

25 March 2013



## ASX Announcement

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### Santos Basin Exploration Update Emu-1 Exploration Well Progress Report No 3

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Karooon Gas Australia Ltd advises that as at 6:00 hours BRST on the 23<sup>rd</sup> March 2013, the Emu-1 exploration well had been drilled to a total depth of 4381mRT and a wireline evaluation program was nearing completion. Since the last report, the well was drilled from 2919mRT to 4381mRT in 12 1/4" hole.

Karooon advises the Emu-1 well encountered good quality reservoir sands and seals at several target intervals. During drilling, elevated mudlog gas shows and oil fluorescence were recorded over the target sections. However, wireline log interpretation and pressure measurements have shown that the main reservoirs are water bearing in this structural position. There is evidence that there may be some thin sand sections that may contain hydrocarbons, sampling and analysis of these sands is continuing.

Further analysis of Emu-1 geotechnical information and mapping will be conducted to determine the full impact of the well results. A submission, known as a Notification of Discovery, is currently being made to the Agencia Nacional do Petroleo. Karoon will conduct further evaluation within Blocks S-M-1037 and S-M-1102 over the coming months.

#### Upcoming Exploration Drilling Program

The Bilby-1 well will be the next well to be drilled in the Santos Basin exploration program. This well is the final well in the primary drilling program and is located in Block S-M-1166 and will evaluate multiple targets at Eocene, Maastrichtian, Campanian and Santonian levels.

Completion of the three well Santos Basin drilling program will satisfy the minimum work commitments for Block S-M-1101, S-M-1102, S-M-1037, S-M-1165 and S-M-1166.

#### Karooon's Interest

Karooon currently holds 100% equity of the operated Santos Basin blocks; however, it has completed agreements with Pacific Rubiales Energy Corp. (TSX: PRE; BVC: PREC; BOVESPA: PREB) to divest a 35% participating interest in Santos Basin exploration blocks, S-M-1101, S-M-1102, S-M-1037 and S-M-1165. Pacific Rubiales will be making a decision in the coming weeks on their option to acquire a 35% participating interest in S-M-1166.

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

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