campaign is to better define the size and quality of the hydrocarbon resource within the exploration permits which contain the Greater Poseidon trend.

ConocoPhillips is the operator of the WA-315-P Browse Basin permit in which Karoon Gas Australia Ltd currently holds 40%.

For further information please see the Karoon website or contact:

Scott Hosking	Company Secretary T: +613 5974 1044 E: shosking@karoongas.com.au	James Wootton	Investor Relations T: +613 9616 7520 E: jwootton@karoongas.com.au
Ian Howarth	Collins Street Media T: +614 0782 2319 E: ian@collinsstreetmedia.com.au		

About Karoon Gas Australia Ltd

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil and Peru and a member of the S&P/ASX 200 Index.

Karoon looks for high equity interests in early stage exploration opportunities containing large potential targets in basins with proven Petroleum Systems. Karoon strives to create shareholder value through the geotechnical work-up of the acreage, leveraging its high equity interests to explore and appraise these opportunities to achieve commercialisation.

While the company's core strategy is identifying off-shore early stage exploration opportunities, Karoon's longer-term strategy is to retain residual equity interests in the assets as they go into production.

*The securities of Karoon Gas Australia Ltd are currently under suspension and will remain under suspension after this announcement. Karoon refers to its recent announcements in respect of the voluntary suspension and confirms it will provide a status update before or on Monday 26 May 2014.