

24 October 2012



ASX Announcement

Boreas-1 Well test flows at a facility constrained stabilized rate of 30 million standard cubic feet per day.

Boreas-1 Exploration Well in WA-315-P – Progress Report No 16

A production logging run is being performed as the final operation of the production testing program at Karoon Gas Australia Ltd's Boreas-1 exploration well. Upon completion of this final operation, the testing string will be removed from the well.

During flow testing this week, Boreas 1 exploration well flowed gas to the surface at an equipment constrained maximum sustained rate of up to 30 MMscf/d through a 40/64 inch choke at a well head pressure of 3300 psi.

A Condensate-Gas Ratio of 18 bbl/MMscf was measured at the surface, along with a 16% CO₂ content taken from the gas flow on a volume basis. This condensate/gas ratio is almost double the rate discovered in the Kronos 1 well.

The flow rates were achieved from a multi-rate flow test followed by pressure build up and bottom hole reservoir fluid sampling in a perforated interval of 70 metres between 4904 and 4974 metres in the primary target Plover formation.

Based on an analysis of the well test data, Karoon believes that future production wells drilled adjacent to the Boreas-1 location have the potential to flow at commercial rates in excess of 100 MMscf/d.

The Transocean Legend semi-submersible rig is drilling and testing the Boreas-1 well.

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.

Boreas-1 is located approximately 4 kilometres south of Poseidon-1 in WA-315-P on a large tilted fault block which is part of the of the north-east trending structural high of the greater Poseidon structure. The objective of the well is to test the extent, presence and quality of reservoirs within the Boreas-1 fault block.

Future Plan

Well data from Boreas-1 will be integrated into the existing data recovered from Poseidon-1, Poseidon-2, and Kronos-1 along with the Poseidon 3D seismic data to further define the size and composition of the Greater Poseidon Trend.

The next two wells to be drilled are Zephyros-1 then Proteus-1. Zephyros-1 will test the flank of a fault block 9km west of the Kronos-1 well. Proteus-1, 15km east of Zephyros-1 will test a fault block on the eastern flank of the Greater Poseidon Trend.

The Boreas-1 well is the first of the Phase-2 drilling program, comprising five firm plus three optional wells and is designed to explore and appraise the gas resources of the Greater Poseidon Trend

Karoon's assessment of the Contingent Resource will be independently assessed when sufficient well results have been acquired and a full analysis is conducted after the drilling program is complete. This will allow a decision to be made regarding the most appropriate development option to be pursued.

For further information please see the Karoon website or contact:

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