

**ASX Announcement\***

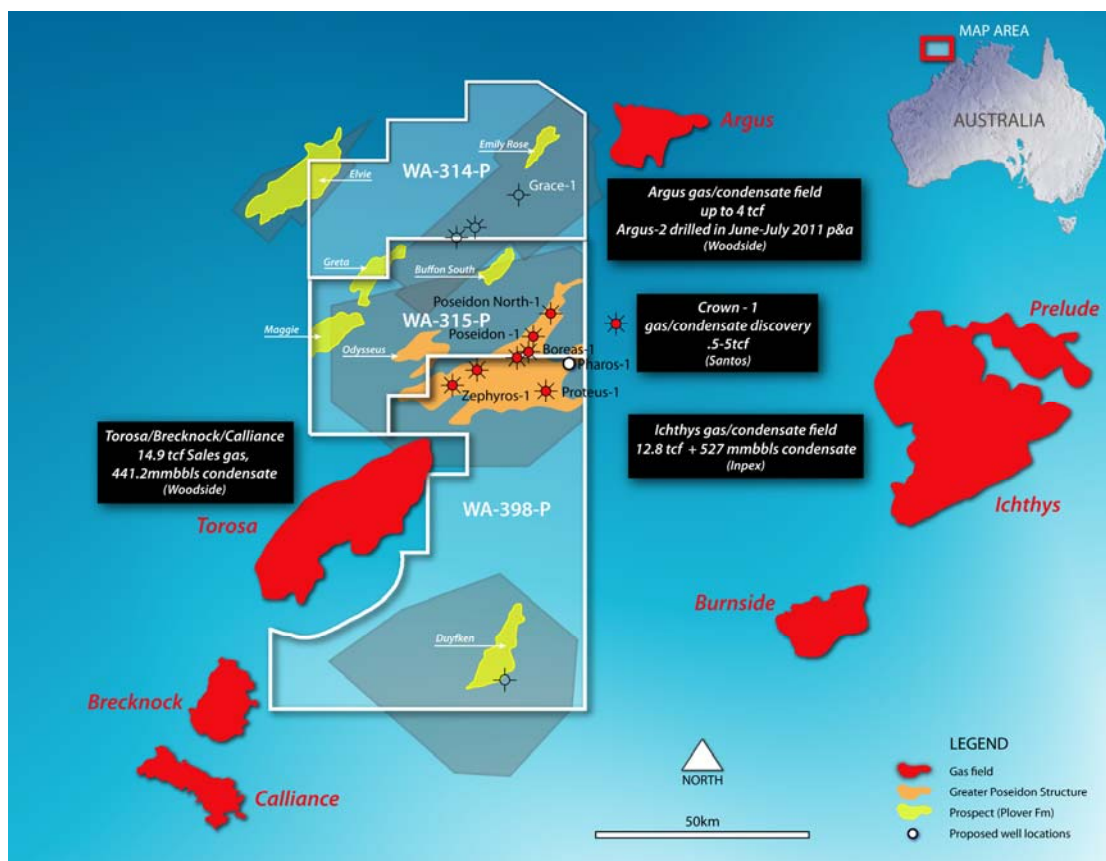
**Poseidon North-1 Exploration Well, WA-315-P  
Progress Report No 4**

Since the 17 April 2014 Poseidon North-1 Progress Report, 9-5/8" casing was run and cemented at 3,820 mRT. The 8-1/2" hole was then drilled to the final well Total Depth of 5,288 mRT. Final Total Depth was reached at 15:00 WST on Monday 5th of May and was followed by a wireline logging programme.

Based on cuttings, mud gas and wireline log data, Karoon interprets that the Poseidon North-1 well intersected gas bearing sands of Jurassic age across a 20 metre gross, 12 metre net reservoir interval. However pressure data is inconclusive and sample analysis remains outstanding which is required to confirm the presence of mobile gas. The well will now be plugged and abandoned with no further evaluation planned. At 0600 WST on 13 May 2014, Poseidon North-1 plug and abandonment operations were underway.

**Phase 2 Exploration Campaign Update**

Following Poseidon North-1, the Browse Basin Phase 2 exploration drilling campaign has one remaining well to drill. The Joint Venture has approved the Pharos-1 well location in permit WA-398-P as the sixth and final well.



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

Pharos 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](mailto:shosking@karoongas.com.au)

James Wootton | Investor Relations  
T: +613 9616 7520  
E: [jwootton@karoongas.com.au](mailto:jwootton@karoongas.com.au)

Ian Howarth | Collins Street Media  
T: +614 0782 2319  
E: [ian@collinsstreetmedia.com.au](mailto: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 19 May 2014.