

13 March 2013

ASX Announcement



Zephyros-1 Exploration Well in WA-398-P Progress Report No 9

At 06:00 hours (WST) today, Karoon advises that wireline logs were being acquired in the Zephyros-1 well. Since the last update, 108 metres of core was cut and recovered to surface and the well was drilled to its total vertical depth of 5372 metres before conducting wireline logging.

- The Zephyros-1 well penetrated gas bearing Plover Formation sands similar to that seen at Kronos-1.
- Zephyros-1 reservoir sands are good quality, intervals of which are interpreted to have some of the highest mobility values (ability to flow gas) recorded from MDT sampling tools in any of the JV's Poseidon area wells.
- In the case of a production test, Zephyros-1 would be expected to flow at similar, tubing constrained, rates to Kronos-1.
- Pressure data through the gas column indicates a possible deep gas-water contact similar to that interpreted at Kronos-1.
- The 108m of cut core will provide a high quality data set for further reservoir characterisation.
- Numerous reservoir fluid and pressure samples were gathered, allowing the joint venture to further assess the greater Poseidon resource size and gas composition while also providing information for use in estimating well production rates for any development wells in the future.

The JV has decided not to perform a production test due to the similarities of the well results to Kronos-1, with the core and wireline data set providing a sufficient data set for ongoing field evaluation work.

At completion of wireline logging and all well operations the rig will move to the Proteus-1 location.

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.

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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:

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