

28 November 2012



ASX Announcement

Zephyros-1 Exploration Well in WA-398-P Progress Report No 2

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, preparations had commenced to run the Blowout Preventer into the Zephyros-1 well. Since the last report, a 30" conductor was set and cemented at 605 m, the 17-1/2" hole was drilled and the 13-3/8" surface casing was set and cemented at 2691 m. Drilling of the 12-1/4" hole section is expected to commence during the upcoming weekend.

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

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.

Zephyros-1 is the second well in the exploration program, and follows the recent Boreas-1 well. Zephyros-1 is located in permit WA-398-P on the flank of a large tilted fault block approximately 9 kilometres southwest of the Kronos-1 discovery well.

Upcoming Well Program

The exploration program, operated by ConocoPhillips, plans to utilise the Transocean Legend semi-submersible rig for the entire campaign and is expected to continue through 2013.

A minimum of five wells will be drilled during the exploration program. 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.

The third well, Proteus-1, is located in WA-398-P on a large tilted fault block approximately 14 kilometres south east of the Poseidon-1 discovery location.

Additional well locations for the remainder of the program will be announced as they obtain joint venture approval.

Ongoing progress reports

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

For further information please see the Karoon website or contact:

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