

13 December 2012

ASX Announcement



BRAZIL SANTOS BASIN EXPLORATION UPDATE

Mobilisation of the Blackford Dolphin Drilling Rig

Karooon is now set to commence the drilling of its first Santos Basin exploration well, Kangaroo-1. This well has gross mean prospective resource over all target intervals of 272 million barrels of oil, as reported by DeGolyer MacNaughton.

At 0600 Brazilian time on the 11th December 2012, the Blackford Dolphin semi-submersible drilling rig begun mobilization to the Kangaroo-1 well location. The rig is expected to be on location in 05 days after which time it will set anchors and commence pre-spud checks. Spudding is expected in the last week of December.

Kangaroo-1 is located within Blocks S-M-1101 and S-M-1165 and has multiple targets at several geological levels, including the Campanian, Maestrichtian, Eocene and Miocene aged rocks.

Emu-1 and Bilby-1 are expected to be the second well and third wells in the Santos Basin exploration drilling campaign. These wells are located in Blocks S-M-1102, S-M-1137 and S-M-1166, and between them have multiple targets at several geological levels, including the Santonian, Campanian, Maestrichtian, Eocene and Miocene.

Completion of these three wells will satisfy the minimum work commitments for Block S-M-1101, S-M-1102, S-M-1037, S-M-1165 and S-M-1166.



Blackford Dolphin Semi-Submersible Drilling Rig

Block Extensions

Karoon has now received notice from the regulator, Agencia Nacional de Petroleo, that the expiry of its the second period work commitment term has been extended by 180 days to the 12 of November 2013. The extension will allow Karoon to drill and assess all three wells in the drilling program before the second Block terms expire.

Block Background

Karoon's Santos Basin Blocks are located 260 kilometres off the coast of the Santa Catarina region of Brazil, south of Rio de Janeiro, in 400 metres of water depth. The Santos Basin has recently yielded multiple oil discoveries and is becoming an exciting area for exploration. Karoon was awarded 100% participation in the Blocks during 2008. The five Blocks total 865 square kilometres.

In the period since acquiring the Blocks Karoon has completed a large array of technical work including Wide Azimuth 3D Seismic.

In the shallow water Santos Basin, several recent discoveries have also been made which have similar geological characteristics to Karoon's Blocks, such as the Sabia, Piracuca, Tiro, Sidon, Guaiama, Panoramix and Vampira discoveries all in the same trend as the previously discovered Merluza, Mexilhao and Caravela fields. These fields have collective in place resources in the billions of barrel of oil equivalent in-place.

Karoon's Interest

Karoon currently holds 100% of the operated Santos Basin Blocks; however it has completed agreements with Pacific Rubiales Energy Corporation to divest a 35% interest in Santos Basin Exploration Blocks, S-M-1101, S-M-1102, S-M-1037 and S-M-1165 with Pacific Rubiales also holding an option to acquire a 35% interest in S-M-1166.

Karoon is currently the operator of S-M-1101, S-M-1102, S-M-1037, S-M-1165 and S-M-1166

For further information please see the Karoon website or contact:

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