

ASX Announcement

**Proteus-1 ST2 successfully flows condensate bearing gas
Progress Report 13**

- Flow rates measured up to 7.3 MMscf/d through 16/64" choke at 4457psi.
- Condensate Gas ratios yielding best rates to date for Greater Poseidon Area at 19-22 bbls/MMscf.
- Karoon estimates production wells will flow at commercial rates, in excess of 100 MMscf/d.



Proteus-1ST2 Test Results

The Proteus-1ST2 exploration well, located within the Browse Basin has been production tested following the confirmation of a gas discovery on 30 August, 2013.

The successful flow test of the Proteus-1ST2 well has produced a strong flow of condensate bearing gas with a maximum flow rate of 7.3 MMscf/d measured through a 16/64" choke with a flowing well head pressure of 4457psi.

The test was conducted in 4-1/8" diameter wellbore over the entire open hole section between 4920-5250mRT in Jurassic aged rocks of the Plover and Montara Formations. In order to maintain hole stability, flow rates were constrained and initial analysis indicates that significantly higher flow rates would be achieved with appropriate infrastructure in place.

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A Condensate-Gas Ratio in the range of approximately 19-22 bbl/MMscf was measured at surface. The measured condensate ratio is the highest yet recorded from the Poseidon project exploration campaign and 10-20% higher than the ratio measured in the Boreas-1 well.

The gas also contained approximately 12% CO₂, near the lower concentration levels found to date in the Greater Poseidon Area.

At 06:00 hrs WST today the test string was being pulled from the hole. Since the last progress update the wireline logging program was completed prior to installing well testing equipment. Wireline logging was successful in acquiring a high quality dataset for ongoing field studies.

Impact of the discovery

Based on an analysis of the well test data, Karoon is highly confident that future production wells drilled adjacent to the Proteus-1ST2 location could flow at commercial rates in excess of 100 MMscf/d. Along with Kronos-1 (located 17 kilometres west of Proteus-1) and Boreas-1 (located 10 kilometres north west of Proteus-1), Proteus-1ST2 is the third well in the Greater Poseidon Area that has been production tested, proving that development wells will produce gas at commercial rates.

The Proteus-1ST2 discovery of younger well-developed good quality gas bearing sands in the Jurassic age formations open up the potential for further prospectivity adding to the older Plover Formation volumes discovered to date.

ConocoPhillips is the operator of the 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 a 40% equity interest in permit WA-315-P and WA-398-P, and a 90% interest in permit WA-314-P.

Proteus-1ST2 is the third well in the exploration program. Proteus-1ST2 is located in permit WA-398-P on a large tilted fault block approximately 14 kilometres south south east of the Poseidon-1 discovery well.

The Transocean Legend semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

Upcoming Well Program

The exploration program, operated by ConocoPhillips, plans to utilize the Transocean Legend semi-submersible rig for the entire campaign and is expected to continue into 2014.

A minimum of six wells are being drilled during the second phase Browse drilling campaign. 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.

Ongoing progress reports

In addition to complying with its continuous disclosure obligations, Karoon proposes to provide fortnightly progress reports during drilling operations.

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